

October 2026

October brings warmer weather, longer days, and new spring growth. It's a fresh chance to check in, take stock and prepare for the final stretch of the year.

The continuing concerns over inflation prompted the Reserve Bank to lift the cash rate by 0.25% to 4.6%, the highest level in 15 years. The RBA says that rising energy costs and stronger than expected economic activity also contributed to the decision.

Inflation remained above the RBA's target range, with CPI surging to 4.0%, while the trimmed mean remained steady at 3.6%.

Consumer confidence declined 5.2% to 84.4 in September, down from 88.9 in August. This reflects concerns about cost-of-living pressures, higher interest rates and continued global uncertainty.

Australian share markets were weaker during the month with the S&P/ASX 200 retreating from the 9,000-point level as rising bond yields and expectations of higher interest rates took a toll on investor sentiment.

Oil prices remained high and volatile climbing back over US$100 a barrel, while the Australian dollar eased back towards US70 cents by month's end.



Numeric Wealth
Tower 2, Level 22,
101 Grafton Street,
Bondi Junction NSW 2022
P 1300 880 126
E info@numeric.com.au
W numeric.com.au
Facebook numericwealth

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The new aged care REALITY



One year after the introduction of the new Aged Care Act, older Australians and their families are adjusting to a changed aged care landscape that includes new funding arrangements, higher costs for new entrants and ongoing service demand.

Most of us want to remain living at home and be independent for as long as possible and the Support at Home program is designed to do just that. This program replaced the Home Care Package and is the main way individuals could receive government aged care subsidies to remain at home for longer.

However, there is an incremental waiting list and demand for the eight levels of funding under Support at Home is continuing to exceed the places that are available. As a result, most people are relying on the less robust Commonwealth Home Support Program (CHSP) for subsidised help or they are paying for help privately.

Thankfully, the CHSP entry level aged care funding currently being used by about 850,000 Australians, which was to be wound up in July 2027, has been extended to July 2029 while the government determines how this program can continue to support the community in the longer-term.

For many, it remains a cheaper option for the limited services such as domestic help and social support that many people need to remain at home.

Support at Home

Support at Home has higher home care package budgets that range from $11,000 to $80,000 a year, which recipients may need to contribute to depending on their income as well as the services they choose.

Those with Support at Home packages can choose government-approved services from three categories: clinical care (such as nursing and personal care); independence support (such as transport and social support) and everyday living services (such as gardening, meal preparation and cleaning).

Clinical care is fully funded by the Government (which now includes personal care) but the other categories may require client contributions as shown in the table.

Support at Home client contributions based on service

	Client contribution: % of cost		
	Clinical Care: personal care, nursing, allied health	**Independence Support:** social support and transport	**Everyday living:** domestic help and meals
Full (means tested) pensioner	0%	5%	17.5%
Part pensioner and Commonwealth Senior Health Card Holder	0%	5-50%	17.5-80%
Self-funded or not means tested	0%	50%	80%

The Extra financial support was also introduced on 1 November 2025 and available to approved recipients for:

Restorative care: Provides up to $6,000 or $12,000 for intensive nursing support over 16 weeks.

Assistive technology and home modifications: Provides upfront access to approved equipment, products, and home modifications based on assessed needs, without requiring participants to save funds from their standard package.

End-of-life care services at home: Provides around $25,000 in short-term support during the final months of life.[i]

Residential care

Australians are living longer and demand for suitable home care services continues to put pressure on residential aged care.

To help aged care providers access funds to build more aged care rooms, there is now a 2 per cent a year retention fee on the Refundable Accommodation Deposit paid.

The fee is capped at 10 per cent.

Residents can still opt to 'rent a room' and pay a Daily Accommodation Payment, however the cost goes up every six months in line with inflation.

The other fees now applicable to new residents with assets above the minimum thresholds are: the basic daily fee (set at 85 per cent of the single age pension); a hotelling contribution and a non-clinical care contribution.

An increasing number of facilities are also charging a higher everyday living fee (previously known as extra or additional services) and it covers things like a television in the room, hot breakfasts, clothes labelling and weekly high tea.

The annual cap on means tested care fees no longer exists but there is a lifetime cap on the non-clinical care contribution (and the income tested contributions to support at home services) of about $137,000 a year (indexed).

Seeking advice

Navigating aged care is very complex and financial advice can help you or a family member understand your current financial position well before you need to access aged care. We can help to reduce stress on the family, so you can make a considered decisions to suit financial, lifestyle and care needs.

i https://www.agedcarequality.gov.au/older-people/support-home



Signals from the bond markets

If the financial markets could talk, then bonds would probably be saying: “We’re not convinced the story is over yet”.

Bond yields have been rising around the world as investors reassess the outlook for inflation, economic growth and government borrowing. The moves have been significant enough to influence mortgage rates, government finances and investment portfolios.

Experienced bond investors will be well aware of what’s been happening. For everyone else, the developments offer the chance to understand why professional investors see the bond market as one of the economy’s most important barometers.

You might never have bought a bond, researched a bond ETF or checked the yield on a government bond. But there’s a good chance that bonds already play a role in your investment portfolio through your superannuation account.

That’s one reason the recent attention on bond markets matters.

Looking back

From the early 1980s to around 2020, developed economies experienced one of the longest declines in interest rates and bond yields in modern history. Falling inflation, globalisation, technological advances and relatively stable economic conditions helped drive yields steadily lower.

Following the Global Financial Crisis and then the COVID-19 pandemic, many government bond yields fell to historically low levels. In some countries, investors were even willing to accept negative yields.

That changed dramatically from 2022 onwards as inflation surged. Central banks, including the Reserve Bank of Australia, responded by rapidly increasing interest rates.

The rapid increase in yields created short-term pain for existing bond investors but ultimately restored something that had been largely missing from bond markets for years: meaningful income.

Today, many commentators believe the era of ultra-low bond yields may be over. While inflation has eased from its peak, investors are increasingly questioning whether interest rates will return to the unusually low levels that prevailed during the 2010s.[i]

What’s happening in Australia?

Australian bond yields have moved higher during 2026 as investors responded to stronger than expected inflation and economic activity, and commentators are not confident that inflation will return quickly to the Reserve Bank’s target range.

Three-year government bond yields moved above 5 per cent, while 10-year bond yields approached levels not seen for more than a decade.[ii]

Higher yields affect far more than investment portfolios. Governments face increased borrowing costs, businesses pay more to raise capital, and lending rates throughout the economy may come under upward pressure.

The global picture

But Australia is not alone. Across the world, governments are issuing large amounts of debt to fund spending commitments, infrastructure projects and budget deficits.

Earlier this year, the International Monetary Fund (IMF) warned about the risks of geopolitical tensions, inflation uncertainty and rising levels of government debt.

Meanwhile, BlackRock notes that government borrowing is increasingly competing with private-sector demand for capital, helping push long-term yields higher in many countries. Its investment team believes that higher yields have created attractive income opportunities, but investors need to be more selective than in the past.

Understanding duration

‘Duration’ is one of the most important concepts in bond investing.

It measures how sensitive a bond’s price is to changes in interest rates. Generally speaking, the longer a bond’s duration, the more its price will move when rates change.

For example, a 10-year bond will usually experience greater price movements than a two-year bond if market interest rates rise or fall.

That helps explain why some bonds can experience significant short-term losses even when the issuer is considered financially secure. Investors often focus on credit risk, but interest-rate risk can be just as important.

The sharp rise in global yields over recent years has highlighted the importance of duration. Longer-dated bonds, which benefited hugely when rates were falling, were among the hardest hit when yields moved higher.

The bottom line

After years of being overlooked, bonds are once again demanding investors’ attention with higher yields providing more income than for much of the last decade.

At the same time, the rising yields are a reminder that bonds are not risk-free and that issues such as duration, inflation and government borrowing matter.

Although forecasts differ on the precise direction of interest rates, there appears to be broad agreement that investors should prepare for a more complex bond market.

i https://www.blackrock.com/us/financial-professionals/insights/fixed-income-outlook

ii https://www.afr.com/policy/economy/bond-sell-off-punches-10b-hole-in-government-budgets-20260911-p60wi1