



15 May 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Financial markets appeared to be in a self-reflection mode, reassessing the recent recovery in risk assets. Despite the announcement of US-Qatar investment deals, the US equity market was little changed.

US Treasury yields headed higher, as the market pared expectations of the federal funds rate cuts. USD ended the day little changed, as news reports suggested that the US administration is not trying to weaken it through trade deals.

AUD depreciated 0.7% despite slightly stronger-than-expected Australian wage growth in the March quarter.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.5	1.0%
AUD/USD	0.6428	-0.7%
AUD/JPY	94.34	-1.1%
AUD/GBP	0.4847	-0.3%
AUD/NZD	1.0897	0.0%
AUD/EUR	0.5753	-0.6%
AUD/CNH	4.6354	-0.5%
AUD/SGD	0.8372	-0.6%
AUD/HKD	5.0190	-0.5%
AUD/CAD	0.8993	-0.3%
EUR/USD	1.1175	-0.1%
USD/JPY	146.74	-0.5%
USD Index	101.07	0.1%

Equities	Close	Change
S&P/ASX 200	8,280	0.1%
S&P 500	5,893	0.1%
Japan Nikkei	38,128	-0.1%
Hang Seng	23,641	2.3%
Euro Stoxx 50	5,403	-0.2%
UK FTSE100	8,585	-0.2%
VIX Index	18.62	2.2%

Commodities	Current	Change
CRB Index	298.41	-0.7%
Gold	3176.18	-2.3%
Copper	9606.00	0.1%
Oil (WTI futures)	62.86	-1.3%
Coal (coking)	190.00	1.3%
Coal (thermal)	101.90	-1.8%
Iron Ore	101.30	2.3%
ACCU	35.38	2.9%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.88	-0.01
90 day BBSY	3.84	-0.01
180 day BBSY	3.90	-0.02
1 year swap	3.56	0.02
2 year swap	3.49	0.03
3 year swap	3.55	0.03
4 year swap	3.64	0.03
5 year swap	3.75	0.03
6 year swap	3.87	0.04
7 year swap	3.98	0.03
8 year swap	4.08	0.04
9 year swap	4.17	0.04
10 year swap	4.39	0.04

Government Bond Yields	Close	Change
Australia		
3 year bond	3.60	0.03
10 year bond	4.48	0.05
United States		
3-month T Bill	4.28	0.00
2 year bond	4.05	0.05
10 year bond	4.54	0.07
Other (10 year yields)		
Germany	2.70	0.02
Japan	1.46	0.02
UK	4.71	0.04

Sydney Futures Exchange	Current	Change
10 yr bond	4.55	0.07
3 yr bond	3.66	0.05
3 mth bill rate	3.77	0.01
SPI 200	8,276	-0.4%

Data as at 7:00am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

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Financial Markets:

With no major economic data releases or policy announcements to guide financial markets, they appeared to be in a self-reflection mode. Despite more positive news from President Trump's trip to the Middle East where he helped to sign more investment deals, including an order from Qatar Airways to buy 210 American-made Boeing planes, markets were not particularly enthusiastic as concerns that the recovery in risk assets following the 'Liberation Day' tariff shock has gone too far. The latest comments from the Fed officials echoed views of other policy makers that emphasized a stagflationary tariff impact on the US economy, also noting that the current policy setting gives the FOMC time to assess the situation and respond.

- Following notable gains in the last couple of sessions, the US equity market moved broadly sideways, with S&P500 recording a minimal 0.1% gain. The index is back in the green on the YTD basis, having rallied more than 18% since the trough on 8 April. Other major equity indices were also little changed: Euro Stoxx 50 and FTSE100 in Europe lost 0.2%, while domestic ASX200 gained 0.1%. Chinese and Hong Kong stocks outperformed on the back of optimism about earnings growth in the Chinese tech sector.
- US Treasuries sold off as investors reassessed the likely path for Fed policy. Yields were 5-7bp higher across the curve, with the 10Y rising above 4.50% for the first time in nearly three months. Bunds, Gilts and JGBs followed US Treasuries lower, while Australian government bonds also declined. The 10Y Aussie yield was 5bp higher at 4.48% maintaining the negative spread to an equivalent US Treasury.
- In FX markets, the DXY index ended the day 0.1% higher above 101 after recovering from a 0.8% depreciation earlier in the trading session, when news reports suggested that the US administration is not seeking to include commitments on currency in the trade deals it is negotiating with trade partners that would help to weaken USD. EUR and GBP lost 0.1% and 0.3% of their value, while AUD was the worst performing currency in the G10 basket, down 0.7%, despite slightly stronger than expected wage growth in Q1.
- Following significant gains over the last week, crude sold off, with the WTI June contract down 1.3% to \$62.9, as the EIA reported the largest increase in the US inventories since March. Metals maintained an upward trajectory, with aluminium up 1.5%, but copper gains were minimal. Gold lost 2.3%.

International Data:

In a quiet day for major international data, the focus was on the comments from policy makers. FOMC Vice Chair Jefferson was reported by Bloomberg to have said tariffs and related

Today's key data and events

For	Data/Event	Exp	Prev
8:45am	NZ Food Price Index Apr	-	0.005
11:30am	AU Employment Apr	22.5k	32.2k
11:30am	AU Unemployment Rate Apr	0.041	0.041
4:00pm	GB GDP Q1 Prel.	0.006	0.001
7:00pm	EZ GDP Q1 S	0.004	0.004
7:00pm	EZ Industrial Production Mar	0.018	0.011
10:30pm	US Fed Empire State May	-8pts	-8.1pts
10:30pm	US Retail Sales Apr	0	0.014
10:30pm	US PPI Apr	0.002	-0.004
10:30pm	US Initial Jobless Claims	227.5k	228k
10:30pm	US Philly Fed May	-11.2pts	-26.4pts
12:00am	US Business Inventories Mar	0.002	0.002
12:00am	US NAHB Housing Market May	40pts	40pts

Times are AEST. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

uncertainty could slow growth and boost inflation this year, but believed monetary policy is well positioned to respond. Chicago Fed President Goolsbee reportedly emphasised that the FOMC needs to look through day-to-day volatility in markets and policy pronouncements and that, at least for now, the economic data remains steady.

Domestic Data:

Australian wages rose 0.9%qtr in the March quarter, a bit stronger than Westpac and the market's expectation for a 0.8%qtr rise, taking the annual rate up a touch from 3.2%yr to 3.4%yr (please [see here](#) for more details).

Retail spending in New Zealand was flat in April, following a 0.8% fall in March (please [see here](#) for more details).



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