



4 June 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Solid US job openings eased some concerns over the health of the labour market, sparking a more positive tone for risk sentiment.

Equities broadly rallied across the globe, driven by another solid gain in US stocks led by tech, while the revived hopes for US-China trade talks saw stocks rally in Hong Kong.

Treasury yields rose at the margin while the USD appreciated across all G10 currencies; softer Chinese PMI data impacted commodity-exposed currencies like the Aussie and Kiwi.

Canadian wildfires have severely disrupted near-term crude supply, seeing WTI and Brent lift working against the backdrop of expansions in OPEC+ oil production announced over the weekend.

Domestically, all eyes will be on Q1 GDP to assess the health of the Australian economy.

Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	59.8	0.0%	30 day BBSY	3.81	0.01
AUD/USD	0.6459	-0.5%	90 day BBSY	3.76	0.00
AUD/JPY	93.00	0.4%	180 day BBSY	3.83	0.01
AUD/GBP	0.4778	-0.3%	1 year swap	3.33	-0.03
AUD/NZD	1.0769	0.1%	2 year swap	3.22	-0.03
AUD/EUR	0.5679	0.1%	3 year swap	3.28	-0.03
AUD/CNH	4.6449	-0.8%	4 year swap	3.38	-0.03
AUD/SGD	0.8332	-0.2%	5 year swap	3.50	-0.03
AUD/HKD	5.0674	-0.5%	6 year swap	3.62	-0.03
AUD/CAD	0.8862	-0.5%	7 year swap	3.75	-0.03
EUR/USD	1.1374	-0.6%	8 year swap	3.85	-0.03
USD/JPY	143.93	0.9%	9 year swap	3.95	-0.03
USD Index	99.28	0.6%	10 year swap	4.18	-0.03
Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,467	0.6%	Australia		
S&P 500	5,970	0.6%	3 year bond	3.31	-0.01
Japan Nikkei	37,447	-0.1%	10 year bond	4.26	-0.01
Hang Seng	23,512	1.5%	United States		
Euro Stoxx 50	5,376	0.4%	3-month T Bill	4.22	-0.01
UK FTSE100	8,787	0.1%	2 year bond	3.95	0.01
VIX Index	17.69	-3.6%	10 year bond	4.45	0.01
Commodities	Current	Change	Other (10 year yields)		
CRB Index	296.81	0.6%	Germany	2.53	0.00
Gold	3353.40	-0.8%	Japan	1.49	-0.02
Copper	9634	0.2%	UK	4.64	-0.03
Oil (WTI futures)	63.35	1.3%	Sydney Futures Exchange		
Coal (coking)	183.00	-0.5%	10 yr bond	4.27	0.02
Coal (thermal)	104.25	-1.0%	3 yr bond	3.35	0.02
Iron Ore	95.35	-1.0%	3 mth bill rate	3.69	0.01
ACCU	35.38	2.9%	SPI 200	8,507	0.3%

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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Ryan Wells
Economist, Westpac Group
P: +61 401 423 628
E: ryan.wells@westpac.com.au

Financial Markets

The market's focus returned to economic data; with a solid read on US job openings tempering concerns over the health of the labour market in the run-up to nonfarm payrolls at the end of the week, broadly supporting risk sentiment. Just as we go to press, President Trump has officially signed the increase in steel and aluminium tariffs from 25% to 50% that were telegraphed over the weekend, with the UK temporarily exempt. For the day ahead, local markets will be closely watching Q1 GDP to assess the current state of the Australian economy.

- The US saw back-to-back gain from Monday, with the S&P 500 (+0.6%) and Dow Jones (+0.5%) posting solid rises, while the tech-heavy NASDAQ (+0.8%) led the charge. The Euro Stoxx 50 (+0.4%) was able to make up some lost ground from Monday, with Germany's DAX (+0.7%) outperformed with a bumper gain. Stocks were mixed across Asia – soaring in Hong Kong (+1.5%) on revived hopes of US-China trade talks, but edging lower in Tokyo (−0.1%) as uncertainty persists over global trade. The ASX 200 also put in a solid innings, up +0.6% with gains across most sectors, with futures pointing to another solid open this morning.
- Treasury yields were little changed overnight, up at the margin and slightly steeper at the long end of the curve. The 2Y and 10Y each rose 1bp to 3.95% and 4.35% respectively, while the 30Y rose 2bps to 4.98%. Australian government yields shifted lower during Asian trading, with the 3Y and 10Y both down 1bp to 3.31% and 4.26% respectively, though following the action overnight, futures yields unwound those moves, rising 2bps in the 3Y and 10Y tenors. Local swaps markets remain bullish on RBA rate cuts – currently pricing in a 75% chance in July and three rate cuts by year-end.
- Positive risk sentiment saw yesterday's USD offer unwind, seeing the DXY rally 0.6% to 99.28. The USD appreciated against all G10 currencies, particularly against the Japanese Yen which has rallied 0.9% to be back just under the JPY144 handle. The USD also rose against the Euro (+0.6%), Sterling (+0.2%) and the recent 'haven' of the Swiss Franc (+0.8%), seeing the USD/CHF move back off its recent lows not seen since mid-April. The Aussie (−0.5%) and Kiwi (−0.6%) also depreciated against the USD, with softer Chinese PMI data weighing on the commodity-exposed currencies.
- Crude prices rose on tighter near-term supply brought about by wildfires that have significantly disrupted Canadian output, representing about 350,000bbl/day of lost crude production. The first-generic futures contract for WTI and Brent rose +1.4% and +1.6% to US\$63.42/bbl and US\$65.67/bbl. Metals finished somewhat mixed after following a varied set economic data ranging from weaker Chinese manufacturing to a solid US labour market, seeing copper finish 0.2% higher

Today's key data and events

For	Data/Event	Exp	Prev
10:30am	JP Jibun Bank Services PMI May (F)	-	50.8pts
11:30am	AU GDP Q1	0.4%	0.6%
11:30am	AU GDP Q1 y/y	1.5%	1.3%
6:00pm	EZ HCOB Services PMI May (F)	48.9pts	48.9pts
6:30pm	GB S&P Services PMI May (F)	50.2pts	50.2pts
10:15pm	US ADP Employment Change May	112k	62k
11:45pm	CA BoC Policy Decision	2.75%	2.75%
11:45pm	US S&P Services PMI May (F)	52.3pts	52.3pts
12:00am	US ISM Non-Manufacturing May	52pts	51.6pts

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.

while aluminium edged −0.1% lower. Gold meanwhile pulled back a further −0.8% to around US\$3353/oz following more positive risk sentiment overnight.

International Data:

In the US, **JOLTS Job Openings** unexpectedly rose from 7.20mn in March to 7.39mn in April. The rise was broad-based across industries, while hiring rates also picked up and the quits rate eased slightly. Overall, the data signals that the labour market remains in solid health despite the uncertainties around the global trade backdrop, though the focus will be on nonfarm payrolls at the end of the week.

In China, the **Caixin Manufacturing PMI** surprised materially to the downside, falling from 50.4 in April to 48.3 in May, it's weakest reading since September 2022. This survey, more focussed on smaller companies and private export-orientated firms, highlights the variable impact of Trump's trade war, which is likely to drive volatility in the near term. For context, the official NBS PMI released last week suggested manufacturing conditions were less weak in May.

In the Euro Area, **headline inflation** printed broadly in line with expectations, holding flat in the month of May to see the annual pace fall from 2.2% to 1.9%. Meanwhile, **core inflation** ticked lower, from 2.7%yr to 2.3%yr, supported by services inflation falling to its lowest rate since April 2022, supporting an ECB rate cut later this week. The **unemployment rate** also returned to a historic low of 6.2% in April.

Local Data:

In Australia, partial data released ahead of Q1 GDP suggests the domestic economy started off the year on weaker footing than initially expected. [Westpac has revised its forecast](#) for Q1 GDP, down from 0.4% (1.5%yr) to 0.1% (1.2%yr).

The RBA Minutes showed reinforced the domestic case for policy normalisation (see [here](#)). The Fair Work Commission announced its minimum wage/award decision for an average increase of 3.5%, consistent with a further moderation in wage inflation (see [here](#)).



Corporate Directory

Westpac Economics / Australia

Sydney

Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis

Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan

Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke

Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner

Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk

Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante

Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas

Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells

Economist
E: ryan.wells@westpac.com.au

Illiana Jain

Economist
E: illiana.jain@westpac.com.au

Jameson Coombs

Economist
E: jameson.coombs@westpac.com.au

Neha Sharma

Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / New Zealand

Auckland

Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold

Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon

Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs

Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod

Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark

Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva

1 Thomson Street
Suva, Fiji

Shamal Chand

Senior Economist
E: shamal.chand@westpac.com.au



westpaciq.com.au

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