



11 August 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

It was a quiet end to the week amid limited top tier data. This week is shaping up to be a big week both globally and for the local market – the RBA Board will kick off its two-day meeting today, with wages and an updated labour report following later in the week.

Equities were higher, with key indices in the US and Europe recording some of the best weekly gains since April. Yields ticked higher in the US and Europe while the US dollar had its worst week since June. The Aussie finished the week higher against the Greenback but was broadly unchanged on Friday. The RBA Board meeting, coupled with key labour market data, are shaping up to be key risk events for the Aussie.

Gold futures surged to an all-time high in the US as officials 'confirmed' tariffs on certain imports of gold bars. Oil stabilised after falling for six consecutive sessions.

Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	60.4	0.0%	30 day BBSY	3.67	-0.01
AUD/USD	0.6522	0.0%	90 day BBSY	3.72	-0.02
AUD/JPY	96.36	0.4%	180 day BBSY	3.88	0.01
AUD/GBP	0.4865	0.3%	1 year swap	3.35	0.01
AUD/NZD	1.0952	0.1%	2 year swap	3.28	0.02
AUD/EUR	0.5602	0.2%	3 year swap	3.34	0.03
AUD/CNH	4.6886	0.1%	4 year swap	3.42	0.03
AUD/SGD	0.8384	0.2%	5 year swap	3.52	0.03
AUD/HKD	5.1208	0.0%	6 year swap	3.63	0.03
AUD/CAD	0.8973	0.1%	7 year swap	3.74	0.03
EUR/USD	1.1641	-0.2%	8 year swap	3.85	0.03
USD/JPY	147.74	0.4%	9 year swap	3.93	0.02
USD Index	98.18	-0.2%	10 year swap	4.18	0.02

Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,807	-0.3%	Australia		
S&P 500	6,389	0.8%	3 year bond	3.40	0.01
Japan Nikkei	41,820	1.9%	10 year bond	4.25	0.00
Hang Seng	24,859	-0.9%	United States		
Euro Stoxx 50	5,348	0.3%	3-month T Bill	4.14	0.00
UK FTSE100	9,096	-0.1%	2 year bond	3.76	0.03
VIX Index	15.15	-8.6%	10 year bond	4.28	0.03

Commodities	Current	Change	Other (10 year yields)		
CRB Index	294.07	0.1%	Germany	2.69	0.06
Gold	3397.75	0.0%	Japan	1.49	0.00
Copper	9684	0.1%	UK	4.60	0.05

			Sydney Futures Exchange	Current	Change
Oil (WTI futures)	63.88	0.0%	10 yr bond	4.30	0.03
Coal (coking)	192.00	-0.8%	3 yr bond	3.42	0.02
Coal (thermal)	115.50	-0.4%	3 mth bill rate	3.55	0.01
Iron Ore	103.00	0.9%	SPI 200	8,768	0.1%
ACCU	34.13	-4.1%			

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:

- US equities finished the week on a positive note following the volatile start. Solid earnings reports, increased speculation of a US-Russia agreement to end the war in Ukraine, and a higher likelihood of further cuts by the US Fed supported valuations. The S&P 500 increased 0.8% to finish the week 2.4% higher. The Nasdaq closed 1.0% in the green and was 3.9% higher in weekly terms (best week since June). The Dow Jones was 0.5% higher and 1.4% higher in weekly terms.
- European markets were mixed on Friday but generally finished the week off in positive territory. Sentiment and valuations were spurred on by hopes of a ceasefire in Ukraine, amid some solid earnings reports. The Euro Stoxx 50 had its best week since April this year, up 3.5% over the week. The FTSE 100 edged 0.1% lower on Friday but finished the week 0.3% in the green. The DAX also closed 0.1% lower on Friday but was 3.2% higher over the week (best week since May). There were similar dynamics in the local market with the ASX 200 finishing the week up 1.7% but losing ground on Friday to close the session 0.3% lower. Futures are positing to a positive start to the week, following the lead from the US.
- US yields were slightly higher reflecting the 'soft' auction results from the week. The 2-year US bond yield increased 3 basis points to 3.76%, while the 10-year US bond yield also increased 3 basis points to 4.28%. Interest-rate futures now have an 89% chance of a September US Fed cut, up from 40% a week and a half ago. Yields were also higher in Europe, with 10-year bond yields up 6 basis points and 5 basis points in Germany and the UK, respectively.
- At home, 3-and-10-year futures increased 2 and 3 basis points to 3.42% and 4.30%, respectively. Interest-rate futures now have a rate cut for August fully priced in, and there are around 62 basis points of cuts priced in over 2025.
- The US dollar fell 0.2% to 98.180 on the DXY. The USD dollar had its worse week since June, falling from 99.141 to 98.180 over the week. The USD/JYP pair rose 0.4% to 147.71, with Japan's Economy Minister saying any US tariff on semiconductors would not disadvantage Japan compared with other countries.
- The Aussie was broadly unchanged on Friday but finished the week higher at 0.6522, from last weeks close of 0.6474. Beyond the near-term volatility, we see upside for the AUD/USD pair as trade policy uncertainty diminishes, the US economy slows and possible future stimulus coming out of China supports activity and commodity prices. The rhetoric coming out of the RBA Board meeting and this week's wages and labour report shape up as risk events for the Aussie – a more cautious rhetoric from the RBA, or stronger than

Today's key data and events (for 12 August)

For	Data/Event	Exp	Prev
11:30am	AU NAB Business Conditions Jul	-	9pts
11:30am	AU NAB Business Confidence Jul	-	5pts
2:30pm	AU RBA Policy Decision	3.60%	3.85%
2:30pm	AU RBA Statement On Monetary Policy	-	-
4:00pm	GB ILO Unemployment Rate Jun	4.7%	4.7%
7:00pm	EZ Zew Survey Of Expectations Aug	-	36.1pts
8:00pm	US NFIB Small Business Optimism Jul	98.9pts	98.6pts
10:30pm	US CPI Jul	0.2%	0.3%

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.

expected data would be constructive for the Aussie.

- Gold was flat but futures surged to an all-time high in New York after reports suggests officials 'confirmed' the US would impose tariffs on imports of 1kg and 100-ounce gold bars. Oil was broadly unchanged after falling for six consecutive sessions, with the WTI at US\$63.88/bbl. Copper stabilised. Iron Ore was 0.9% higher at US\$103/t.

International Data:

Reports suggests the **US and Russia** are aiming to reach a deal that would lock in Russian gains seized during its military invasion.

FOMC member Musalem said he supported last week's on-hold decision, citing deviation from the inflation mandate: "The economy is such that we are missing on our inflation target. We are not missing on our employment mandate. The labour market seems to be around full employment." **Fed Governor** Bowman says she favours at least three cuts this year due to recent weak labour market data.

The WSJ reported that President Trump added two more names to the **list of Fed Chair candidates** - ex-St Louis Fed President Bullard, and Marc Sumerlin (formerly Deputy Assistant for Economic Policy and Deputy Director of the NEC under President George W. Bush).

China's annual CPI inflation rate was little changed in July at 0.0% (June 0.1%yr). Annual PPI inflation was also unchanged at -3.6%yr. Albeit at a lesser rate, China's industrial capacity continues to be expanded, while end-demand from consumers remains modest. Until capacity tightens, consumer inflation will remain weak and producer prices are likely to decline further.

Local Data:

There was no new top tier economic data released on Friday.



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