28 August 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Following the announcement that President Trump is firing Fed Governor Lisa Cook amid allegations of providing false information to secure more favourable mortgage terms, financial markets are weighing implications to the Fed independence and the future monetary policy.

US Treasuries rallied, with the 2Y yield dropping 7bp to the lowest level since the end of April, while the 10Y moved down by 3bp.

Australian government yields were higher, reacting to the upside surprise in the monthly CPI release for July and reduced market pricing for the near-term RBA rate cuts.

Ahead of the NVIDIA results announcement, the S&P500 was trading cautiously, ending the day up 0.2%. Chinese equities sold off, as investors seem to be concerned that the Chinese equity market is becoming too hot.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.2	0.2%
AUD/USD	0.6504	0.2%
AUD/JPY	95.88	0.2%
AUD/GBP	0.4820	0.0%
AUD/NZD	1.1113	0.2%
AUD/EUR	0.5590	0.2%
AUD/CNH	4.6530	0.2%
AUD/SGD	0.8366	0.2%
AUD/HKD	5.0646	0.1%
AUD/CAD	0.8969	-0.2%
EUR/USD	1.1636	0.0%
USD/JPY	147.42	0.0%
USD Index	98.20	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.61	0.00
90 day BBSY	3.59	-0.01
180 day BBSY	3.70	0.00
1 year swap	3.31	0.01
2 year swap	3.25	0.00
3 year swap	3.31	0.00
4 year swap	3.42	0.01
5 year swap	3.53	0.01
6 year swap	3.65	0.01
7 year swap	3.77	0.01
8 year swap	3.87	0.01
9 year swap	3.96	0.01
10 year swap	4.20	-0.01

Equities	Close	Change
S&P/ASX 200	8,961	0.3%
S&P 500	6,481	0.2%
Japan Nikkei	42,520	0.3%
Hang Seng	25,202	-1.3%
Euro Stoxx 50	5,393	0.2%
UK FTSE100	9,256	-0.1%
VIX Index	14.85	1.6%

Commodities	Current	Change
CRB Index	300.74	0.8%
Gold	3397.37	0.1%
Copper	9756	-0.3%
Oil (WTI futures)	63.85	0.9%
Coal (coking)	187.25	-0.1%
Coal (thermal)	111.00	-0.7%
Iron Ore	103.15	0.2%
ACCU	34.13	-4.1%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.43	0.03
10 year bond	4.32	0.01
United States		
3-month T Bill	4.07	-0.01
2 year bond	3.61	-0.07
10 year bond	4.23	-0.03
Other (10 year yields)		
Germany	2.70	-0.02
Japan	1.63	0.00
UK	4.74	0.00

Sydney Futures Exchange	Current	Change
10 yr bond	4.33	-0.02
3 yr bond	3.42	-0.02
3 mth bill rate	3.55	0.00
SPI 200	8,934	0.0%

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:

Following the announcement that President Trump is firing Fed Governor Lisa Cook amid allegations of providing false information to secure more favourable mortgage terms, financial markets are weighing implications to the Fed independence and the future monetary policy. As a result, short-term interest rates have decreased, while the USD has remained stable. It was a quiet day for major international economic data releases.

- All eyes in the equity markets were on the NVIDIA results announcement, scheduled after New York trading hours. Ahead of the announcement, the S&P500 was trading cautiously, ending the day up 0.2%. The Nikkei225 in Japan, and the Euro Stoxx 50 in Europe posted similar gains, but Chinese equities sold off sharply, dragging the Hang Seng index 1.3% lower. Investors seem to be concerned that the Chinese equity market is becoming too hot, with speculation that regulators might start tightening liquidity conditions circulating.
- US Treasuries rallied, with the short-dated bonds outperforming. The 2Y yield dropped 7bp to the lowest level since the end of April, while the 10Y moved down by 3bp. In Europe, German Bund yields declined, but French yields increased, driving the spread to the highest level since the start of the year. French Prime Minister Bayrou is facing pushback against his plans to cut public spending and increase taxes in order to stabilize French public finances. Australian government yields were higher, reacting to the upside surprise in the monthly CPI release for July and reduced market pricing for the near-term RBA rate cuts. Futures are suggesting lower Australian yields in today's trading.
- In FX markets, the DXY index pared its intraday gains and eventually finished the day unchanged at 98.2. Most major currencies followed an opposite pattern. EUR and Yen moved sideways, while GBP gained 0.1%. AUD outperformed appreciating 0.2%.
- Crude increased, with WTI up 0.9% to $63.9, as the EIA reported a drop in the US inventories, helping to calm investors concerned about a looming supply glut. Gold was little changed, continuing trading just below $3400. Copper was 0.3% lower, while iron ore did not change much.

Local Data:

Australia's monthly CPI Indicator rose 2.8%yr in July, exceeding both Westpac's estimate of 2.3%yr and the top of the market forecast of 2.7%yr (see here).

Construction activity in Australia jumped 3.0% over the June quarter 2025 to be 4.8% higher in annual terms. A large one-off spike in mining-related work drove the strong outcome (see here).

Today's key data and events

For	Data/Event	Exp	Prev
11:00am	NZ ANZ Business Confidence Aug	-	47.8pts
11:30am	AU Private New Capital Expenditure Q2	0.8%	-0.1%
6:00pm	EZ M3 Money Supply Jul	3.4%	3.3%
7:00pm	EZ Consumer Confidence Aug Final	-	-15.5pts
7:00pm	EZ Economic Confidence Aug	96pts	95.8pts
10:30pm	US GDP Q2 S	3.1%	3.0%
10:30pm	US Initial Jobless Claims	230k	235k
12:00am	US Pending Home Sales Jul	-0.2%	-0.8%
1:00am	US Kansas City Fed Aug	0pts	1pts

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.

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