



29 August 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Financial markets were generally in a positive mood, as the second estimate of US GDP for Q2 showed that growth last quarter was slightly higher than previously thought.

The S&P500 rose 0.3%, climbing above 6500, supported by tech stocks, as NVIDIA pared losses following the announcement of tepid Q2 results and growth forecasts for the current quarter.

The US Treasury curve flattened, with short-term yields rising by about 2bp, and the long end moving lower, by 3bp at the 10Y point.

Australian government 10Y yield was 4bp lower at 4.29%, as the Q2 private capex data surprised to the downside, indicating only a small increase in real business investment growth ahead.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.3	0.2%
AUD/USD	0.6528	0.4%
AUD/JPY	95.91	0.1%
AUD/GBP	0.4831	0.3%
AUD/NZD	1.1096	0.0%
AUD/EUR	0.5588	0.0%
AUD/CNH	4.6481	0.0%
AUD/SGD	0.8370	0.1%
AUD/HKD	5.0893	0.5%
AUD/CAD	0.8976	0.1%
EUR/USD	1.1681	0.4%
USD/JPY	146.88	-0.3%
USD Index	97.89	-0.3%

Equities	Close	Change
S&P/ASX 200	8,980	0.2%
S&P 500	6,502	0.3%
Japan Nikkei	42,829	0.7%
Hang Seng	24,999	-0.8%
Euro Stoxx 50	5,397	0.1%
UK FTSE100	9,217	-0.4%
VIX Index	14.43	-2.8%

Commodities	Current	Change
CRB Index	301.75	0.3%
Gold	3417.08	0.6%
Copper	9818	0.6%
Oil (WTI futures)	64.30	0.2%
Coal (coking)	186.25	-0.5%
Coal (thermal)	110.75	-0.2%
Iron Ore	103.55	1.7%
ACCU	34.13	-4.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.61	0.00
90 day BBSY	3.61	0.03
180 day BBSY	3.71	0.01
1 year swap	3.31	0.00
2 year swap	3.25	0.00
3 year swap	3.30	-0.01
4 year swap	3.39	-0.03
5 year swap	3.50	-0.03
6 year swap	3.62	-0.03
7 year swap	3.73	-0.04
8 year swap	3.83	-0.04
9 year swap	3.93	-0.04
10 year swap	4.17	-0.03

Government Bond Yields	Close	Change
Australia		
3 year bond	3.39	-0.03
10 year bond	4.29	-0.04
United States		
3-month T Bill	4.07	0.00
2 year bond	3.63	0.02
10 year bond	4.20	-0.03

Other (10 year yields)		
Germany	2.70	-0.01
Japan	1.62	-0.01
UK	4.70	-0.04

Sydney Futures Exchange	Current	Change
10 yr bond	4.30	-0.01
3 yr bond	3.41	0.00
3 mth bill rate	3.56	0.01
SPI 200	8,930	-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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Financial Markets:

Financial markets were generally in a positive mood, as the second estimate of US GDP for Q2 showed that growth last quarter was slightly higher than previously thought. In Europe, the European Commission economic sentiment survey indicated that growth momentum in the euro area is holding up in Q3. The saga of firing Fed Governor Lisa Cook officially moved to courts as she filed a lawsuit against Donald Trump. The court case might have significant implications, helping to define boundaries of the Fed independence.

- US equities advanced, supported by the upward revision to the US GDP. The S&P500 rose 0.3%, climbing above 6500, supported by tech stocks, as NVIDIA pared losses following the announcement of tepid Q2 results and growth forecasts for the current quarter. European stocks markets were rather downbeat, with the FTSE100 in the UK falling for the third consecutive day, by 0.4%, and the Euro Stoxx 50 moving broadly sideways. Stocks were mixed in Asia – the benchmark indices in China recovered after posting significant losses yesterday, but the Hang Seng fell for the third consecutive day, by 0.8%. The Australian ASX200 advanced 0.2%.
- The US Treasury curve flattened, with short-term yields rising by about 2bp, and the long end moving lower, by 3bp at the 10Y point. Market participants remain convinced that the Fed will cut the fed funds rate by 25bp in the September meeting, pricing in 85% probability, little changed from last week. Other major government bonds followed a similar pattern: the 10Y Bund and JGB yields inched 1bp lower, while Gilt yields moved more significantly, by around 3-4bp across the curve. Similarly, Australian government 10Y yield was 4bp lower at 4.29%, as the Q2 private capex data surprised to the downside, indicating only a small increase in real business investment growth ahead.
- In FX markets, the DXY index decreased 0.3%, falling below 98.0. EUR and Yen advanced by a very similar amount, while GBP gained 0.1%. AUD outperformed, appreciating 0.4% to 0.6530.
- After sharp daily movements earlier in the week, crude was more stable. The WTI advanced only 0.2% to \$64.3. Gold broke through the \$3400 level for the first time in more than a month. Iron ore surged 1.7% higher above the \$104.

International Data:

The European Commission's euro area consumer sentiment, was confirmed at -15.5 in August, slightly weaker than July's -14.7 and in line with the 5-year average. The economic confidence index, which comprises both consumer and business sentiment, edged down in August, from 95.7 to 95.2, modestly below the 5-year average of 100. Its July-August average of 95.5 represents a 1.2pts increase from Q2,

Today's key data and events

For	Data/Event	Exp	Prev
8:00am	NZ ANZ Consumer Confidence Aug	-	94.7pts
11:30am	AU Private Sector Credit Jul	0.6%	0.6%
10:30pm	US Personal Income Jul	0.4%	0.3%
10:30pm	US Personal Spending Jul	0.5%	0.3%
10:30pm	US PCE Deflator Jul	0.2%	0.3%
10:30pm	US Core PCE Deflator Jul	0.3%	0.3%
10:30pm	US Wholesale Inventories Jul Prel.	0.2%	0.1%
11:45pm	US Chicago PMI Aug	46.5pts	47.1pts
12:00am	US Uni. Of Michigan Sentiment Aug Final	58.6pts	58.6pts

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.

signalling the euro area economic momentum has increased slightly so far in Q3.

The second estimate of US Q2 GDP was edged up to 3.3%qtr annualised from 3.1%qtr reported previously. By sector, consumption was revised up at the margin to a still sub-par 1.6%qtr annualised. Fixed investment was also revised up broadly across its sub-sectors. Among other economic indicators from the US, **pending home sales** fell 0.4% in July after a 0.8% decline in June. Sales are only 0.3% higher over the year, constrained by limited supply and high interest rates. **US initial jobless claims** were little changed last week at 229k, near its historic low.

Local Data:

Australia's private capex grew 0.2%qtr and 1.7%yr in the June quarter 2025. Spending plans are consistent with only a very small upgrade in real business investment growth over FY2026 ([see here](#)).



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