



4 September 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Ahead of Friday's US payrolls release, the JOLTS job openings data surprised to the downside, prompting a rally in global bonds.

US Treasury yields fell by 2-6bp across the curve, with the 30-year yield retreating to 4.90%. Markets are pricing in a 95% probability that the Fed will cut interest rates at its upcoming policy meeting in two weeks.

In Australia, attention was focused yesterday on the June quarter national accounts, which revealed that GDP growth exceeded market expectations, accelerating to 0.6% for the quarter. Stronger consumer spending, boosted by one-off factors such as holiday timing and sales discounts, was the principal driver of this growth.

Australian yields also rose notably, up by 6bp at the 10-year point, and the ASX 200 index fell 1.8%, marking its steepest daily loss since April.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.5	-0.2%
AUD/USD	0.6543	0.4%
AUD/JPY	96.92	0.2%
AUD/GBP	0.4867	0.0%
AUD/NZD	1.1130	0.1%
AUD/EUR	0.5612	0.2%
AUD/CNH	4.6718	0.4%
AUD/SGD	0.8426	0.3%
AUD/HKD	5.1039	0.3%
AUD/CAD	0.9024	0.4%
EUR/USD	1.1660	0.2%
USD/JPY	148.11	-0.2%
USD Index	98.15	-0.3%

Equities	Close	Change
S&P/ASX 200	8,739	-1.8%
S&P 500	6,448	0.5%
Japan Nikkei	41,939	-0.9%
Hang Seng	25,343	-0.6%
Euro Stoxx 50	5,325	0.6%
UK FTSE100	9,178	0.7%
VIX Index	16.35	-4.8%

Commodities	Current	Change
CRB Index	302.68	-0.6%
Gold	3559.42	0.7%
Copper	9976.00	-0.1%
Oil (WTI futures)	63.87	-2.6%
Coal (coking)	185.00	-0.2%
Coal (thermal)	109.85	0.1%
Iron Ore	103.30	0.8%
ACCU	34.13	-4.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.60	0.00
90 day BBSY	3.62	0.00
180 day BBSY	3.74	0.01
1 year swap	3.38	0.04
2 year swap	3.35	0.05
3 year swap	3.41	0.05
4 year swap	3.49	0.03
5 year swap	3.59	0.02
6 year swap	3.71	0.01
7 year swap	3.82	0.00
8 year swap	3.92	0.00
9 year swap	4.01	0.00
10 year swap	4.26	0.01

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	3.53	0.08
10 year bond	4.42	0.06
<b>United States</b>		
3-month T Bill	4.02	0.01
2 year bond	3.61	-0.02
10 year bond	4.22	-0.04
<b>Other (10 year yields)</b>		
Germany	2.74	-0.05
Japan	1.63	0.01
UK	4.75	-0.05

Sydney Futures Exchange	Current	Change
10 yr bond	4.40	-0.05
3 yr bond	3.52	-0.03
3 mth bill rate	3.58	0.00
SPI 200	8,763	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:

Ahead of Friday's US payrolls release, the JOLTS job openings data surprised to the downside, prompting a rally in global bonds. Markets are pricing in a 95% probability that the Fed will cut interest rates at its upcoming policy meeting in two weeks; however, some FOMC members appear less certain that a cut is warranted. Recent commentary from Fed officials has highlighted a range of perspectives regarding near-term monetary policy, with Governor Christopher Waller advocating for multiple cuts in the coming months, while Atlanta Fed President Raphael Bostic maintained that a single rate cut this year should be sufficient.

In Australia, attention was focused yesterday on the June quarter national accounts, which revealed that GDP growth exceeded market expectations, accelerating to 0.6% for the quarter. Stronger consumer spending, boosted by one-off factors such as holiday timing and sales discounts, was the principal driver of this growth.

- US equity markets remained volatile, with a number of stocks declining again. Nevertheless, gains in tech shares – particularly Alphabet – provided enough support for the S&P 500 to close 0.5% higher. European benchmark indices also climbed: the Euro Stoxx 50 advanced by 0.6%, while the UK's FTSE 100 gained 0.7%. Despite robust GDP growth, the ASX 200 index fell 1.8%, marking its steepest daily loss since April.
- The softer job openings data fuelled a rally in the bond markets. US Treasury yields fell by 2-6bp across the curve, with the 30-year yield retreating to 4.90%. German Bund yields followed a similar pattern, while UK Gilt yields experienced more pronounced movement at the long end – the 30-year Gilt dropped 9bp to 5.60%. JGB yields rose, reflecting the previous day's global bond sell-off and heightened political uncertainty after a close ally of the Prime Minister announced their resignation. Australian yields also increased notably, up by 6bp at the 10-year point, as stronger GDP growth led to an upward shift in the expected path for the RBA policy rate.
- In foreign exchange markets, the DXY index eased by 0.3%, while the euro and yen both appreciated by 0.2%. Sterling outperformed, rising 0.4% after having depreciated by 1.1% in the prior session. The Australian dollar was also among the best performers, climbing 0.4%.
- Crude oil came under pressure, as headlines indicated that OPEC+ may raise production further starting next month. WTI fell 2.6%, reversing the previous day's gains. Gold continued its ascent, climbing 0.7% to reach \$3,559. Iron ore posted a similar increase, while copper remained little changed.

## Today's key data and events

For	Data/Event	Exp	Prev
11:00am	AU RBA's Hauser-Interview	-	-
11:30am	AU Trade Balance Jul	\$4900m	\$5365m
7:00pm	EZ Retail Sales Jul	-0.3%	0.3%
10:15pm	US ADP Employment Change Aug	67.5k	104k
10:30pm	US Productivity Q2 Final	2.7%	2.4%
10:30pm	US Initial Jobless Claims	230k	229k
10:30pm	US Trade Balance Jul	-US\$77.9b	-US\$60.2b
11:45pm	US S&P Services PMI Aug Final	55.4pts	55.4pts
12:00am	US ISM Non-Manufacturing Aug	50.9pts	50.1pts

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.

## International Data:

**The US JOLTS job openings** declined from 7.36mn to 7.18mn, the lowest level in the current cycle. The job openings rate also ticked lower, to 4.3%, while the quit and layoff rates held steady at 2.0% and 1.1% respectively. Each of these outcomes are consistent with little churn in the labour market.

**US factory orders** met expectations in July, total orders declining 1.3%*mth* after a 4.8%*mth* decline in June. Durable goods orders July outcomes were confirmed at -2.8%*mth* for the headline measure and 1.1%*mth* excluding defence and aircraft.

**The US Federal Reserve's September Beige Book** was downbeat. "Most of the twelve Federal Reserve Districts reported little or no change in economic activity... and contacts reported flat to declining consumer spending because, for many households, wages were failing to keep up with rising prices". Contacts also "frequently cited economic uncertainty and tariffs as negative factors". On the labour market, "eleven Districts described little or no net change in overall employment levels". Only "two Districts reported an increase in layoffs... but contacts in multiple Districts reported reducing headcounts through attrition". Labour supply is also constrained, holding the unemployment rate down. In September, "half of the Districts... reported a reduction in the availability of immigrant labor". On prices, "ten Districts characterized price growth as moderate or modest"... [but] nearly all Districts noted tariff-related price increases".

**The euro area PPI** was broadly in line with expectations rising 0.4%*mth* in July, down from 0.8% in June and leaving annual growth at just 0.2%*yr*.

## Local Data:

The Australian economy grew a solid 0.6%*qtr* in the June quarter 2025. This was the first time since the March quarter 2023 that GDP per capita grew on an annual basis ([see here](#)).



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