



15 September 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets ended last week in a generally calm session, with equities and major currencies little changed on Friday, as a further decline in US consumer sentiment, reported by the University of Michigan sentiment survey, highlighted downside risks to the US economic outlook

Major bond yields saw significant movements, continuing to pare the prior week's rally. US Treasury yields were 1-4bp higher across the curve, with the 10-year moving away from 4.0%, while the Gilt and Bund curves shifted up by 3-7bp.

This week, attention will turn to several major monetary policy announcements. Most notably, the FOMC meeting on Wednesday is widely expected to result in a cut to the fed funds rate, while the BoC, BoE, and BoJ rate decisions will be worth watching too.

Closer to home, focus will be on the Australian labour market data release and speeches from RBA officials.

Data snapshot

| FX Last 24 hrs | Current | Change | AUS Interest Rate Swaps | Last | Change |
|----------------|---------|--------|-------------------------|------|--------|
| TWI | 61.5 | 0.7% | 30 day BBSY | 3.60 | 0.00 |
| AUD/USD | 0.6637 | -0.2% | 90 day BBSY | 3.64 | 0.00 |
| AUD/JPY | 98.07 | 0.2% | 180 day BBSY | 3.74 | -0.01 |
| AUD/GBP | 0.4898 | 0.0% | 1 year swap | 3.36 | 0.02 |
| AUD/NZD | 1.1152 | 0.2% | 2 year swap | 3.33 | 0.04 |
| AUD/EUR | 0.5657 | -0.2% | 3 year swap | 3.38 | 0.05 |
| AUD/CNH | 4.7311 | 0.0% | 4 year swap | 3.47 | 0.08 |
| AUD/SGD | 0.8526 | 0.1% | 5 year swap | 3.56 | 0.08 |
| AUD/HKD | 5.1678 | -0.3% | 6 year swap | 3.67 | 0.08 |
| AUD/CAD | 0.9186 | 0.0% | 7 year swap | 3.76 | 0.08 |
| EUR/USD | 1.1735 | 0.0% | 8 year swap | 3.86 | 0.08 |
| USD/JPY | 147.61 | 0.3% | 9 year swap | 3.94 | 0.07 |
| USD Index | 97.55 | 0.0% | 10 year swap | 4.16 | 0.04 |

| Equities | Close | Change | Government Bond Yields | Close | Change |
|--------------------|----------------|---------------|-------------------------------|-------|--------|
| S&P/ASX 200 | 8,865 | 0.7% | Australia | | |
| S&P 500 | 6,584 | 0.0% | 3 year bond | 3.43 | 0.02 |
| Japan Nikkei | 44,768 | 0.9% | 10 year bond | 4.22 | -0.02 |
| Hang Seng | 26,388 | 1.2% | United States | | |
| Euro Stoxx 50 | 5,391 | 0.1% | 3-month T Bill | 3.93 | -0.01 |
| UK FTSE100 | 9,283 | -0.2% | 2 year bond | 3.56 | 0.01 |
| VIX Index | 14.76 | 0.3% | 10 year bond | 4.06 | 0.04 |
| | | | Other (10 year yields) | | |
| Commodities | Current | Change | Germany | 2.72 | 0.06 |
| CRB Index | 301.72 | 0.5% | Japan | 1.59 | 0.01 |
| Gold | 3643.14 | 0.2% | UK | 4.67 | 0.07 |
| Copper | 10068.00 | 0.2% | | | |

| | | | Sydney Futures Exchange | Current | Change |
|-------------------|--------|-------|-------------------------|---------|--------|
| Oil (WTI futures) | 62.69 | 0.5% | 10 yr bond | 4.26 | 0.02 |
| Coal (coking) | 186.25 | -0.3% | 3 yr bond | 3.47 | 0.03 |
| Coal (thermal) | 104.80 | -1.7% | 3 mth bill rate | 3.58 | 0.00 |
| Iron Ore | 105.25 | 0.5% | SPI 200 | 8,804 | -0.7% |
| ACCU | 37.75 | 10.6% | | | |

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:

Markets ended last week in a generally calm session, with equities and major currencies little changed on Friday. However, major bond yields saw significant movements, continuing to pare the prior week's rally. Yesterday, senior US and Chinese delegations met in Madrid to discuss ongoing issues related to trade, the economy and security, and to lay the groundwork for a potential meeting between Donald Trump and Xi Jinping.

This week, attention will turn to several major monetary policy announcements. Most notably, the FOMC meeting on Wednesday is widely expected to result in a cut to the fed funds rate. The Bank of Canada's rate decision, due on the same day, is also likely to see monetary policy easing. Meanwhile, the Bank of England's MPC announcement on Thursday and the Bank of Japan's rate decision on Friday are expected to be less eventful, with no changes anticipated to policy rates.

On the data front, today's release of monthly activity indicators from China will provide new insights into how economic momentum held up during August. Key highlights in the data calendar for major advanced economies include US retail sales and industrial production, UK labour market and inflation data, and euro area industrial production figures. Closer to home, focus will be on the Australian labour market data release and speeches from RBA officials, while New Zealand's Q2 GDP figures will also be worth following.

- US equity markets were little changed on Friday, with the S&P 500 trading sideways, as a further decline in US consumer sentiment, reported by the University of Michigan sentiment survey, highlighted downside risks to the US economic outlook. Nevertheless, over the course of last week, the S&P 500 index rose by 1.6%. In Europe, the Euro Stoxx 50 achieved a similar weekly result, though Friday's gain was just 0.1%. Asian equities stood out last week, with gains of around 1% for the Nikkei 225 and the Hang Seng on Friday, bringing their five-day results to approximately 4% each. The Australian ASX 200 gained 0.7% on Friday but was broadly unchanged compared to the previous Friday's close.
- On Friday, market positioning ahead of this week's heavy schedule of monetary policy announcements drove a significant sell-off in major bond markets. US Treasury yields were 1-4bp higher across the curve, with the 10-year moving away from 4.0%, while the Gilt curve shifted up by 5-7bp. German Bunds also moved higher, as market participants continued to digest information from the ECB policy announcement the day before. Meanwhile, in Australia, the government bond yield curve flattened as longer-term yields moved lower. Looking at last week as a whole, most bond yields were generally higher, reversing the declines seen in the previous week.

Today's key data and events

| For | Data/Event | Exp | Prev |
|---------|---------------------------------------|--------|---------|
| - | CN M2 Money Supply Aug | 8.6% | 8.8% |
| 8:30am | NZ BusinessNZ PSI Aug | - | 48.9pts |
| 9:01am | GB Rightmove House Prices Sep | - | -1.3% |
| 12:00pm | CN Retail Sales YoY YTD Aug | 4.7% | 4.8% |
| 12:00pm | CN Industrial Production YoY YTD Aug | 6.2% | 6.3% |
| 12:00pm | CN Fixed Asset Investment YoY YTD Aug | 1.5% | 1.6% |
| 10:30pm | US Fed Empire State Sep | 4.2pts | 11.9pts |

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.

- In FX markets, the DXY index was unchanged on Friday, remaining just above the 97.50 mark, having trading in a relatively tight range throughout the week. EUR was also flat on the day, while Yen and GBP were slightly weaker. AUD lost 0.2%, returning below the 0.6650 mark and leaving the weekly appreciation at 1.4%.
- Crude oil made further gains as President Trump demanded that all NATO nations cease purchasing oil from Russia, adding further pressure on the EU, which he had previously urged to impose tariffs on China and India, both major importers of Russian oil. WTI rose by 0.5%, bringing the weekly change to 1.3%. Copper and gold recorded small gains, while iron ore increased by 0.5%.

International Data:

US University of Michigan Consumer Sentiment deteriorated in September, according to the preliminary reading, falling from 58.2 to 55.4. Current conditions were slightly weaker for the month, but expectations dropped sharply by 4.4 points to 51.8. Inflation expectations indicated ongoing uncertainty in the medium to long term.

UK GDP was flat in July following a 0.4% rise in June. Services activity continued to expand, albeit by only 0.1%*mt*, while construction was also higher by 0.2%*mt*. However, these gains were offset by a 0.9%*mt* decline in industrial production. Despite the weak start to Q3, the GDP carryover from Q2 is 0.2 percentage points, putting the UK in a good position to match the 0.3% quarterly growth reported in the previous quarter. **The UK trade deficit** widened slightly in July from £5.0bn to £5.3bn, contrary to market expectations of a decline to around £4.1bn. While the trade balance with the US improved to levels seen at the end of last year, this was offset by a deterioration in the trade balance with the EU.

Local Data:

In New Zealand, **retail spending** rose 0.7% in August. This marks the third consecutive monthly increase and is the best result this year ([see here](#)).



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