



19 September 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Following rate cuts by the Fed and the Bank of Canada on Wednesday, the Bank of England's announcement was less eventful – policymakers left both Bank Rate and forward guidance unchanged.

The Fed's monetary policy easing supported US equity markets. Tech stocks advanced as Nvidia and Intel announced a partnership to develop new chips, pulling the S&P 500 0.5% higher. US Treasuries reversed the rally seen in early trading hours and sold off following the lower-than-expected jobless claims release.

Australian government yields declined by around 3bp across the curve, as Australia's employment growth figures surprised to the downside. AUD declined 0.6% to 0.6610.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	61.1	-0.7%
AUD/USD	0.6614	-0.6%
AUD/JPY	97.84	0.1%
AUD/GBP	0.4879	-0.1%
AUD/NZD	1.1235	0.8%
AUD/EUR	0.5612	-0.4%
AUD/CNH	4.7003	-0.5%
AUD/SGD	0.8478	-0.3%
AUD/HKD	5.1438	-0.6%
AUD/CAD	0.9125	-0.5%
EUR/USD	1.1785	-0.2%
USD/JPY	147.94	0.7%
USD Index	97.39	0.5%

Equities	Close	Change
S&P/ASX 200	8,745	-0.8%
S&P 500	6,632	0.5%
Japan Nikkei	45,303	1.1%
Hang Seng	26,545	-1.4%
Euro Stoxx 50	5,457	1.6%
UK FTSE100	9,228	0.2%
VIX Index	15.7	-0.1%

Commodities	Current	Change
CRB Index	301.23	-0.8%
Gold	3644.28	-0.4%
Copper	9940.00	-0.6%
Oil (WTI futures)	63.64	-0.6%
Coal (coking)	188.00	-0.5%
Coal (thermal)	107.90	1.3%
Iron Ore	105.80	-0.5%
ACCU	37.75	10.6%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.59	0.00
90 day BBSY	3.61	0.00
180 day BBSY	3.72	-0.01
1 year swap	3.34	-0.01
2 year swap	3.31	-0.01
3 year swap	3.36	-0.01
4 year swap	3.44	-0.01
5 year swap	3.54	0.00
6 year swap	3.65	0.00
7 year swap	3.75	0.01
8 year swap	3.84	0.01
9 year swap	3.93	0.01
10 year swap	4.16	-0.01

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	3.38	-0.03
10 year bond	4.19	-0.03
<b>United States</b>		
3-month T Bill	3.88	0.00
2 year bond	3.56	0.01
10 year bond	4.10	0.02
<b>Other (10 year yields)</b>		
Germany	2.73	0.05
Japan	1.60	0.00
UK	4.68	0.05

Sydney Futures Exchange	Current	Change
10 yr bond	4.27	0.04
3 yr bond	3.43	0.04
3 mth bill rate	3.58	0.00
SPI 200	8,840	0.5%

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 continued to absorb news from major central bank policy announcements. Following rate cuts by the Fed and the Bank of Canada on Wednesday, the Bank of England's announcement was less eventful – policymakers left both Bank Rate and forward guidance unchanged. However, details from the statement and minutes suggested the BoE may slow the pace of policy easing until inflation resumes its downward trajectory. Today's Bank of Japan monetary policy decision is widely expected to result in no changes. On the data front, a drop in US jobless claims eased some of the biggest concerns about immediate sharp deterioration in the US labour market.

- The Fed's monetary policy easing supported US equity markets. Tech stocks advanced as Nvidia and Intel announced a partnership to develop new chips, pulling the S&P 500 0.5% higher. The Euro Stoxx 50 in Europe jumped as much as 1.6% - the best result since May – while the FTSE 100 in the UK rose only 0.2%. Asian stocks were mixed: the Nikkei 225 advanced 1.1%, but the Hang Seng declined by 1.4%, and Chinese equity benchmarks sold off ahead of today's call between Trump and Xi Jinping. Domestically, the ASX 200 was down 0.8%.
- US Treasuries reversed the rally seen in early trading hours and sold off following the lower-than-expected jobless claims release. The 10-year yield rose 2bp to 4.10%, about 6bp higher than levels before the Fed's announcement on Wednesday. Longer-term European yields were also higher, with 10-year Bund and Gilt yields up by 5bp. Australian government yields declined by around 3bp across the curve, as Australia's employment growth figures surprised to the downside.
- In foreign exchange markets, the DXY index gained 0.5%, rising to 97.3 after trading below 97 for a couple of days. EUR was among the best performers, losing only 0.2%, while GBP was down 0.5% and the yen depreciated 0.7%. AUD declined 0.6% to 0.6610.
- After a jump in prices earlier in the week, crude trended lower for a second day, with the WTI October contract down 0.5% to \$63.60. Most other major commodities also moved lower, with gold, copper, and iron ore all down by around half a percent.

## International Data:

**The Bank of England's Monetary Policy Committee** left Bank Rate unchanged at 4.0%. Central to the decision was the assessment of the inflation outlook and associated risks. The policy statement acknowledged substantial disinflation in recent years, and anticipated pay growth to slow significantly in the near term. However, it also highlighted potential second-round effects from the recent increase in headline inflation, emphasising upside risks to medium-term inflationary

## Today's key data and events

Time	Event	Exp	Prev
-	JP BoJ Policy Decision	0.5%	0.5%
8:45am	NZ Trade Balance Aug	-	-NZ\$578m
9:01am	GB Gfk Consumer Sentiment Sep	-18pts	-17pts
9:30am	JP CPI Aug	2.8%	3.1%
4:00pm	GB Retail Sales Aug	0.4%	0.6%

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.

pressures. The committee maintained that “a gradual and careful approach to further withdrawal of monetary policy restraint remained appropriate”, signalling a likely continuation of the 25 basis points per quarter easing pace seen since the start of the cycle. However, with inflation set to peak this month, there are significant risks that at the next meeting in November, some policymakers may prefer to postpone further cuts until inflation returns to a downward path.

As expected, the committee also decided to reduce the pace of quantitative tightening (QT) from £100 billion in the past twelve months to £70 billion over the coming twelve months. Over that period, redemptions of BoE Gilt holdings will decline from £87 billion to £49 billion, making the new QT pace consistent with an increase in active Gilt sales from £13 billion to £21 billion. To reduce the impact on long-term yields, the share of long-dated Gilt sales will be cut from around a third to 20%.

In the US, following a sharp increase to 263k last week, **initial jobless claims** eased to 231k, bringing the figure back in line with recent norms.

## Local Data:

In Australia, **employment** surprised significantly to the downside in August, the -5.4k decline weaker than Westpac's forecast (+15k) and well below the consensus estimate (+21k). A fall in participation meant the **unemployment rate** held steady at 4.2% ([see here](#)).



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