



3 October 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

The US government shutdown has caused a delay of various government data releases and created an air of uncertainty within markets, resulting in only modest moves across most key asset classes overnight.

US stocks finished modestly higher, with momentum in tech seeing the NASDAQ outperform slightly. Europe and Hong Kong held onto recent positive momentum while the ASX 200 bounced back following two days of stagnation.

Yields were generally lower across the globe and the USD stabilised after a recent run of declines, seeing the Aussie dollar slip back down to a 0.65 handle overnight.

Crude prices continued fall in anticipation of OPEC+ agreeing to add further supply to the market at this weekend's meeting. Gold prices meanwhile pared back following the USD stabilisation.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	61.3	0.2%
AUD/USD	0.6595	-0.3%
AUD/JPY	97.13	-0.1%
AUD/GBP	0.4909	0.0%
AUD/NZD	1.1329	-0.3%
AUD/EUR	0.5629	-0.1%
AUD/CNH	4.7042	-0.2%
AUD/SGD	0.8503	-0.2%
AUD/HKD	5.1333	-0.2%
AUD/CAD	0.9212	0.0%
EUR/USD	1.1715	-0.1%
USD/JPY	147.27	0.1%
USD Index	97.90	0.2%

Equities	Close	Change
S&P/ASX 200	8,946	1.1%
S&P 500	6,715	0.1%
Japan Nikkei	44,937	0.9%
Hang Seng	27,287	1.6%
Euro Stoxx 50	5,646	1.2%
UK FTSE100	9,428	-0.2%
VIX Index	16.63	2.1%

Commodities	Current	Change
CRB Index	298.33	-0.7%
Gold	3856.58	-0.2%
Copper	10490	1.1%
Oil (WTI futures)	60.64	-1.8%
Coal (coking)	193.00	0.3%
Coal (thermal)	107.50	-0.3%
Iron Ore	103.45	0.0%
ACCU	37.75	10.6%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.59	0.00
90 day BBSY	3.66	0.00
180 day BBSY	3.84	-0.01
1 year swap	3.46	-0.02
2 year swap	3.44	-0.02
3 year swap	3.49	-0.02
4 year swap	3.57	-0.03
5 year swap	3.67	-0.03
6 year swap	3.76	-0.04
7 year swap	3.86	-0.04
8 year swap	3.95	-0.04
9 year swap	4.03	-0.04
10 year swap	4.27	-0.02

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	3.54	-0.04
10 year bond	4.34	-0.03
<b>United States</b>		
3-month T Bill	3.85	0.01
2 year bond	3.54	0.00
10 year bond	4.08	-0.02
<b>Other (10 year yields)</b>		
Germany	2.70	-0.01
Japan	1.66	0.01
UK	4.71	0.01

Sydney Futures Exchange	Current	Change
10 yr bond	4.35	-0.02
3 yr bond	3.56	0.00
3 mth bill rate	3.58	0.00
SPI 200	8,965	-0.1%

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:

- After a weaker start to the session amid uncertainty over the government shutdown, share markets ended up posting modest gains in the US, driven by momentum in tech stocks. The NASDAQ rose 0.4%, while the Dow Jones and S&P 500 rose 0.2% and 0.1% respectively.
- Momentum continues to firmly build in European markets, with the Euro Stoxx posting a fifth consecutive daily gain of 1.2%. The same can be said for Hong Kong, where momentum in tech continues to drive solid gains, up 1.6% yesterday.
- The ASX 200 managed to post a solid gain of 1.1% after two days of stagnation following the RBA's decision to keep rates steady. Most sectors finished in the green, with health care and materials playing a key role. Futures markets are pointing to a slightly weaker open this morning.
- The USD has stabilised somewhat after a run of declines over the past four days, with the DXY edging up 0.2% to 97.90 at the time of writing, near the mid-point of recent ranges.
- This stabilisation was felt across all DXY pairs, with the Euro and Japanese Yen depreciating -0.1% against the greenback, the Canadian Loonie weakening by -0.2%, while the Sterling stood out with -0.3% depreciation. Against the broader global trend, Aussie dollar has dipped back down to a 0.65 handle, though the Kiwi dollar managed to finish broadly unchanged versus yesterday.
- Yields were generally lower across the globe, though moves were relatively modest. The 2-year treasury yield held steady at 3.54% while the 10-year rallied slightly, falling 2bps to 4.08%. Australian government (futures) yields followed a similar pattern, with the 3-year steady and the 10-year falling 2bps to 4.35%. Meanwhile, the 10-year Bund shed 1bp while the 10-year Gilt ticked up 1bp.
- Regarding policy expectations, US futures markets seem to have pared back rate cut bets very slightly amid data disruptions from the government shutdown. October is no longer 'fully' priced in, but at 98%, it is still perceived as a near certainty. In Australia, swaps markets continue to price in one rate cut by March next year.
- Crude prices have extended its recent run of losses in anticipation of OPEC+ agreeing to add more supply to the market at this weekend's meeting. The first-generic futures contract for WTI fell -1.8% to US\$60.64/bbl.
- Meanwhile, copper prices have continued to rally against a backdrop of tighter supply and firmer demand from rate cuts, with LME futures moving 1.1% higher overnight. Gold meanwhile pared back amid the USD stabilisation, edging down -0.2% to around US\$3856/oz. Iron ore held broadly steady.

## Today's key data and events

Time	Event	Exp	Prev
9:30am	JP Jobless Rate	2.4%	2.3%
10:30am	JP Jibun Bank Services PMI Sep Final	-	53pts
6:00pm	EZ HCOB Services PMI Sep Final	51.4pts	51.4pts
6:30pm	GB S&P Services PMI Sep Final	51.9pts	51.9pts
7:00pm	EZ PPI Aug	0.0%	0.4%
10:30pm	US Non-Farm Payrolls Sep	51.5k	22k
10:30pm	US Unemployment Rate Sep	4.3%	4.3%
10:30pm	US Average Hourly Earnings Sep	0.3%	0.3%
11:45pm	US S&P Services PMI Sep Final	53.9pts	53.9pts
12:00am	US ISM Non-Manufacturing Sep	51.7pts	52pts

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:

In the US, **initial jobless claims** and **factory orders** data were delayed amid the ongoing government shutdown.

The **FOMC's Logan** reaffirmed a cautious approach to policy easing, putting greater emphasis on the upside risks to inflation compared to the labour market which was characterised as "fairly balanced". She noted her forecast is for a "little bit slower of a normalisation of the policy path in order to make sure we get [inflation] all the way to 2%. So it will take some time". Meanwhile, **Goolsbee** similarly characterised the labour market as steady and noted the "underlying economy is still growing pretty solidly". Without proffering clearer guidance on the scale of further interest rate reductions, Goolsbee stated that the policy rate can come down "a fair amount" provided progress on inflation is maintained.

In the Eurozone, the **unemployment rate** ticked up from a historic low of 6.2% in July to 6.3% in August. This is in line with the average over the past year, still clearly flagging a solid degree of resilience in the region's labour market. Across the key member states, Germany and France held at 3.7% and 7.5% respectively, while Italy ticked up to 6.0% and Spain fell to 10.3%.

## Local Data:

In Australia, **household spending** eked out a modest gain of 0.1% in August, suggesting that growth in consumer spending, while still positive, has softened following a strong finish to the financial year, when more one-off factors one-off factors at play (see [here](#)). Additionally, the **goods trade surplus** narrowed to a seven-year low in August as volatility in gold export flows persists (see [here](#)).



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