14 October 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Following renewed trade tensions between the US and China late last week and the initial sharp sell-off, financial markets stabilised at the start of this week. Investors are now focusing on the ongoing openness to negotiations from both sides, which supports hopes for a potential deal.

After notable losses on Friday, major equity markets rebounded, highlighting that the “buying the dip” strategy remains effective.

Australian yields dropped around 7bp across the curve, catching up with Friday’s global bond rally. AUD was the best-performing currency in the G10 basket, gaining 0.6%.

Gold continued its ascent, rising 2.3% to push above $4,100. Copper jumped nearly 3%, as concerns over potential shortages and pressure on short positions increased demand.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.9	-0.7%
AUD/USD	0.6516	0.6%
AUD/JPY	99.25	1.4%
AUD/GBP	0.4888	0.9%
AUD/NZD	1.1378	0.6%
AUD/EUR	0.5634	1.1%
AUD/CNH	4.6508	0.5%
AUD/SGD	0.8463	0.8%
AUD/HKD	5.0698	0.6%
AUD/CAD	0.9146	0.8%
EUR/USD	1.1566	-0.5%
USD/JPY	152.33	0.8%
USD Index	99.28	0.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.56	-0.01
90 day BBSY	3.63	-0.01
180 day BBSY	3.82	-0.03
1 year swap	3.45	-0.01
2 year swap	3.43	-0.02
3 year swap	3.48	-0.02
4 year swap	3.56	-0.01
5 year swap	3.65	-0.01
6 year swap	3.74	-0.01
7 year swap	3.84	-0.01
8 year swap	3.93	-0.01
9 year swap	4.01	-0.01
10 year swap	4.24	-0.01

Equities	Close	Change
S&P/ASX 200	8,883	-0.8%
S&P 500	6,657	1.6%
Japan Nikkei	48,089	0%
Hang Seng	25,889	-1.5%
Euro Stoxx 50	5,568	0.7%
UK FTSE100	9,443	0.2%
VIX Index	18.86	-12.9%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.51	-0.07
10 year bond	4.29	-0.07
United States		
3-month T Bill	3.85	0.00
2 year bond	3.50	0.00
10 year bond	4.03	0.00
Other (10 year yields)		
Germany	2.64	-0.01
Japan	1.69	0.00
UK	4.66	-0.02

Commodities	Current	Change
CRB Index	295.54	0.9%
Gold	4109.03	2.3%
Copper	10820.00	2.9%
Oil (WTI futures)	59.65	1.3%
Coal (coking)	194.25	-0.9%
Coal (thermal)	108.55	-0.1%
Iron Ore	106.10	1.3%
ACCU	37.75	10.6%

Sydney Futures Exchange	Current	Change
10 yr bond	4.30	-0.01
3 yr bond	3.51	-0.02
3 mth bill rate	3.57	0.00
SPI 200	8,925	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:

Following renewed trade tensions between the US and China late last week and the initial sharp sell-off, financial markets stabilised at the start of this week. Investors are now focusing on the ongoing openness to negotiations from both sides, which supports hopes for a potential deal. The planned meeting between US President Donald Trump and Chinese President Xi Jinping later this month remains on the cards - an encouraging sign that a resolution could be reached soon, likely before the two leaders meet. Recent Chinese trade data indicated that Chinese exports continue to grow at a robust pace, with weaker exports to the US offset by stronger flows to other countries. On the monetary policy front, newly appointed Philadelphia Fed President Anna Paulson signalled support for further US monetary easing in the near term.

- After notable losses on Friday, major equity markets rebounded, highlighting that the "buying the dip" strategy remains effective. In the US, the S&P 500 rose 1.6%, led by gains in technology stocks. This sector, along with basic resources, also drove European equities higher, lifting the Euro Stoxx 50 by 0.7%. The FTSE 100 in the UK underperformed, rising only 0.2%. In Asia, Japanese markets were closed, while the Hang Seng and other Chinese indices ended lower. The domestic ASX 200 also declined, falling 0.8%.
- The US bond market was closed for trading. Other major government bonds rallied: UK Gilt yields were 1-2bp lower across the curve, and 10Y Bund yields fell 1bp, with shorter maturities posting larger gains. The 10Y French government bond yield also declined by 1bp, as President Macron called for stability ahead of today's announcement of the 2026 French government budget. Australian yields dropped around 7bp across the curve, catching up with Friday's global bond rally.
- In FX markets, the DXY index edged 0.3% higher to 99.3. EUR depreciated by 0.4%, falling below 1.16 for the first time since early August. After briefly strengthening on Friday, the Japanese yen weakened by 0.8%. AUD was the best-performing currency in the G10 basket, gaining 0.6%.
- A more conciliatory tone in the US-China trade dispute supported crude prices, with WTI up 1.3% but still trading below $60. Gold continued its ascent, rising 2.3% to push above $4,100. Copper jumped nearly 3%, as concerns over potential shortages and pressure on short positions increased demand.

International Data:

Chinese monthly trade data showed that the trade balance narrowed in September, falling from $102.3bn to $90.4bn. The underlying trend in exports remained strong, with the annual pace of growth rising to 8.3%yr, a six-month high.

Exports to the US remained subdued, but Chinese goods continued to flow into other economies at a rapid pace. For example, exports to the EU, China's second-biggest trading partner, accelerated to 14.2%yr, while export growth to ASEAN economies remained very strong at 15.8%, despite easing somewhat. Exports to Australia continued to grow at a double-digit pace. Meanwhile, growth in Chinese imports jumped from 1.3%yr to 7.4%yr, the highest level in almost a year and a half, contributing to the narrowing surplus.

Philadelphia Fed President Anna Paulson signalled her support for further fed funds rate cuts this year "along the lines" of the Fed's last dot plot. Its median projection indicated two additional 25bp changes. Paulson thinks that that amount of policy easing should be enough to keep the labour market conditions close to full employment.

Today's key data and events

Time	Event	Exp	Prev
8:45am	NZ Card Spending Sep	-	0.4%
11:30am	AU RBA Minutes	-	-
11:30am	AU NAB Business Conditions Sep	-	7pts
5:00pm	GB ILO Unemployment Rate Aug	4.7%	4.7%
8:00pm	EZ Zew Survey Of Expectations Oct	-	26.1pts
3:20am	US Fed's Powell Speaks on Economic Outlook and Monetary Policy	-	-

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.

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