15 October 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

President Trump threatened to halt trade in cooking oil with China, responding to China’s refusal to purchase US soybeans. These comments underscored ongoing tensions between the two countries.

Remarks from Fed Chair Jerome Powell indicated the likelihood of further US monetary policy easing. He noted that the economic picture has not changed much since the September fed funds rate cut.

US equities saw a volatile session, as markets absorbed significant economic news and earnings reports from major banks. The 10Y US Treasury yield was little changed, but the short end of the curve outperformed.

The AUD reversed gains at the start of the week, depreciating 0.5%. Australian yields fell 5-6bp across the curve.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.5	-0.7%
AUD/USD	0.6483	-0.5%
AUD/JPY	98.34	-0.9%
AUD/GBP	0.4865	-0.4%
AUD/NZD	1.1351	-0.2%
AUD/EUR	0.5587	-0.8%
AUD/CNH	4.6296	-0.5%
AUD/SGD	0.8421	-0.5%
AUD/HKD	5.0403	-0.6%
AUD/CAD	0.9103	-0.4%
EUR/USD	1.1605	0.3%
USD/JPY	151.68	-0.4%
USD Index	99.03	-0.2%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.55	0.00
90 day BBSY	3.61	-0.02
180 day BBSY	3.81	-0.01
1 year swap	3.43	-0.01
2 year swap	3.41	-0.02
3 year swap	3.45	-0.03
4 year swap	3.53	-0.03
5 year swap	3.62	-0.03
6 year swap	3.71	-0.03
7 year swap	3.81	-0.03
8 year swap	3.90	-0.04
9 year swap	3.98	-0.04
10 year swap	4.21	-0.04

Equities	Close	Change
S&P/ASX 200	8,899	0.2%
S&P 500	6,635	-0.3%
Japan Nikkei	46,847	-2.6%
Hang Seng	25,441	-1.7%
Euro Stoxx 50	5,552	-0.3%
UK FTSE100	9,453	0.1%
VIX Index	20.57	8.1%

Commodities	Current	Change
CRB Index	294.51	-0.3%
Gold	4140.14	0.7%
Copper	10578.00	-2.2%
Oil (WTI futures)	58.42	-1.8%
Coal (coking)	193.50	-0.4%
Coal (thermal)	105.55	-0.5%
Iron Ore	105.15	-2.4%
ACCU	37.75	10.6%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.46	-0.05
10 year bond	4.23	-0.06
United States		
3-month T Bill	3.85	-0.01
2 year bond	3.47	-0.03
10 year bond	4.02	-0.01
Other (10 year yields)		
Germany	2.61	-0.03
Japan	1.65	-0.03
UK	4.59	-0.07

Sydney Futures Exchange	Current	Change
10 yr bond	4.25	0.00
3 yr bond	3.48	0.01
3 mth bill rate	3.57	0.00
SPI 200	8,988	0.8%

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:

Recent movements in financial markets were mixed, as investors digested news from multiple fronts. President Trump threatened to halt trade in cooking oil with China, responding to China's refusal to purchase US soybeans. These comments underscored ongoing tensions between the two countries.

Meanwhile, remarks from Fed Chair Jerome Powell indicated the likelihood of further US monetary policy easing. Although official data releases were limited due to the US Government shutdown, Powell noted that "the outlook for employment and inflation does not appear to have changed much since the September meeting". He continued to highlight downside risks to employment growth and suggested that higher goods inflation largely reflects tariffs, rather than broader inflationary pressures.

In France, recent headlines pointed to a stabilizing political environment for the current government. Reappointed Prime Minister Sebastien Lecornu secured support of the Socialist Party by agreeing to suspend the proposed pension reform - raising the retirement age – until the 2027 Presidential Election.

- US equities saw a volatile session, as markets absorbed significant economic news and earnings reports from major banks. The S&P 500 declined just before the close, finishing the day 0.3% lower. The VIX volatility index rose back above 20. In Europe, the Euro Stoxx 50 also closed 0.3% lower, as trade tensions between the US and China weighed on basic resources and auto sectors. Asian equities also recorded losses for similar reasons, while the domestic ASX 200 rose 0.2%.
- In bond markets, the 10Y US Treasury yield was little changed, down 1bp to 4.02%, while the short end of the curve outperformed following Chair Powell's comments supporting expectations for further interest rate cuts. The 10Y German Bund yield fell 3bp, and the equivalent JGB also declined 3bp, as Japanese opposition parties continued discussions on uniting against the ruling LDP and its recently elected leader Sanae Takaichi. Australian yields fell 5-6bp across the curve.
- In FX markets, the DXY index eased 0.2% to 99.0. The AUD reversed gains at the start of the week, depreciating 0.5% to 0.6483. Most other major currencies strengthened: the EUR rose 0.4% back above 1.16, and the Yen appreciated 0.3%. The GBP weakened after UK labour market data showed a further decline in wage growth.
- Amid rising US-China trade tensions, most major commodities traded lower. Crude fell again, with WTI November contract down 1.6% to $58.40. Copper and iron ore both lost more than 2%. Gold extended its gains, rising 0.7% to $4140.

Today's key data and events

Time	Event	Exp	Prev
10:30am	AU RBA's Hunter-Speech	-	-
10:30am	AU Westpac-MI Leading Index Sep	-	0.0%
12:30pm	CN PPI Sep	-2.3%	-2.9%
12:30pm	CN CPI Sep	-0.2%	-0.4%
3:30pm	JP Industrial Production Aug Final	-	-1.2%
8:00pm	EZ Industrial Production Aug	-1.8%	0.3%
11:30pm	US Fed Empire State Oct	-1.7pts	-8.7pts

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 NFIB Small Business Optimism Index fell by 2 points in September to 98.8, a three-month low, but remained marginally above the survey's long-term average of 98.0. The details indicated increased inflationary pressures over the next three months – the relevant indicator rose 5 points to the top of the recent range – and heightened uncertainty. In this environment, fewer businesses considered it a good time to expand, and the economic expectations index dropped significantly, reaching only slightly higher levels than those seen after the Liberation Day tariff announcements.

UK employment data signalled ongoing softening in the labour market. Headline three-month employment growth was weaker than expected in August at 91k, with single-month figures indicating a notable decline from the prior month. The headline unemployment rate inched up 0.1ppt to 4.8%. As unemployment increased, wage growth slowed. Three-months growth in private sector regular wages – the BoE's preferred measure – fell from 4.7%yr to 4.4%yr, the lowest in the current cycle and below the BoE's September quarter forecast of 4.6%yr. BoE Governor Andrew Bailey emphasised the weakening labour market in recent comments, concluding that the UK economy is growing below potential.

The latest **ZEW survey** of financial market experts highlighted downside risks to the economic outlook stemming from political uncertainty. The headline economic expectations index fell 3.4 points to a five-month low of 22.7, while the assessment of the current economic situation also dropped, down 3.0 points to -31.8. The survey cited France's budget dispute and political uncertainty as key factors.

Local Data:

The Australian business sentiment survey showed tentative signs of firmer demand, but businesses remain cautious about the outlook ahead (see here).

The New Zealand retail card spending data signalled that momentum in retail spending remains muted, with spending levels down 0.5% in September (see here).

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