22 October 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

The slight risk off sentiment in overnight trade was driven by the US President telling reporters that his meeting with Chinese President Xi Jinping may "not go ahead".

Eequites were mixed with robust earnings proving markets with a tailwind. There was a slight rally in bonds which saw yields tick lower in the US and Europe. While the US dollar was slightly higher with mixed performance across the G10 – lower against the Canadian dollar (that received a tailwind from the stronger than expected inflation print) but higher against the Aussie. The Aussie closed at just under 0.65 against the Greenback in another volatile session where it flipped between gains and losses.

The big story of the day was the largest one day fall in gold (-5.7%) since 2013 as investors looked to take profits on fears the astronomical rally has been overdone. Oil and iron ore were both broadly unchanged.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.6	0.2%
AUD/USD	0.6489	-0.4%
AUD/JPY	98.59	0.4%
AUD/GBP	0.4853	-0.1%
AUD/NZD	1.1298	-0.3%
AUD/EUR	0.5594	0.0%
AUD/CNH	4.6245	-0.3%
AUD/SGD	0.8426	0.0%
AUD/HKD	5.0434	-0.3%
AUD/CAD	0.9095	-0.5%
EUR/USD	1.1600	-0.4%
USD/JPY	151.93	0.8%
USD Index	98.93	0.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.50	-0.01
90 day BBSY	3.54	0.00
180 day BBSY	3.69	0.00
1 year swap	3.33	0.01
2 year swap	3.31	0.00
3 year swap	3.35	0.01
4 year swap	3.43	0.00
5 year swap	3.51	0.00
6 year swap	3.61	-0.01
7 year swap	3.71	-0.01
8 year swap	3.80	-0.01
9 year swap	3.89	-0.01
10 year swap	4.12	-0.01

Equities	Close	Change
S&P/ASX 200	9,095	0.7%
S&P 500	6,742	0.1%
Japan Nikkei	49,316	0.3%
Hang Seng	26,028	0.7%
Euro Stoxx 50	5,687	0.1%
UK FTSE100	9,427	0.2%
VIX Index	17.62	-3.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.34	-0.03
10 year bond	4.12	-0.03
United States		
3-month T Bill	3.78	-0.01
2 year bond	3.46	0.00
10 year bond	3.96	-0.02
Other (10 year yields)		
Germany	2.55	-0.02
Japan	1.66	-0.01
UK	4.48	-0.03

Commodities	Current	Change
CRB Index	295.41	-0.4%
Gold	4109.60	-5.7%
Copper	10624.00	-0.6%
Oil (WTI futures)	57.82	0.5%
Coal (coking)	194.50	-1.3%
Coal (thermal)	114.40	0.0%
Iron Ore	103.90	0.0%
ACCU	37.75	10.6%

Sydney Futures Exchange	Current	Change
10 yr bond	4.13	0.00
3 yr bond	3.35	0.00
3 mth bill rate	3.10	-0.34
SPI 200	9,056	-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:

- US equities were mixed amid a pick-up in earning reports and as President Trump said his meeting with his Chinese counterpart next week may not occur. General Motors, 3M and Coca-Cola saw valuations jump on the back better than expected earnings. Mining shares dropped on the back of sharp falls in gold and silver prices. While trade tensions between the US and China weighed on tech stocks. The S&P 500 was unchanged, while the tech heavy Nasdaq fell 0.2%. The Dow Jones Industrial Average outperformed on the back of solid earnings reports, up almost 0.5% on the day.
- European markets were generally higher on the back of solid earnings reports from corporate heavyweights, with real estate and autos leading the market higher. The Euro Stoxx 50 edged 0.1% higher, Germany's DAX gained 0.3%, the FTSE in London was also up 0.3%, while France's CAC increased 0.6% to a fresh record high. Asian markets were generally higher with the Nikkei closing 0.3% higher, the Hang Seng closing 0.7% higher and the CSI 300 up 1.5%. In the local market, the ASX 200 closed 0.7% in the green. Futures are pointing to a soft start to today's session on the back of the falls in gold and silver.
- There was a slight rally in Treasuries which saw the yield curve shift marginally lower. The 2-year US bond yield was broadly unchanged at 3.46%. The 10-year US bond yield closed 2bps lower 3.96%, while the 30-year bond yield closed 3bps lower 4.54%. Interest-rate futures have a rate cut fully priced in for the October US Fed meeting (24.7bps) and a total of 125 basis points of cuts priced in over the remainder of 2025 and 2026. Yields were also lower across Europe, with 10-year bond yields 3bps lower in the UK to 4.48%; 3bps lower in Germany to 2.55%; and 2bps lower in France to 3.34%.
- Local yields were broadly unchanged on futures with the 3-year bond yield futures sitting at 3.35%, with the 10-year bond yield futures at 4.13%. Interest-rate futures have priced in a 65% chance of a November rate cut and there are now around 47bps of cuts priced in over the remainder of 2025 and 2026 – one cut fully priced in by February 2026.
- The US dollar index edged 0.3% higher to 98.93 as haven flows supported the greenback. This also saw the euro slip 0.4% to 1.1599 while the Yen fall 0.8% on the day against the Greenback, with the USD/JPY up 0.8% to 151.92. The Aussie edged 0.4% lower to 0.6488. In another volatile session where the AUD/USD pair flipped between gains and losses, the pair started above the 0.6500 before sliding to a low of 0.6473 and then bouncing back up above 0.6500, before settling at just under this level.
- The big story of the session was the large drop in gold and silver prices. Gold prices fell 5.7%, the biggest one-day drop since 2013, while spot silver dropped as much as 8.7%. Investors appear to be taking profits given concerns the recent astronomical rally left gold and silver overvalued. Oil was 0.5% higher with West Texas Intermediate sitting at US$57.82/bbl. Iron Ore was broadly unchanged at US$104 a tonne.

Today's key data and events

Time	Event	Exp	Prev
5:00pm	GB CPI Sep	0.1%	0.3%

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 **CPI inflation in Canada** surprised to the upside in September, rising by 0.1%mth (non-seasonally adjusted), well above the consensus expectation of a 0.1%mth decline. The annual pace, helped by favourable base effects, increased from 1.9%yr to a seven-month high 2.4%yr. Most of the increase was accounted by food prices, a component the domestic monetary policy has little control of. Excluding them and energy, the inflation rate was unchanged at 2.4%yr. However, services inflation was also higher, up by 0.2ppt to 3.0%yr, which might influence the Bank of Canada policy makers' assessment of the underlying inflationary pressures, when they meet at the end of the month. old reporters at the White House that the US is doing well in trade negotiations with China, noting that his meeting with President Xi is likely to go ahead in late October.

Local Data:

NZ's trade deficit declined to NZ$1.4bn in September 2025 from NZ$2.2bn in September 2024. The improvement was driven by a strong increase in exports (almost 20%yr) which was only partly offset by an increase in imports (1.6%yr).

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