



03 November 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

US equities snapped a two-day losing streak on the back of better-than-expected earnings and outlooks reported by the tech megastocks.

A slight rally in Treasuries saw yields tick lower on the day but increased over the week by around 8bps across the curve. The US dollar increased to its highest level since August amid higher yields and hawkish comments from US Fed Chair Powell.

The Aussie was a touch lower on Friday but maintained most of the gains made earlier in the week to finish at 0.6545. Local bond yields at the shorter end of the curve increased by around 22bps last week following the stronger than expected Q3 inflation print. The market expects just one more rate cut in August 2026. RBA messaging following the Melbourne Cup Board meeting presents a significant risk event for the Aussie and is likely to drive price action over the first half of the week.

Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	61.2	-0.5%	30 day BBSY	3.59	0.00
AUD/USD	0.6545	-0.2%	90 day BBSY	3.69	-0.01
AUD/JPY	100.80	-0.2%	180 day BBSY	3.93	-0.01
AUD/GBP	0.4976	-0.2%	1 year swap	3.53	-0.01
AUD/NZD	1.1434	0.2%	2 year swap	3.53	0.00
AUD/EUR	0.5674	0.1%	3 year swap	3.58	0.00
AUD/CNH	4.6619	0.0%	4 year swap	3.66	-0.01
AUD/SGD	0.8514	-0.1%	5 year swap	3.75	0.00
AUD/HKD	5.0864	-0.1%	6 year swap	3.84	0.00
AUD/CAD	0.9166	0.0%	7 year swap	3.93	0.00
EUR/USD	1.1537	-0.2%	8 year swap	4.02	0.00
USD/JPY	153.99	-0.1%	9 year swap	4.10	0.00
USD Index	99.80	0.3%	10 year swap	4.34	0.01

Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,882	0.0%	Australia		
S&P 500	6,840	0.3%	3 year bond	3.60	-0.01
Japan Nikkei	52,411	2.1%	10 year bond	4.30	-0.01
Hang Seng	25,907	-1.4%	United States		
Euro Stoxx 50	5,662	-0.7%	3-month T Bill	3.72	-0.04
UK FTSE100	9,717	-0.4%	2 year bond	3.57	-0.03
VIX Index	17.44	3.1%	10 year bond	4.08	-0.02

Commodities	Current	Change	Other (10 year yields)		
CRB Index	302.54	0.0%	Germany	2.63	-0.01
Gold	4002.92	-0.5%	Japan	1.67	0.01
Copper	10888.00	-0.3%	UK	4.41	-0.02

			Sydney Futures Exchange	Current	Change
Oil (WTI futures)	60.98	0.7%	10 yr bond	4.33	0.02
Coal (coking)	200.00	0.0%	3 yr bond	3.63	0.01
Coal (thermal)	112.70	0.4%	3 mth bill rate	3.40	0.00
Iron Ore	106.50	0.3%	SPI 200	8,887	-0.1%
ACCU	37.75	10.6%			

Data as at 7:00am AEDT. 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 powered ahead after two consecutive sessions of losses. Solid earnings and outlooks presented by the tech megacaps, including the likes of Amazon and Apple, led the market higher. Investor sentiment is being buoyed by the better-than-expected performance of US corporates, which is more than outweighing the drag from geopolitical uncertainty and evolving US trade policy. The S&P 500 closed 0.3% higher to end the week 0.7% in the green. The tech heavy Nasdaq outperformed, up 0.6% on the day to finish the week 2.2% higher, while the Dow Jones Industrial Average edged 0.1% higher and finished the week 0.8% in the green.
- European markets were generally lower amid "increasingly challenging" operating conditions for businesses given geopolitical risks. The higher-than-expected outcome for core inflation in the euro area also weighed on investor sentiment. The Euro Stoxx 50 and the German DAX both closed 0.7% lower on the day. The FTSE 100 in London and the CAC 40 in Paris both closed 0.4% lower. Asian markets were mixed with the Nikkei closing 2.1% higher, while the CSI 300 and the Hang Seng both closing 1.4% lower. In the local market, the ASX 200 was broadly unchanged on the day and declined 1.5% over the week. Futures are pointing to a soft start to today's session.
- There was a slight rally in US Treasuries which saw yields tick lower. The 2-year bond yield slipped 3bps but ended the week 9bps higher. The 10-year bond yield declined 2bps on the day but was 8bps higher over the week. Following last week's rate cut, interest-rate futures are pricing in around 85bps of cuts to the end of 2026, with the first full rate cut expected by January 2026. Yields were slightly lower across Europe as well with 10-year bond yields down 1bp in the UK and Germany to 4.41% and 2.63%, respectively.
- There was a slight sell off in local bonds with yields ticking higher on futures. The 3-year bond yield futures increased 1bp to 3.63%, while the 10-year bond yield futures increased 2bps to 4.33%. The hotter than expected Q3 inflation read saw yields increase across the curve last week, with the 2-year bond yield up almost 22bps to 3.56%, and the 10-year bond yield up 15bps to 4.29%. Interest-rate futures have now priced in only one more rate cut in August 2026.
- The US dollar index edged 0.3% higher to 99.80, reaching a session high of 99.844 – the highest level since August this year – amid higher yields and hawkish comments from US Fed Chair Powell. This saw the euro lose 0.2% to 1.1537 while the Yen was broadly unchanged at 153.99. The Aussie slipped 0.2% to 0.6545 against the Greenback but remained 0.5% higher in weekly terms. The AUD/USD traded within a narrow band (0.6533 to 0.6560) falling to a session low 0.6533 before settling slightly above this level. The Melbourne Cup

Today's key data and events

Time	Event	Exp	Prev
12:01am	AU Dwelling Prices Oct	1.1%	0.9%
11:00am	AU MI Inflation Oct y/y		3.0%
11:30am	AU ANZ-Indeed Job Ads Oct		-3.3%
	AU Building Approvals Sep	7.0%	-6.0%
	AU Household Spending Sep	1.1%	0.1%
12:45pm	CN RatingDog Mfg PMI Oct	50.5pts	51.2pts
2:00am	US ISM Mfg Oct	49.2pts	49.1pts
	US Construction Spending Sep		
8:45am	NZ Building Permits Sep		5.8%

Times are AEDT. 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.

RBA Board meeting represent a significant risk event for the Aussie. While no one is expecting a cut, more hawkish than expected comments by the RBA Governor, or surprises in the RBA's updated forecast (i.e. upgrades to core inflation), are likely to drive price action.

- Commodities were generally lower. Gold fell 0.5% to be around US\$4,000 an ounce. Copper slipped 0.3% but remained elevated at US\$10,888 a tonne amid softer than expected Chinese manufacturing PMIs (which could be signalling a fall in future demand). Crude markets stabilised with the West Texas Intermediate edging 0.7% higher to just over US\$60/bbl as traders factor in the potential impacts of lower supply on the back of growing tension between the US and Venezuela. Iron ore held up above US\$106 a tonne.

International Data:

In the US, the **Chicago MNI PMI** rose from 40.6 to 43.8 in October, remaining well below the 5-year average of 50.6.

The October preliminary reading for the **Euro Area CPI** was as expected, with prices rising 0.2% in the month and 2.1% over the year. Annual core inflation held at 2.4%yr, slightly above the 2.3%yr expected by the market.

China's official **NBS Manufacturing PMI** fell to 49.0 in October from 49.8 in September. This was below the 49.6 expected by the market. The PMI showed that output declined for the first time in six months while new orders declined at an accelerating rate.

Local Data:

Private sector **credit growth** remained elevated in September, continuing to grow at 0.6%mt, a slightly higher pace than the average over 2024 and early 2025. The annual pace was unchanged from the upwardly revised 7.3%yr ([see here](#)).

Wholesale (producer) prices rose 1.0%qtr in Q3 to be 3.5%yr higher over the year. The rise was driven by the services and construction industries. The ABS notes that indexation adjustments and annual wage increases linked to enterprise agreements influenced higher services prices.



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