12 November 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Sentiment improved after the US Senate passed a bill to end the longest US government shutdown on record. The House is expected to approve the bill in the coming days.

Key US equity indexes staged a broad-based rally, while European markets lifted to near record levels.

The US dollar edged lower following soft ADP private payrolls data. US bond markets were closed for Veterans Day, with futures pointing to slightly lower yields. Yields fell across most of Europe, with gilts leading the decline after weak labour market data.

The Aussie held onto the gains recorded on Monday following the RBA Deputy Governor's speech.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	61.2	0.2%
AUD/USD	0.6531	-0.1%
AUD/JPY	100.65	-0.1%
AUD/GBP	0.4959	0.0%
AUD/NZD	1.1542	-0.3%
AUD/EUR	0.5636	-0.3%
AUD/CNH	4.6513	-0.1%
AUD/SGD	0.8498	-0.2%
AUD/HKD	5.0758	-0.1%
AUD/CAD	0.9148	-0.2%
EUR/USD	1.1587	0.3%
USD/JPY	154.11	0.0%
USD Index	99.44	-0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.60	0.00
90 day BBSY	3.69	0.00
180 day BBSY	3.92	0.00
1 year swap	3.57	0.00
2 year swap	3.59	0.00
3 year swap	3.64	0.00
4 year swap	3.71	-0.01
5 year swap	3.79	-0.01
6 year swap	3.88	-0.01
7 year swap	3.97	-0.02
8 year swap	4.05	-0.02
9 year swap	4.13	-0.02
10 year swap	4.37	-0.02

Equities	Close	Change
S&P/ASX 200	8,819	-0.2%
S&P 500	6,853	0.3%
Japan Nikkei	50,843	-0.1%
Hang Seng	26,696	0.2%
Euro Stoxx 50	5,726	1.1%
UK FTSE100	9,900	1.1%
VIX Index	17.29	-1.8%

Commodities	Current	Change
CRB Index	305.05	1.4%
Gold	4125.92	0.2%
Copper	10827.00	0.3%
Oil (WTI futures)	61.04	1.5%
Coal (coking)	200.00	-0.6%
Coal (thermal)	113.05	-1.1%
Iron Ore	102.45	-0.6%
ACCU	37.75	10.6%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.70	0.01
10 year bond	4.39	-0.01
United States		
3-month T Bill	3.74	-0.01
2 year bond	3.59	0.00
10 year bond	4.12	0.00
Other (10 year yields)		
Germany	2.66	-0.01
Japan	1.69	-0.02
UK	4.39	-0.07

Sydney Futures Exchange	Current	Change
10 yr bond	4.38	-0.03
3 yr bond	3.69	-0.02
3 mth bill rate	3.63	0.00
SPI 200	8,868	0.2%

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:

- Key equity indexes staged a broad-based rally toward the end of the session after the US Senate passed a bill to end the longest US government shutdown on record. Under the bill, the government would temporarily reopen until 30 January 2026, with funding for some agencies guaranteed through 30 September 2026. The House is expected to sign off on the bill over the next few days. The S&P 500 closed 0.3% higher, while the Dow Jones Industrial Average outperformed, gaining 1.2%. The tech-heavy Nasdaq underperformed, falling 0.2% on the day as SoftBank sold its entire Nvidia holdings for around US$5.8bn to fund its AI investments.
- European markets climbed to near-record levels as sentiment was supported by strong earnings and growing hopes that the BoE will cut rates again to support the soft UK economy. The Euro Stoxx 50 gained 1.1%, the German DAX closed 0.5% higher, and the FTSE 100 in London rose 1.2%. Asian markets were mixed, with the Nikkei closing 0.1% lower, the CSI 300 down 0.9%, and the Hang Seng up almost 0.2%. In the local market, the ASX 200 closed 0.2% lower. Futures point to a positive start to today's session.
- The US bond market was closed for Veterans Day, with the 2-year yield at 3.56% and the 10-year yield at 4.12%. Interest-rate futures are pricing in around 85bps of cuts by the end of 2026, with the first full rate cut expected by January 2026 and about a 70% chance of a cut in December. Yields were lower across Europe, with 10-year yields down 7bps in the UK and 1bp in Germany, to 4.39% and 2.66%, respectively.
- Local yields were also lower on futures, with the 3-year bond yield down 2bps to 3.69% and the 10-year down 3bps to 4.38%. Traders remain divided on whether the RBA will cut again this cycle, with around 13bps of cuts priced in through the end of 2026.
- The US dollar index edged 0.1% lower to 99.44 in a volatile session that saw the DXY fall to an intraday low of 99.287 before stabilising slightly above that level. Falling private payrolls in the US increased bets on further cuts, weighing on the DXY. The euro gained 0.3% to 1.1587, while the yen was broadly unchanged, with USD/JPY at 154.11. The Aussie slipped 0.1% to 0.6531 against the greenback in a volatile session that saw AUD/USD fall to a low of 0.6520. The Aussie held most of Monday's gains following the RBA Deputy Governor's speech, remaining above 0.6500.

Today's key data and events

Time	Event	Exp	Prev
9:15am	AU RBA's Jones-Fireside Chat	-	-
11:30am	AU Housing Finance Approvals Q3	3.5%	2.0%

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.

- Commodities were generally higher. Gold edged up 0.2% to around US$4,125 an ounce. Copper rose 0.3% to US$10,827 a tonne amid reports suggesting robust AI-driven demand could outpace new supply over the next decade, putting upward pressure on prices. Crude markets climbed 1.5%, with West Texas Intermediate trading at US$61.04/bbl amid concerns that supply will be hit by ongoing sanctions on Russian output. Iron ore slipped 0.6% to US$102.25 a tonne.

International Data:

In the US, ADP's weekly measure of **private payrolls** showed an average decrease of 11,250 jobs in the four weeks ending on Oct. 25.

The **NFIB Small Business Optimism Index** in the US declined by 0.6pt in October to 98.2, marking the lowest level since April, when President Trump announced tariff increases on most economies. However, the index remains somewhat above the long-term average of just under 97.

Recent **UK jobs data** indicate that labour market slack continues to grow. The headline three-month employment growth fell to -22k, the first negative result in eighteen months. Payroll employment, a more reliable but narrower measure, decreased at a similar pace. As the labour force continued to expand, the headline three-month unemployment rate rose 0.2ppt to 5.0%, the highest level since early 2021.

The **ZEW survey of financial market experts** showed a modest improvement in euro area sentiment in November. The current conditions index rose 4.5pts to -27.3, while the expectations component increased by 2.3pts to 25.0.

Local Data:

The **Westpac-Melbourne Institute Consumer Sentiment Index** surged 12.8% to 103.8 in November from 92.1 in October. It was the first positive read since early 2022 and a seven-year high (excl. COVID period). Expectations improve as domestic recovery firms, trade risks subside with Christmas spending plans less restrained than last year.

The **NAB business conditions Index** edged up from +8 to +9 (+2pts unrounded), the strongest reading since March 2024. The main drivers of the move was a lift in trading conditions (+5pts to +19) and profitability (+3pts to +9). The confidence index continues to bounce just above the long-run average, moving slightly lower from +7 to +6 (–2pts unrounded) in October.

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