18 November 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Financial markets began the week cautiously, with investors reducing exposure to risk assets ahead of major announcements – the September US labour market report, due on Thursday, and NVIDIA's earnings tomorrow.

Major equity indices posted losses, led by declines in the US market. In bond markets, the 10Y US Treasury yield dipped 2bp to 4.13% after gains late last week.

Australian government bond yields extended the upward trend established by stronger Australian labour market data last week.

The AUD underperformed, depreciating 0.9% to 0.6480, as heightened geopolitical tensions between Japan and China after Prime Minister Takaichi's comments regarding Taiwan weighed on the currency.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	61.1	0.0%
AUD/USD	0.6482	-0.9%
AUD/JPY	100.62	-0.4%
AUD/GBP	0.4931	-0.7%
AUD/NZD	1.1475	-0.3%
AUD/EUR	0.5597	-0.5%
AUD/CNH	4.6101	-0.7%
AUD/SGD	0.8452	-0.4%
AUD/HKD	5.0399	-0.8%
AUD/CAD	0.9111	-0.7%
EUR/USD	1.1585	-0.3%
USD/JPY	155.22	0.4%
USD Index	99.58	0.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.60	0.00
90 day BBSY	3.70	0.00
180 day BBSY	3.95	0.00
1 year swap	3.62	-0.01
2 year swap	3.67	-0.02
3 year swap	3.75	-0.02
4 year swap	3.83	-0.02
5 year swap	3.91	-0.02
6 year swap	4.01	-0.02
7 year swap	4.10	-0.01
8 year swap	4.18	-0.01
9 year swap	4.26	-0.01
10 year swap	4.51	0.00

Equities	Close	Change
S&P/ASX 200	8,636	0.0%
S&P 500	6,654	-1.2%
Japan Nikkei	50,324	-0.1%
Hang Seng	26,384	-0.7%
Euro Stoxx 50	5,641	-0.9%
UK FTSE100	9,675	-0.2%
VIX Index	22.89	15.4%

Commodities	Current	Change
CRB Index	302.35	0.0%
Gold	4008.31	-1.9%
Copper	10778.00	-0.7%
Oil (WTI futures)	59.75	-0.6%
Coal (coking)	199.17	0.3%
Coal (thermal)	114.15	0.2%
Iron Ore	103.65	1.8%
ACCU	37.75	10.6%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.77	0.01
10 year bond	4.48	0.04
United States		
3-month T Bill	3.78	-0.02
2 year bond	3.61	0.00
10 year bond	4.13	-0.02
Other (10 year yields)		
Germany	2.71	-0.01
Japan	1.74	0.03
UK	4.54	-0.04

Sydney Futures Exchange	Current	Change
10 yr bond	4.48	-0.01
3 yr bond	3.80	-0.01
3 mth bill rate	3.65	-0.01
SPI 200	8,585	-0.9%

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:

Financial markets began the week cautiously, with investors reducing exposure to risk assets ahead of major announcements. The September US labour market report will be released on Thursday – following a period of limited economic data during the US government shutdown, it will offer the first insights into the underlying momentum of the US economy. Ahead of this, NVIDIA is announcing its earnings tomorrow, with investors closely monitoring for updates on developments in the AI sector.

Overnight, the New York Fed survey indicated slightly stronger momentum in the US economy in November, while Fed Vice Chair Jefferson highlighted increased downside risks to the US labour market. In other major economies, Canada's CPI inflation eased by 0.2ppt to 2.2%yr, and Japan's GDP growth marginally exceeded expectations, though still showing a 0.4%qtr contraction in Q3.

- Major equity indices posted losses, led by declines in the US market. The S&P 500 dropped 1.2% as technology stocks fell 2.0%. European equities also traded lower, with the Euro Stoxx 50 down almost 1.0%, and retail and auto sectors among the weakest performers. The UK's FTSE 100 fared better, losing only 0.2%. In Japan, the Nikkei declined by a minimal 0.1%, while the Hang Seng fell 0.7% amid reports of rising tensions between China and Japan after Prime Minister Takaichi's comments regarding Taiwan. Domestic equities were largely unchanged, with the ASX 200 moving sideways.
- In bond markets, the 10Y US Treasury yield dipped 2bp to 4.13% after gains late last week. It has been oscillating around 4.10% since the end of October. German Bund yields were also lower at the long end, with the 10Y easing 1bp to 2.71%. UK Gilt yields fell 4-5bp across the curve. In Japan, JGBs sold off at the long end, with the 10Y yield down 3bp. Australian government bond yields rose, with the 10Y up 4bp to 4.48%, extending the upward trend established by stronger Australian labour market data last week.
- In FX markets, the DXY index rose 0.3% to 99.60, remaining around the 99.5 level for a second consecutive week. The EUR slipped 0.3%, while the GBP lost 0.2%. The AUD underperformed, depreciating 0.9% to 0.6480 – its lowest level in about a week – as heightened geopolitical tensions in Asia weighed on the currency. The RBA minutes, due before lunchtime today, may provide a new sense of direction.
- In commodities, crude oil eased after last week's spike, which followed Ukraine's attack on a Russian port and Iran's seizure of a tanker in the Strait of Hormuz. The WTI December contract fell 0.6% to $59.8. Gold declined for a third straight day, down 1.9%, approaching the $4000 mark. Iron ore rebounded 1.8% to $103.7.

Today's key data and events

Time	Event	Exp	Prev
11:30am	AU RBA Minutes	-	-
2:00am	US NAHB Housing Market Nov	36pts	37pts

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.

International Data:

The New York Fed Empire State Manufacturing Survey indicated a notable improvement in US business conditions in November. The headline index rose by eight points to 18.7, marking the highest level in twelve months. New orders rebounded sharply, and shipments increased, while reported inflationary pressures – prices paid and prices received by business – eased. Employment conditions were little changed; however, firms reported increased expectations for future headcounts. Nevertheless, broader expectations for business conditions deteriorated, returning close to the average levels seen this year.

In his comments, **Fed Vice Chair Philip Jefferson** spoke about increased downside risks to the labour market, while highlighting that upside risks to inflation likely receded somewhat in recent months. He noted that the lack of progress in reducing inflation is due to a one-off increase in tariffs. On policy, he spoke about "especially prudent approach" to reducing interest rates further.

Japan's GDP surprised to the upside in Q3, recording a smaller than expected contraction of 0.4%qtr, the weakest result since early 2024. Private consumption edged 0.1%qtr higher, and business investment rose 1.0%qtr, the strongest increase in five quarters. The decline in output was driven by volatile components – business inventories and net exports – with each subtracting 0.2ppt from quarterly growth.

Canada's CPI rose by 0.2%mth (non-seasonally adjusted) in October. The annual rate reached 2.2%yr, down 0.2ppt from September but 0.1ppt above consensus expectations. Services inflation increased by 0.2ppt for a second consecutive month, reaching 3.2%. Core goods inflation was unchanged at 1.6%, while food and energy inflation declined notably.

Local Data:

In New Zealand, **October's prices update** was weaker than expected, leading to a downward revision to our forecast for Q4 inflation. Inflaiotn data presents no obstacles to another rate cut from the RBNZ at next week's policy meeting (see here).

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