24 November 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Comments from Fed's Williams on Friday reminded that the fed funds rate cut in the December FOMC remains on the table, prompting a notable market reaction.

US-Russia peace negotiations are expected to stay in focus this week. The US is pressuring Ukraine to accept a 28-point deal developed with Russia, though Ukraine's western allies are resisting, and working on revising the plan.

US equities ended a volatile week on a positive note, but most European and Asian equity markets followed the US sell-off from Thursday. Major government bonds rallied.

With the US observing Thanksgiving on Thursday, financial markets are likely to be quieter in the latter half of the week. In the UK, attention will be on the government's Budget announcement on Wednesday. Domestically, first partial indicators for September quarter GDP growth will be released.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.6	-0.7%
AUD/USD	0.6459	0.3%
AUD/JPY	101.10	-0.3%
AUD/GBP	0.4930	0.1%
AUD/NZD	1.1509	-0.2%
AUD/EUR	0.5608	0.4%
AUD/CNH	4.5888	0.1%
AUD/SGD	0.8446	0.2%
AUD/HKD	5.0276	0.3%
AUD/CAD	0.9106	0.3%
EUR/USD	1.1518	-0.1%
USD/JPY	156.41	-0.7%
USD Index	100.18	0.0%

Equities	Close	Change
S&P/ASX 200	8,417	-1.6%
S&P 500	6,603	1.0%
Japan Nikkei	48,626	-2.4%
Hang Seng	25,220	-2.4%
Euro Stoxx 50	5,515	-1.0%
UK FTSE100	9,540	0.1%
VIX Index	23.43	-11.3%

Commodities	Current	Change
CRB Index	295.58	-0.7%
Gold	4065.14	-0.3%
Copper	10778.00	0.4%
Oil (WTI futures)	58.06	-1.6%
Coal (coking)	199.00	0.5%
Coal (thermal)	113.60	-0.8%
Iron Ore	104.05	0.0%
ACCU	37.75	10.6%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.60	0.00
90 day BBSY	3.70	0.01
180 day BBSY	3.93	0.00
1 year swap	3.62	0.01
2 year swap	3.67	0.01
3 year swap	3.75	0.03
4 year swap	3.82	0.02
5 year swap	3.92	0.01
6 year swap	4.01	0.02
7 year swap	4.10	0.02
8 year swap	4.19	0.02
9 year swap	4.27	0.02
10 year swap	4.53	0.03

Government Bond Yields	Close	Change
Australia		
3 year bond	3.75	-0.01
10 year bond	4.46	0.00
United States		
3-month T Bill	3.74	-0.04
2 year bond	3.51	-0.03
10 year bond	4.06	-0.02
Other (10 year yields)		
Germany	2.70	-0.01
Japan	1.78	-0.05
UK	4.55	-0.04

Sydney Futures Exchange	Current	Change
10 yr bond	4.47	0.00
3 yr bond	3.78	0.00
3 mth bill rate	3.65	0.01
SPI 200	8,519	1.1%

Data as at 6:30am 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:

Ahead of the next Federal Reserve policy meeting on 10 December, financial markets remain uncertain about the FOMC's direction. Comments from New York Fed President John Williams on Friday – suggesting there is "room for a further adjustment in the near term to the target range for the federal funds rate to move the stance of policy closer to the range of neutral" – led to a notable shift in market expectations. The probability of a rate cut is now implied at close to two thirds, up from one third on Thursday. In contrast, Dallas Fed President Logan and Boston Fed President Collins offered more hawkish remarks, signalling support for holding the policy rate steady.

US-Russia peace negotiations are expected to stay in focus this week. The US is pressuring Ukraine to accept a 28-point deal developed with Russia, though Ukraine's western allies are resisting. Representatives from Ukraine, the US, and major European nations met in Geneva yesterday to revise the deal, which could later be presented to Russia. However, the agreement remains a work in progress.

With the US observing Thanksgiving on Thursday, financial markets are likely to be quieter in the latter half of the week. In the UK, attention will be on the government's Budget announcement on Wednesday, as markets assess whether proposed savings will be sufficient to put UK's public finances on a sustainable path. Domestically, ahead of next week's national accounts release, first partial indicators for September quarter GDP growth will be released.

- US equities ended a volatile week on a positive note, with the S&P500 gaining 1.0% on Friday. Tech stocks benefited from reports that the Trump administration may ease some restrictions on NVIDIA's chip exports to China. Most European and Asian equity markets followed the US sell-off from Thursday. The Euro Stoxx 50 fell 1.0%, while Japan's Nikkei dropped 2.4%, making it one of the month's weakest performers – down over 7% despite a ¥17.7trn stimulus package announced by PM Takaichi on Friday. The domestic ASX 200 declined 1.6%.
- US Treasuries rallied, with the 10Y yield down 2bp to 4.06%, the lowest since late October. German Bunds were little changed, while Gilts gained as weaker UK retail sales and PMI data supported expectations of further BoE easing in December. The 10Y JGB yield also declined by 5bp, likely due to dip buying. Australian government bond yields were broadly unchanged on Friday.
- In FX markets, the DXY was steady, closing the week above 100. The EUR eased slightly, while the Yen appreciated 0.7% after the Japanese finance minister reminded markets that authorities could intervene to support the currency.

Today's key data and events

Time	Event	Exp	Prev
20:00	Ger IFO Business Climate Survey Nov	-	88.4
0:30	US Chicago Fed Activity Index Oct	-	-
2:30	US Dallas Fed Manufacturing Activity Nov	-	-5pts

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.

The AUD climbed 0.3%, recovering some ground after a 1% loss over the previous two days.

- Crude prices remained under pressure on Friday as Ukraine-Russia peace talks progressed. December WTI fell for a third straight session, down 1.6%. Gold eased 0.3%, while copper rose 0.4%.

International Data:

In the United States, **the S&P manufacturing PMI** slipped in the preliminary November release, easing from 52.5 to 51.9. The services PMI was little changed at 55.0. The composite PMI edged up slightly to 54.8, marking the highest reading so far this year.

Despite robust business sentiment, consumer confidence in the US remains subdued. The University of Michigan consumer sentiment index was revised up marginally in the final November release, from 50.3 to 51.0. However, this result remains below October's 53.6 and stands 24% below the five-year average. Both current conditions and expectations indices continued to track well below average levels.

In the United Kingdom, **the S&P manufacturing PMI** rose to 50.2 in the November preliminary reading, while the services PMI fell to 50.5. The composite PMI declined by 1.7pts to 50.5, leaving the October-November average at 51.4, 0.3pt lower than the Q3 average.

Retail sales in the UK also disappointed, falling 1.1%mth, the sharpest drop in five months. All major categories recorded significant declines: food store sales were down 1.1%mth, non-food store sales fell 0.6%mth, and non-store retailing (primarily online shopping) dropped 1.7%mth. However, UK consumers appear to have remained cautious in Q4. November's consumer sentiment deteriorated, with **the GfK consumer sentiment index** slipping 2pts to -19, modestly above the 5-year average of -24, but hardly any better than the Q3 average.

In the euro area, **the HCOB manufacturing PMI** edged down in the preliminary November reading to 49.7, while the services PMI held near 53.1. The composite indicator was largely unchanged at 52.4. The average composite PMI for the past two months, at 52.5, is 1.5pt above the Q3 average, suggesting a pick-up in GDP growth in Q4 from Q3's 0.2%qtr rise.

Local Data:

The Westpac-DataX Consumer Panel showed that nominal customer spending growth moderated but remained solid in Q3, rising 1.3%qtr versus 1.6%qtr in Q2 (see here).

The Westpac-DataX Card Tracker Index softened in the two weeks to 1 November. The Index fell 2.0pts to 153.7 and is around 5.1pts below its mid-October peak of 158.8. Despite this recent pull-back the Index is sitting above its 2025 average read of 152.9 (see here).

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