25 November 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Ukrainian officials confirmed that, together with the US, they drafted a new 19-point peace proposal, marking a significant change from the earlier 28-point plan the US had agreed with Russia and presented to Ukraine last week.

In the phone call with President Trump, Chinese leader Xi Jinping reportedly emphasised the importance of Taiwan's return to China.

Following dovish remarks from New York Fed President Williams over the weekend, comments from Fed Governor Christopher Waller also highlighted the likelihood of further Fed monetary policy easing in December.

Expectations of further rate cuts by the Fed supported the US equity market. Most major government bonds rallied at the long end of the curve. In currency markets, the DXY index remained steady just above 100.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.8	0.3%
AUD/USD	0.6463	0.1%
AUD/JPY	101.33	0.4%
AUD/GBP	0.4930	0.0%
AUD/NZD	1.1519	0.1%
AUD/EUR	0.5606	0.0%
AUD/CNH	4.5913	0.1%
AUD/SGD	0.8431	-0.1%
AUD/HKD	5.0290	0.1%
AUD/CAD	0.9117	0.2%
EUR/USD	1.1526	0.1%
USD/JPY	156.79	0.2%
USD Index	100.15	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.60	-0.01
90 day BBSY	3.70	0.00
180 day BBSY	3.91	-0.01
1 year swap	3.62	0.00
2 year swap	3.66	-0.01
3 year swap	3.73	-0.02
4 year swap	3.82	0.00
5 year swap	3.91	-0.01
6 year swap	4.00	-0.01
7 year swap	4.09	-0.02
8 year swap	4.17	-0.02
9 year swap	4.25	-0.02
10 year swap	4.49	-0.04

Equities	Close	Change
S&P/ASX 200	8,525	1.3%
S&P 500	6,699	1.5%
Japan Nikkei	48,626	0.0%
Hang Seng	25,717	2.0%
Euro Stoxx 50	5,529	0.2%
UK FTSE100	9,535	-0.1%
VIX Index	20.81	-11.2%

Commodities	Current	Change
CRB Index	295.58	-0.7%
Gold	4119.58	1.3%
Copper	10773.00	0.0%
Oil (WTI futures)	58.87	1.4%
Coal (coking)	199.00	0.0%
Coal (thermal)	112.65	-0.1%
Iron Ore	105.40	1.0%
ACCU	37.75	10.6%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.74	-0.01
10 year bond	4.44	-0.02
United States		
3-month T Bill	3.73	-0.01
2 year bond	3.50	0.00
10 year bond	4.04	-0.03
Other (10 year yields)		
Germany	2.69	-0.01
Japan	1.78	0.00
UK	4.54	-0.01

Sydney Futures Exchange	Current	Change
10 yr bond	4.44	-0.01
3 yr bond	3.77	0.00
3 mth bill rate	3.66	0.01
SPI 200	8,565	0.3%

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:

Geopolitical developments remained in the spotlight. Ukrainian officials confirmed that, together with the US, they drafted a new 19-point peace proposal, marking a significant change from the earlier 28-point plan the US had agreed with Russia and presented to Ukraine last week. Reports indicate that the most contentious issues have been excluded for now, with the expectation that these will be negotiated directly between Trump and Zelenskyy. It is still unclear how and when the US will present the new deal to Russia. Meanwhile, political tensions around Taiwan are increasing. Earlier this month, Japanese Prime Minister Takaichi expressed support for Taiwan, which triggered an angry response from China. In the phone call with President Trump yesterday, Chinese leader Xi Jinping reportedly emphasised the importance of Taiwan's return to China.

On the economic front, business sentiment surveys from the US and Germany revealed mixed results regarding economic momentum in both countries. Following dovish remarks from New York Fed President Williams over the weekend, comments from Fed Governor Christopher Waller – well known for his dovish stance on the FOMC – also highlighted the likelihood of further monetary policy easing in December. "My concern is mainly the labour market, in terms of our dual mandate. So I am advocating for a rate cut at the next meeting," Waller stated.

- Expectations of further rate cuts by the Fed supported the US equity market. The S&P 500 began the week up 1.5%, following a 1.0% gain at the end of last week. European equities were relatively flat, with the Euro Stoxx 50 index rising 0.2%. Defence stocks declined, while shares expected to benefit from potential peace in Ukraine outperformed. Japanese markets were closed for a public holiday, but the Hang Seng advanced 2.0% as the Xi-Trump conversation signalled easing tensions between the world's two largest economies.
- Most major government bonds rallied at the long end of the curve. The 10Y US Treasury yield declined 2bp to 4.04%, the lowest since late October, while yields at the short end were little changed. The market-implied probability of a December fed funds rate cut climbed above 80%. Bund yields also edged lower at the long end, while Gilts were mixed ahead of tomorrow's UK Budget announcement. Australian yields tracked global moves, with the 10Y yield easing by 2bp to 4.44%, keeping the US Treasury spread at 40bp – the highest in more than three years.
- In currency markets, the DXY index remained steady just above 100. Movements in other major currencies were minor: both the EUR and GBP gained 0.1%, while the Yen eased 0.2% after appreciating 0.7% on Friday. The AUD, having eased 1.3% last week, appreciated 0.1%.
- Stronger risk sentiment supported crude oil prices. The December WTI contract gained 1.4%, offsetting part of last week's 3.4% loss. Gold rose 1.3%, marking its best day in about a week and a half. Iron ore also climbed 1.0%.

Today's key data and events

Time	Event	Exp	Prev
0:30	US Retail Sales Sep	0.4%	0.6%
0:30	US PPI Sep	0.3%	-0.1%
1:00	US FHFA House Prices Sep	0.1%	0.4%
1:00	US S&P/Cs Home Price Index Sep	0.1%	0.2%
2:00	US Business Inventories Aug	0.0%	0.2%
2:00	US Richmond Fed Nov	-3.5pts	-4pts
2:00	US Consumer Confidence Nov	93.4pts	94.6pts
2:00	US Pending Home Sales Oct	0.0%	0.0%

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.

International Data:

The **Dallas Fed Manufacturing Activity Survey** of Texas business executives reported a decline in business activity this month, with the headline survey index falling by more than 5pts to a five-month low of -10.4. However, the details of the survey were more positive. The volatile current production index jumped to the second-highest level in this cycle, while the new orders gauge also increased. After declining in the prior month, indicators for price pressures edged slightly higher and remained elevated by historical standards.

The **German Ifo Business Climate index** was little changed in November, indicating weak but stable growth momentum in the largest euro area member state. The headline business climate index eased by 0.3pts to 88.1, a level very close to the average of the past six months, but well below its historical long-term average. Present business conditions were slightly more positive, while expectations for the future fell from 91.6 – the highest level since early 2022 – to 90.6, which remains quite elevated compared to recent history.

Local Data:

In New Zealand, the **Westpac Client Pulse survey** indicated that clients are slightly more hawkish than markets about the outlook for NZ monetary policy over 2026 (see here).

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