



26 November 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Sentiment received a boost amid increasing bets the US Fed would cut again in December following the decline in US consumer confidence and soft retail trade numbers.

There was a sea of green across major equity markets with futures pointing to a solid start to today's session in the local market.

Yields were generally lower with the likelihood of a US rate cut in December increasing to 90%, from around 40% one week ago.

The US dollar was sold off, while the Aussie edged 0.1% higher. Today's inflation read, as well as firming growth prospects, could provide the Aussie with a tailwind.

Oil declined to around US\$58/bbl on renewed hopes of a peace deal in the Ukraine. Gold ticked higher amid reports dovish candidate Hasset is favoured to become the next Fed chair.

Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	60.7	-0.2%	30 day BBSY	3.60	0.00
AUD/USD	0.6473	0.1%	90 day BBSY	3.70	0.00
AUD/JPY	100.91	-0.5%	180 day BBSY	3.94	0.03
AUD/GBP	0.4901	-0.6%	1 year swap	3.62	0.00
AUD/NZD	1.1510	-0.1%	2 year swap	3.66	-0.01
AUD/EUR	0.5590	-0.4%	3 year swap	3.73	0.00
AUD/CNH	4.5849	-0.2%	4 year swap	3.82	0.01
AUD/SGD	0.8421	-0.2%	5 year swap	3.90	0.01
AUD/HKD	5.0343	0.1%	6 year swap	3.99	0.00
AUD/CAD	0.9122	0.0%	7 year swap	4.08	0.00
EUR/USD	1.1579	0.5%	8 year swap	4.16	0.00
USD/JPY	155.89	-0.6%	9 year swap	4.24	0.00
USD Index	99.66	-0.5%	10 year swap	4.49	0.00

Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,537	0.1%	Australia		
S&P 500	6,751	0.7%	3 year bond	3.74	0.00
Japan Nikkei	48,660	0.1%	10 year bond	4.43	-0.02
Hang Seng	25,895	0.7%	United States		
Euro Stoxx 50	5,574	0.8%	3-month T Bill	3.69	-0.01
UK FTSE100	9,610	0.8%	2 year bond	3.46	-0.04
VIX Index	18.83	-8.2%	10 year bond	4.00	-0.02
			Other (10 year yields)		
Commodities	Current	Change	Germany	2.67	-0.02
CRB Index	295.98	0.1%	Japan	1.81	0.03
Gold	4136.00	0.0%	UK	4.49	-0.04
Copper	10818.00	0.4%			
Oil (WTI futures)	57.84	-1.7%	Sydney Futures Exchange	Current	Change
Coal (coking)	199.00	0.0%	10 yr bond	4.44	0.00
Coal (thermal)	112.80	-0.5%	3 yr bond	3.77	0.00
Iron Ore	105.85	0.7%	3 mth bill rate	3.66	0.01
ACCU	37.75	10.6%	SPI 200	8,631	1.0%

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 US equity indices made solid gains overnight amid increasing expectations the US Fed would cut rates in December following the decline in consumer confidence and soft retail trade numbers. Not even a 3.5% fall in Nvidia stocks, on the back of reports Google's TPU chips could become a legitimate competitor to its AI processor, could derail the rally. The S&P 500 closed 0.7% higher, while the tech heavy Nasdaq gained 0.5%. The Dow Jones Industrial Average outperformed, up 1.4% on the day.
- European markets were also firmly in the green on the back of renewed hopes of a peace deal between Ukraine and Russia. Increasing bets of another US Fed rate cut in December also helped boost sentiment towards the back end of the session. The Euro Stoxx 50 increased 0.8%, the German DAX gained 1.0%, the FTSE 100 was up 0.8% and France's CAC advanced 0.8%. Asian markets were also generally higher with the Nikkei closing 0.1% higher and the Hang Seng 0.7% in the green. In the local market, the ASX 200 closed 0.1% higher with futures pointing to a solid start to today's session.
- Treasuries rallied which saw the yield curve shift lower. The 2-year US bond yield declined 4bps to 3.64%, while the 10-year US bond yield declined 2bps to 4.0% - the lowest in November. Interest-rate futures are pricing in an 90% probability that the US Fed will reduce rates by 25bps in December – up from around 40% one week ago. Yields were lower across Europe, with 10-year yields down 4bps in the UK and 2bps in Germany, to 4.49% and 2.67%, respectively.
- Local yields were broadly unchanged on futures, with the 3-year bond yield sitting at 3.77% and the 10-year yield currently at 4.44%. Traders remain divided on whether the RBA will cut again this cycle, with around 12bps of cuts priced in through the end of 2026.
- The US dollar index declined 0.5% to 99.66 on the back of lower yields and increasing expectations of further rate cuts. The euro was 0.5% higher at 1.1579, while the USD/JPY pair declined to 155.89. The Aussie edged 0.1% higher to 0.6473 against the greenback in a volatile session that saw AUD/USD reach a low of 0.6436. Today's inflation read, as well as firming growth prospects for the economy, could provide the Aussie with a tailwind.

Today's key data and events

Time	Event	Exp	Prev
11:30am	AU Monthly CPI Indicator Oct	3.6%	3.5%
11:30am	AU Construction Work Done Q3	0.3%	3.0%
12:00pm	NZ RBNZ Policy Decision 26/11/2025	2.2%	2.5%
12:00am	US Leading Index Sep	-	-
12:30am	US Initial Jobless Claims 22/11/2025	225.5k	220k
12:30am	US Durable Goods Orders Sep Prel.	0.5%	2.9%
1:45am	US Chicago PMI Nov	44pts	43.8pts
8:45am	NZ Real Retail Sales Q3	0.6%	0.5%

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 was slightly higher at US\$4,136 an ounce on the back of reports White House National Economic Council Director, Kevin Hassett, who is more on the dovish side of the divide, is frontrunner to be the next Federal Reserve chair. Crude markets declined 1.7%, with West Texas Intermediate trading at around US\$58/bbl amid renewed hopes of a peace deal between the Ukraine and Russia. Iron ore increased 0.7% to US\$105 a tonne after data showed a decline in shipments from the world's biggest miners.

International Data:

The **weekly ADP employment indicator** suggested that the pace of job losses in the US accelerated at the start of November.

The **Conference Board Consumer Sentiment Survey** showed a significant deterioration in the mood of US consumers this month. The headline index dropped by almost 7pts, which, excluding the change in April following the Liberation Day tariff announcement, was the steepest decline in three and a half years. If we set aside that April reading, the index level of 88.7 was at its lowest level since early 2021. The assessment of the present situation worsened, but expectations for the future fell by even more. However, the assessment of labour market conditions was little changed – the share of respondents who believe jobs are plentiful minus those who think jobs are hard to get remained at similar levels as in the previous four months.

The US Census Bureau released September **retail sales data**, which showed a 0.2%*mt* increase in spending for the month, slowing from a 0.6%*mt* pace in the previous two months. Sales in the control group – which provides the best indication of GDP impact -fell for the first time in four months, by 0.1%*mt*.

The **US PPI** rose by 0.3%*mt* in September, in line with expectations. Excluding food and energy, producer prices increased by just 0.1%*mt*, which was below consensus expectations and the average rise so far this year of 0.22%*mt*, suggesting soft underlying inflationary pressures.

The **S&P Cotality CS and FHFA indices** indicated that US house prices were broadly stable in September, after some declines earlier in the year. The former index rose by 0.1%^{mo}, while the latter reported zero growth. On an annual basis, both indices showed prices were still up by around 1.5%^{yr}.

The **US Richmond Fed Manufacturing Survey** results were similar to those from the Dallas Fed Manufacturing Survey, released at the beginning of the week, showing a decline in business activity this month. The headline index dropped by 11 points to -15, well below the long-run average of 2. The shipments and new orders indices declined sharply, but the employment indicator increased for a second consecutive month, although it still remained well below neutral levels.

Local Data:

The Westpac Nowcast measure of current activity in the Australian economy shows activity strengthened through late 2024, with growth firming into September 2025. Westpac-Now points to growth of around 0.7%^{qtr} in Q3 (with a range of 0.5%^{qtr} to 0.9%^{qtr}) while also suggesting the soggy Q1 2025 outcome of 0.3%^{qtr} was more noise than signal (see [here](#)).



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