



5 November 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

As anticipated, the RBA kept the cash rate unchanged at 3.60%. Following a bigger increase in the Q3 CPI, the RBA expects inflation to ease towards the midpoint of its target range. Nevertheless, policy makers remain cautious and are likely to refrain from further action until inflation falls below 2.5%, or there is further softening in the labour market.

Short-term Australian yields increased 3bp, while the 10Y rose by 1bp. Markets are now pricing in only three quarters of a 25bp cash rate cut next year. AUD dropped 0.8% to 0.6480.

The S&P500 dropped 1.2%, marking one of its three worst results in the past five months. The 10Y US Treasury yield rose 2bp to 4.11%. The DXY gained 0.3%, extending its rally for a fifth consecutive day and pushing the index to 100.2, its highest since mid-May.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	61.2	-0.2%
AUD/USD	0.6484	-0.8%
AUD/JPY	99.62	-1.2%
AUD/GBP	0.4983	0.2%
AUD/NZD	1.1477	0.2%
AUD/EUR	0.5648	-0.5%
AUD/CNH	4.6267	-0.7%
AUD/SGD	0.8482	-0.6%
AUD/HKD	5.0412	-0.8%
AUD/CAD	0.9143	-0.5%
EUR/USD	1.1479	-0.4%
USD/JPY	153.63	-0.4%
USD Index	100.22	0.3%

Equities	Close	Change
S&P/ASX 200	8,814	-0.9%
S&P 500	6,769	-1.2%
Japan Nikkei	51,497	-1.7%
Hang Seng	25,952	-0.8%
Euro Stoxx 50	5,660	-0.3%
UK FTSE100	9,715	0.1%
VIX Index	18.89	10.0%

Commodities	Current	Change
CRB Index	306.09	1.2%
Gold	3937.60	-1.6%
Copper	10664.00	-1.8%
Oil (WTI futures)	60.65	-0.7%
Coal (coking)	200.75	-1.2%
Coal (thermal)	113.85	1.7%
Iron Ore	103.05	-1.4%
ACCU	37.75	10.6%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.59	-0.01
90 day BBSY	3.69	0.00
180 day BBSY	3.92	0.00
1 year swap	3.55	-0.01
2 year swap	3.55	-0.01
3 year swap	3.60	-0.02
4 year swap	3.67	-0.03
5 year swap	3.75	-0.03
6 year swap	3.84	-0.03
7 year swap	3.93	-0.03
8 year swap	4.02	-0.04
9 year swap	4.09	-0.04
10 year swap	4.34	-0.03

Government Bond Yields	Close	Change
Australia		
3 year bond	3.67	0.03
10 year bond	4.35	0.01
United States		
3-month T Bill	3.78	-0.02
2 year bond	3.58	-0.02
10 year bond	4.09	-0.02
Other (10 year yields)		
Germany	2.65	-0.01
Japan	1.67	0.00
UK	4.43	-0.01

Sydney Futures Exchange	Current	Change
10 yr bond	4.33	-0.03
3 yr bond	3.65	-0.05
3 mth bill rate	3.40	0.00
SPI 200	8,825	0.1%

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:

Equities sold off, and government bonds and US dollar rallied, as concerns around stretched tech stock valuations in the US triggered risk off moves in major markets. Several prominent Wall Street figures noted the potential for a significant market correction within the next year.

Domestically, attention was focused on the RBA policy announcement yesterday. As anticipated, the Monetary Policy Board kept the cash rate unchanged at 3.60%. The upside surprise in the Q3 CPI data prompted higher near-term inflation forecasts. Once this effect subsides, the RBA expects inflation to ease towards the midpoint of its target range. Nevertheless, policy makers remain cautious and are likely to refrain from further action until inflation falls below 2.5%, or there is further softening in the labour market.

- Major equity benchmarks posted losses. The S&P500 dropped 1.2%, marking one of its three worst results in the past five months, as technology stocks fell 2.2%. European equities proved more resilient, with the Euro Stoxx 50 declining by only 0.3%, and the UK's FTSE100 remaining largely unchanged. In Asia, the Nikkei225 fell 1.7%, led by losses in technology stocks, while the Hang Seng was relatively more resilient, falling 0.8%. Domestic equities moved similarly, with the ASX200 down 0.9%.
- In bond markets, US Treasuries rallied across the curve. The 10Y yield declined 2bp to 4.09%, remaining close to levels seen since last week's FOMC policy announcement. Gilts and Bunds followed suit, with both yield curves moving lower by approximately 1bp. While markets expect no change in the Bank Rate at tomorrow's Bank of England policy meeting, the near-term path for UK interest rates remains uncertain, as policymakers balance the recent rise in UK inflation against softer labour market conditions. Australian yields diverged from the global trend, rising after the RBA announcement. Short-term yields increased 3bp, while the 10Y rose by 1bp. Markets are now pricing in only three quarters of a 25bp cash rate cut next year.
- In FX markets, the DXY gained 0.3%, extending its rally for a fifth consecutive day and pushing the index to 100.2, its highest since mid-May. Other major currencies weakened: EUR fell 0.4%, and GBP declined 1.0% to just above 1.30, after Chancellor Rachel Reeves underscored UK fiscal challenges and stopped short of reaffirming her party's commitment against major tax increases. AUD dropped 0.8% to 0.6480.
- In commodity markets, stronger US dollar and continuing concerns about oversupply weighed on crude prices. The December WTI contract fell 0.7% to \$60.6 Copper extended its decline from the record high seen last week, falling 1.8%, as concerns over supply disruptions eased. Gold declined

Today's key data and events

Time	Event	Exp	Prev
8:45am	NZ Unemployment Rate Q3	5.3%	5.2%
8:45am	NZ Employment Q3	0.1%	-0.1%
8:45am	NZ Labour Cost Index Q3	0.4%	0.6%
11:00am	NZ ANZ Commodity Prices Oct	-	-1.1%
12:45pm	CN Caixin Composite PMI Oct	-	52.5pts
12:45pm	CN Caixin Services PMI Oct	52.5pts	52.9pts
9:00pm	EZ PPI yr Sep	-0.2%	-0.6%
12:15am	US ADP Employment Change Oct	30k	-32k
2:00am	US ISM Services PMI Oct	50.8pts	50.0pts

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.

1.6% to below \$4,000, with uncertainty surrounding the Fed's December policy decision putting further downward pressure on prices.

Local Data:

RBA held cash rate steady at 3.6% in November, expected some of the recent rise in inflation to be temporary but partly also a signal of capacity pressures. No near-term moves are likely now, with a cautious Board assessing the extent of spare capacity ([see here](#)).



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