3 December 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

After a volatile start to the month, financial markets found more stable footing yesterday, with major equity indices posting modest gains, the US dollar steadying, and major government bond yields edging lower.

The key geopolitical development came from Moscow, where Putin met with US envoy Steve Witkoff. Putin openly dismissed the latest proposals for the peace plan in Ukraine, accusing European countries of being on the side of war.

Markets are beginning to price in RBA cash rate hikes more confidently, with current swap rates implying about a 60% chance of a 25bp increase next year.

All eyes in Australia are on today's Q3 national accounts. Following the release of the final partials yesterday, we left our GDP growth nowcast unchanged at 0.8%qtr.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	61.3	0.0%
AUD/USD	0.6566	0.3%
AUD/JPY	102.34	0.6%
AUD/GBP	0.4970	0.3%
AUD/NZD	1.1449	0.2%
AUD/EUR	0.5650	0.2%
AUD/CNH	4.6402	0.3%
AUD/SGD	0.8513	0.4%
AUD/HKD	5.1111	0.3%
AUD/CAD	0.9173	0.1%
EUR/USD	1.1623	0.1%
USD/JPY	155.86	0.3%
USD Index	99.40	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.60	0.01
90 day BBSY	3.72	0.00
180 day BBSY	4.02	0.00
1 year swap	3.74	0.01
2 year swap	3.85	0.02
3 year swap	3.94	0.01
4 year swap	4.03	0.02
5 year swap	4.11	0.02
6 year swap	4.19	0.02
7 year swap	4.28	0.02
8 year swap	4.35	0.02
9 year swap	4.42	0.02
10 year swap	4.68	0.02

Equities	Close	Change
S&P/ASX 200	8,580	0.2%
S&P 500	6,829	0.2%
Japan Nikkei	49,303	0.0%
Hang Seng	26,095	0.2%
Euro Stoxx 50	5,686	0.3%
UK FTSE100	9,702	0.0%
VIX Index	16.71	-3.1%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.92	0.03
10 year bond	4.61	0.06
United States		
3-month T Bill	3.66	-0.03
2 year bond	3.51	-0.02
10 year bond	4.09	0.00
Other (10 year yields)		
Germany	2.75	0.00
Japan	1.87	-0.01
UK	4.47	-0.01

Commodities	Current	Change
CRB Index	302.74	0.4%
Gold	4198.62	-0.8%
Copper	11145.00	-1.0%
Oil (WTI futures)	58.61	-1.2%
Coal (coking)	203.17	0.6%
Coal (thermal)	110.05	0.5%
Iron Ore	103.80	0.3%
ACCU	37.75	10.6%

Sydney Futures Exchange	Current	Change
10 yr bond	4.62	0.00
3 yr bond	3.96	0.00
3 mth bill rate	3.67	0.00
SPI 200	8,605	0.2%

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.

Mantas Vanagas
Senior Economist, Westpac Group
P: +61 422 030 326
E: mantas.vanagas@westpac.com.au

Financial Markets:

After a volatile start to the month, financial markets found more stable footing yesterday, with major equity indices posting modest gains, the US dollar steadying, and major government bond yields edging lower. The key geopolitical development came from Moscow, where Putin met with US envoy Steve Witkoff. Putin openly dismissed the latest proposals for the peace plan in Ukraine, accusing European countries – who assisted in drafting Ukraine's response to the original 28-point plan drafted by Russia and the US – of being on the side of war. This situation highlighted that, at least for now, despite US efforts to bring Russia to the table for serious negotiations, Russia remains determined to continue the conflict.

On the economic data front, the November euro area inflation estimate came in slightly higher than expected at 2.2%yr, while the unemployment rate remained stable in October. In Australia, following the release of the final Q3 GDP partials, we left our growth nowcasts for today's GDP release unchanged at 0.8%qtr.

- The US equity market finished the day in the green, although sentiment stayed fragile and the performance of major stocks was mixed. The S&P500 rose 0.2% after a 0.5% decline on Monday. Nvidia led gains among megacaps, lifting the tech sector by 0.9%. European markets showed a similar dynamic, with the Euro Stoxx 50 up 0.3%. Banks were the strongest performers, while media and basic resources stocks lagged. In Asia, the Nikkei 225 was flat following an almost 2% drop yesterday, while the Hang Seng gained 0.2%. Domestically, the ASX200 also increased by 0.2%.
- US Treasuries rallied, reversing some of Monday's losses. Gains were concentrated at the shorter end, with the 2Y yield falling 2bp, while the 10Y remained unchanged at 4.09%. Other major bonds followed a similar pattern. Bund yields were 1bp lower at the short end, while Gilt yields fell 2bp, with some downward pressure at the 10Y as well, which moved down 1bp. JGBs stabilised – the 10Y stayed at 1.87%, 20bp higher than a month ago. Financial markets' implied probability of a BoJ policy rate hike at the December meeting was little changed at around 80%. Meanwhile, Australian bonds caught up with the global sell-off yesterday, with the 10Y yield rising 6bp. Markets are beginning to price in RBA cash rate hikes more confidently, with current swap rates implying about a 60% chance of a 25bp increase next year.
- Having depreciated gradually over the course of last week from levels above 100, the DXY was unchanged at 99.4. The EUR gained 0.1%, the GBP was flat at 1.3210, while the yen depreciated 0.3%. The AUD was among the stronger performers, rising 0.3% to 0.6570 – its highest level in more than a month.
- It was a volatile session for oil trading, as investors closely monitored developments in the Ukraine–Russia conflict. With Ukraine continuing to target Russian oil assets, including attacks on four Russian oil tankers last week, Putin threatened to cut Ukraine off from the sea. The WTI January contract fell 1.2% to $58.61. Gold and copper also declined markedly, each down close to 1.0%, while iron ore gained 0.3%.

Today's key data and events

Time	Event	Exp	Prev
11:00	NZ ANZ Commodity Prices Nov	-	-0.3%
11:30	AU GDP Q3	0.7%	0.6%
11:30	AU GDP Q3	2.2%	1.8%
12:45	CN RatingDog Composite PMI Nov	-	51.8pts
12:45	CN RatingDog Services PMI Nov	52.1pts	52.6pts
21:00	EZ PPI Oct	0.2%	-0.1%
0:15	US ADP Employment Change Nov	10k	42k
0:30	US Import Price Index Sep	0.0%	0.3%
1:15	US Industrial Pruduction Sep	0.1%	-0.1%
2:00	US ISM Services Nov	52pts	52.4pts

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 flash estimate for **euro area HICP inflation** in November came in slightly above consensus expectations, rising from 2.1%yr to 2.2%yr, the upper end of the recent range. Services inflation, increasing from 3.4%yr to 3.5%yr, was a key contributor. However, with core goods prices unchanged, the core inflation rate remained steady at 2.4%yr. Meanwhile, the energy component exerted some upward pressure – it increased by 0.4ppt to -0.5%yr. Given the notable decline in European wholesale gas prices in recent weeks, it seems likely that energy inflation will reverse this increase in the coming months, potentially pushing the headline rate lower. In this context, today's figures are unlikely to prompt concern at the ECB.

The **euro area unemployment rate** was unchanged in October. Following data revisions, it now stands at 6.4%, 0.1ppt higher than previously estimated and 0.2ppt above its historical low reached a year ago. Among major member states, Germany (3.8%), France (7.7%), and Spain (10.5%) reported stable unemployment rates. Italy recorded a 0.2ppt decline to 6.0%.

Local Data:

Australia's recovery gathered momentum, with **the economy expected to have grown 0.8%** over the September quarter. In year-ended terms, this should leave growth at 2.3%yr – a touch above the RBA's updated trend estimate of +2.0%yr (see here for the analysis of the latest Q3 GDP Partials).

Australian dwelling approvals fell –6.4%mth in October, following a 11.1%mth rise in September (see here). For a full housing market analysis, see the Westpac Housing Pulse November 2025..

Corporate Directory

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro–Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner
Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au

Things you should know

We respect your privacy: You can view the New Zealand Privacy Policy here, or the Australian Group Privacy Statement here. Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

Disclaimer

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision.

This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author’s knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

Further important information regarding sustainability related content: This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access Westpac’s Financial Services Guide here or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac (“WNZL”). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at www.westpac.co.nz.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any

Disclaimer continues overleaf ▶

matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

Fiji: Unless otherwise specified, the products and services for Westpac Fiji are available from www.westpac.com.fj © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia and registered as a branch in Fiji. The liability of its members is limited.

Papua New Guinea: Unless otherwise specified, the products and services for Westpac PNG are available from www.westpac.com.pg © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia. Westpac is represented in Papua New Guinea by Westpac Bank - PNG - Limited. The liability of its members is limited.

U.S: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ('WCM'), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WCM other than as provided for in certain legal agreements between Westpac and WCM and obligations of WCM do not represent liabilities of Westpac.

This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2)of the Order; (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/ or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found here. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.