



16 December 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

It is shaping up to be a busy week in the global economic calendar, including data on US jobs, inflation and retail sales and policy decision from the ECB, Bank of England and Bank of Japan.

Markets started the week in mixed fashion, with some jitters in a slight risk-off tone. Equities slid further in the US but rose over in Europe, while the USD held broadly steady.

Bonds rallied globally, but it only drove some modest falls in yields. Markets continue to price in two rate cuts for the FOMC next year. In Australia, yields remains near recent highs as markets look toward rate hikes next year.

Crude prices continued to slide at the start of the week, with news of the US offering a security deal contingent on certain conditions around territory, marking further progress in Russia-Ukraine peace talks, despite ongoing attacks on energy infrastructure.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	62.0	-0.2%
AUD/USD	0.6639	-0.2%
AUD/JPY	103.07	-0.6%
AUD/GBP	0.4965	-0.2%
AUD/NZD	1.1475	0.1%
AUD/EUR	0.5651	-0.3%
AUD/CNH	4.6763	-0.3%
AUD/SGD	0.8564	-0.3%
AUD/HKD	5.1669	-0.3%
AUD/CAD	0.9143	-0.2%
EUR/USD	1.1749	0.1%
USD/JPY	155.26	-0.4%
USD Index	98.30	-0.1%

Equities	Close	Change
S&P/ASX 200	8,635	-0.7%
S&P 500	6,822	-0.1%
Japan Nikkei	50,168	-1.3%
Hang Seng	25,629	-1.3%
Euro Stoxx 50	5,753	0.6%
UK FTSE100	9,751	1.1%
VIX Index	16.41	4.3%

Commodities	Current	Change
CRB Index	295.50	-0.9%
Gold	4304.82	0.1%
Copper	11656	1.2%
Oil (WTI futures)	56.72	-1.3%
Coal (coking)	208.00	0.5%
Coal (thermal)	106.60	0.0%
Iron Ore	102.05	-0.4%
ACCU	37.75	10.6%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.60	0.00
90 day BBSY	3.76	0.00
180 day BBSY	4.11	0.00
1 year swap	3.85	-0.04
2 year swap	3.97	-0.06
3 year swap	4.06	-0.05
4 year swap	4.13	-0.06
5 year swap	4.21	-0.05
6 year swap	4.29	-0.05
7 year swap	4.37	-0.05
8 year swap	4.44	-0.04
9 year swap	4.50	-0.04
10 year swap	4.77	-0.04

Government Bond Yields	Close	Change
Australia		
3 year bond	4.08	-0.03
10 year bond	4.73	0.00
United States		
3-month T Bill	3.54	0.00
2 year bond	3.50	-0.02
10 year bond	4.18	-0.01
Other (10 year yields)		
Germany	2.85	0.00
Japan	1.96	0.01
UK	4.50	-0.02

Sydney Futures Exchange	Current	Change
10 yr bond	4.79	0.00
3 yr bond	4.16	0.00
3 mth bill rate	3.70	0.00
SPI 200	8,632	-0.1%

Data as at 7:30am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.



Ryan Wells
Economist, Westpac Group
P: +61 401 423 628
E: ryan.wells@westpac.com.au

Financial Markets:

- Global equities were mixed. In the US, major indices opened in the green but gradually lost momentum over the session as tech stock sold-off. The S&P 500 (−0.1%), Dow Jones (−0.1%) and NASDAQ (−0.5%) all declined. Meanwhile, the Euro Stoxx 50 rose (0.6%) and London's FTSE 100 posted its largest one-day gain in a bit over a month (1.0%).
- The fall in Asian equities broadly offset the gain from last week's end, taking the cue from weaker trading offshore. Stocks fell in Tokyo (−1.3%), Shanghai (−0.6%) and Hong Kong (−1.3%). The ASX 200 also slipped −0.7% with all but one sectors finishing in the red. Futures markets are pointing to another weak open this morning.
- Treasuries rallied a touch and slightly more so in the short-end, with the 2Y down 2bps to 3.50% and the 10Y falling 1bp to 4.18%. Swaps markets continue to price in two rate cuts over next year, one by Jun and the next by Sep. Elsewhere, longer-dated yields were broadly unchanged, with the 10Y Bund and JGB holding steady, while the 10Y Gilt fell 2bps.
- ACGB yields continue to trade slightly off the recent peak, with the 3Y falling 3bps to 4.08% while the 10Y held steady at 4.72% during the local session. Futures yields were meanwhile little changed overnight, only the 10Y edging down at the margin. Yields remain elevated in the context of markets pricing in RBA rate hikes next year, with one priced in by Aug.
- The USD held broadly steady, with the DXY index edging only slightly lower on last week's close, down −0.1% to 98.30. Across the main pairs, the Japanese Yen appreciated more strongly, testing JPY155 intraday before finishing 0.4% higher. The Euro posted a modest gain (+0.1%), holding around recent highs, while the Sterling and Loonie held steady.
- The Aussie dollar started the week in good shape, trading a tight range although it ultimately shed −0.3%, finishing around USD0.6640. It will be a busy week ahead for global data and central banks, including US jobs, inflation and retail sales data.
- Crude prices continued to slide at the start of the week, with news of the US offering a security deal contingent on certain conditions around territory, marking further progress in Russia-Ukraine peace talks, despite ongoing attacks on energy infrastructure. The first-generic futures contract for WTI fell −1.3% to US\$56.72/bbl.
- Copper prices rose 1.2%, marking a partial rebound following last week's incredible profit-taking sell-off from all-time highs. Gold approached two-month highs intraday before risk-off sentiment saw gains pare back, leaving it up just 0.1% to US\$4,305/oz. With another soft figure for steel production and uncertainty around the CMRG's new storage fee system, iron ore prices fell −0.4%.

Today's key data and events

Time	Event	Exp	Prev
8:45	NZ Food Price Index Nov	-	-0.3%
9:15	AU RBA's Jones-Speech	-	-
10:30	AU WBC-MI Consumer Sentiment Dec	-	103.8pts
11:30	JP Jibun Bank Mfg PMI Dec Prel.	-	48.7pts
11:30	JP Jibun Bank Services PMI Dec Prel.	-	53.2pts
18:00	GB ILO Unemployment Rate Oct	5.1%	5.0%
20:00	EZ HCOB Manufacturing PMI Dec Prel.	49.9pts	49.6pts
20:00	EZ HCOB Services PMI Dec Prel.	53.3pts	53.6pts
20:30	GB S&P Services PMI Dec Prel.	51.7pts	51.3pts
20:30	GB S&P Manufacturing PMI Dec Prel.	50.4pts	50.2pts
21:00	EZ Zew Survey Of Expectations Dec	-	25pts
0:30	US Non-Farm Payrolls Nov	50k	-
0:30	US Average Hourly Earnings Nov	0.3%	-
0:30	US Unemployment Rate Nov	4.5%	-
0:30	US Retail Sales Oct	0.1%	0.2%
1:45	US S&P Manufacturing PMI Dec Prel.	52pts	52.2pts
1:45	US S&P Services PMI Dec Prel.	54pts	54.1pts
2:00	US Business Inventories Sep	0.1%	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:

In the US, the volatile **NY Fed Manufacturing Index** fell from 18.9 to −3.9 in December, driven by weaker new orders and shipments, although expectations have turned more positive of late. The **NAHB Housing Market Index** meanwhile continued to showcase a gradual recovery in homebuilder confidence into year-end, up from 38 to 39 in December.

New York Fed President John Williams, when discussing the FOMC decision's last week to cut fed funds rate, emphasised increasing downside risks to employment and lower upside risks to inflation. Meanwhile, **Boston Fed President Susan Collins** revealed while her "analysis in November had leaned toward holding policy steady, by the December meeting, available information suggested the balance of risks had shifted a bit".

In China, year-to-date growth in **retail sales** disappointed, falling to 4.0%yr. Although **industrial production** broadly met expectations at 6.0%yr, **fixed asset investment** continued to decline at a more rapid pace, −2.6%yr. Overall, this is consistent with a slower pace of growth heading into year-end.

In Japan, the **Q4 Tankan Survey** showcased an improvement in conditions, tight labour markets, robust investment plans and output price gauges that are broadly consistent with sustainable, at-target inflation. This makes for a constructive picture for the Bank of Japan, who are expected to raise rates later this week.

Local Data:

There was no top tier economics data released on Monday.



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



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