MARKET UPDATES

Market Daily Update

30 OCTOBER 2025

Interest Rates			FX			Commodities US$		
Australia		**Δ bp**	AUD/USD	0.6583	0.0%	WTI Crude Oil	60.30	$0.08
90-day Bill	3.65	9	AUD/JPY	100.44	0.6%	Brent Crude Oil	64.81	$0.32
3-year Bond	3.62	18	AUD/EUR	0.5669	0.4%	Mogas95*	81.13	$0.44
10-year Bond	4.32	15	AUD/GBP	0.4986	0.6%	CRB Index	300.86	1.90
			AUD/NZD	1.1405	0.2%	Gold	3956.41	-$12.73
			AUD/CNY	4.6691	-0.2%	Silver	47.84	$0.64
US			EUR/USD	1.1613	-0.4%	Iron Ore (62% Fe)**	107.75	$0.80
2-year	3.59	11	USD/JPY	152.55	0.5%	Iron Ore (25-26 Average)	102.95	$0.06
10-year	4.07	10	USD/CNY	7.0985	0.0%	Copper	11183.50	$145.00
			RBA Policy			**Equities**		
			O/N Cash Rate Target	3.60		ASX200	8912	-89
Other 10-year			Interbank O/N Cash Rate	3.60		Dow Jones	47632	-74
Japan	1.67	2	Probability of a 25bps Cut in Nov	4.6%		S&P500	6891	0
Germany	2.62	0	RBA Bond Holdings (30 Sep)	A$272.1b		Stoxx600	575	0
UK	4.39	-1				CSI300	4748	56

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
**Iron ore is the second SGX futures contract.

The S&P 500 erased its early gains to close the day flat, while US Treasury yields surged and the US dollar appreciated, as Fed Chair Jerome Powell put another fed funds rate cut in December in question. The probability of a 25bps cut in December implied from fed funds futures declined from around 100% to 67%.

As widely expected, the FOMC cut the fed funds rate target range by 25bps to 3.75-4.00% and said it will conclude its balance sheet reduction on 1 December, but the post-meeting statement and conference confirmed division within the Committee regarding yesterday's decision and outlook. One of the FOMC members, Stephen Miran (who also remains a White House staff member on unpaid leave), preferred to reduce the fed funds rate by 50bps at the meeting, while another member, Kansas Fed President Jeffrey Schmid, opted to keep the rate on hold.

In the opening statement at the press conference, Fed Chair Powell said that there were 'strongly different views' on how to proceed in December, further stressing that another fed funds rate cut in December is 'not a forgone conclusion – far from it'. During the Q&A session, he cited limited economic data flow as one of the reasons for being 'cautious' in December, later adding that – according to estimates of some FOMC members – the fed funds rate is now around its neutral level, which comes at a time of a high degree of uncertainty regarding the labour market and inflation outlook.

The AUD/USD reversed the bounce from the upside surprise in domestic CPI inflation yesterday, but the Aussie dollar remains higher than other major currencies. Commonwealth bond yields, which bounced after the evaporation of expectations of a November cash rate, rose even further this morning. The Aussie share market opened lower this morning, after the CPI report triggered a 1.0% drop in the ASX 200 yesterday.

At the time of writing, the likelihood of a cash rate cut in November is marginal, while a 25bps cut is less than 50% priced in for February. However, the cash rate futures market still expects one 25bps reduction in this cycle, in Q2 2026, with around a 90% probability.

Aussie CPI rose by 1.3% in Q3, taking the annual rate of inflation 1.1ppts higher to 3.2%. This was an upside surprise to market participants who expected a rise of 1.1% QoQ and 3.0% YoY. The trimmed mean CPI, which is the RBA's preferred underlying price gauge, rose by 1.0% QoQ and 3.0% YoY (mkt exp.: 0.8% QoQ and 2.7% YoY).

Housing was the biggest contributor to the rise in the headline inflation rate, led by electricity costs due to the timing of the energy bill relief payments, and – to a lesser extent – the annual electricity price reviews. There were also solid gains in prices of automotive fuel and some services (travel, insurance, restaurants, childcare, dentistry, and vets).

Economic Data Review

- **AU:** CPI (QoQ, Q3) – Actual 1.3%, Expected 1.1%, Previous 0.7%.
- **AU:** Monthly CPI Indicator (YoY, Sep) – Actual 3.5%, Expected 3.1%, Previous 3.0%.

Economic Data Preview

- **AU:** Export Price Index (QoQ, Q3) – Previous -4.5%.
- **AU:** Import Price Index (QoQ, Q3) – Previous -0.8%.
- **JP:** Bank of Japan Decision (Policy Balance Rate) – Expected 0.50%, Previous 0.50%.
- **EZ:** GDP (QoQ, Q3, flash) – Expected 0.1%, Previous 0.1%.
- **EZ:** ECB Decision (Deposit Rate) – Expected 2.00%, Previous 2.00%.