Market Watch Weekly

17 OCTOBER 2025

Highlights this week

- In Australia, the unemployment rate rose more than expected in September, as unemployment rose more than employment. NAB business conditions remained above the longer-run average in September, while business confidence rebounded from its fall from the previous month. Minutes from the RBA Monetary Policy Board meeting, which obviously preceded all the labour force survey data, pointed to 'cautious and data-dependent' approach to interest rate setting.
- Abroad, the US Government shutdown continues, with many data releases suspended. From the releases that came out, the Fed's Beige Book pointed to stagnant activity and employment, as well as a further rise in costs and prices, while NFIB small business optimism declined. Growth in Chinese exports and imports both accelerated in September, with iron ore imports reaching a fresh record high. Chinese CPI and PPI deflation continued in September.

Highlights next week

- A quiet week ahead domestically, with the S&P Global PMIs for October and RBA Governor's remarks on Friday being the only events of note.
- The key releases offshore will be Chinese Q3 GDP and September activity figures on Monday, followed by S&P Global PMIs and US September CPI on Friday (the latter has been rescheduled from this week due to the US Government shutdown).

Central Bank Rates (%)		Weekly Change	Australian Interest Rates (%)		Weekly Change	Major Overseas Interest Rates (%)		Weekly Change	Global Equities		Weekly Change
Australia	3.60	(0 pt)	O/N Interbank Cash	3.60	(0 pt)	USD 3-month	4.85	(0 pt)	ASX200	9007	(↑43 pt)
US (IOR)	4.15	(0 pt)	90-day Bills	3.50	(↓9 pt)	2-yr T-Notes	3.41	(↓17 pt)	S&P500	6629	(↓106 pt)
Eurozone (Deposit)	2.00	(0 pt)	3-yr T-Bond	3.32	(↓27 pt)	10-yr T-Notes	3.96	(↓17 pt)	DJIA	45952	(↓406 pt)
UK	4.00	(0 pt)	10-yr T-Bond	4.11	(↓26 pt)	Jap 10-yr	1.63	(↓7 pt)	Nikkei	48106	(↓86 pt)
Japan (Target)	0.50	(0 pt)	3-yr WATC Bond	3.48	(↓24 pt)	UK 10-yr	4.50	(↓24 pt)	CSI300	4611	(↓57 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	4.60	(↓20 pt)	Ger 10-yr	2.57	(↓13 pt)	Stoxx600	572	(↑0 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

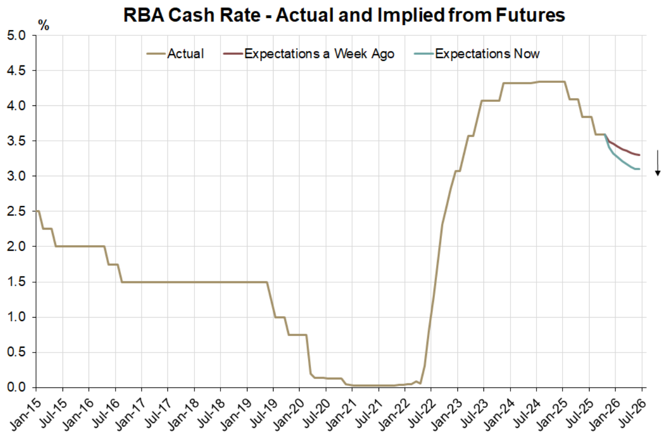
Interest Rates

Government bond yields are sharply down this week. US Treasury yields, which are a benchmark for other yields globally, were dragged down by concerns over some US regional banks, US-China trade tensions and dovish comments from Fed officials.

At home, Commonwealth bond yields were additionally weighed down by a re-intensification of cash rate cut expectations after a disappointing labour force survey for September. At the time of writing, a 25bps cut is around 75% priced in for November.

RBA minutes confirmed that members found it appropriate to remain 'cautious and data-dependent' in their monetary policy decisions, with upside risks to Q3 growth and inflation, and the labour market remaining 'a little tight'. The probability of the November cut remains slightly below 50%.

RBA Governor Michele Bullock and her Assistant Governor Sarah Hunter both made public appearances this week, reiterating the above. In addition, Assistant Governor Hunter focused on low productivity growth as one of the upside risks to inflation.



Source: Bloomberg

Equities

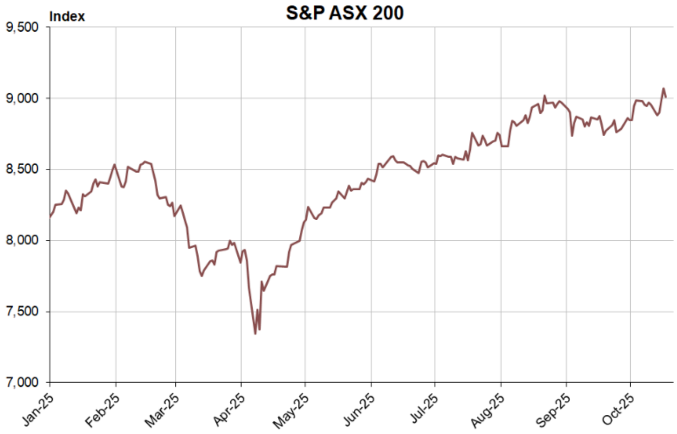
Australian equities opened the week on the back foot, falling sharply on Monday following declines in the US last Friday that saw the S&P 500 post its biggest one-day loss in six months.

The slide was sparked by a social media post from US President Donald Trump, threatening a steep increase in tariffs on China.

The Aussie market climbed through most of the rest of the week and received an extra lift from a rise in expectations for RBA cash rate cuts, following news that the Australian unemployment rate had risen to a near four-year high in September.

The increase saw the ASX 200 close at a record high on Thursday before a renewed decline on Wall Street – driven by fresh concerns about US regional banks – dragged the Aussie market lower again this morning.

Aussie equities have outperformed most advanced economy markets despite today's pullback.



Source: Bloomberg

Currencies

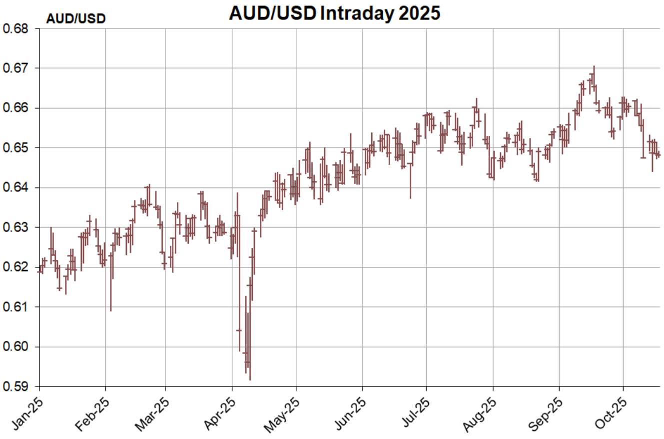
It was not a great week for the Australian dollar, with three waves of depreciation dragging it somewhat lower against all the major currencies.

The first round of depreciation was on Friday night, when concerns over US-China trade tensions, after US President Donald Trump flagged 100% extra tariffs on Chinese imports to the US, rattled market participants.

The second wave came on Tuesday, following dovish comments by Fed Chair Jerome Powell.

The final decline was on Thursday, as the disappointing labour force survey led to a rise in cash rate cut expectations.

Overall, the AUD is down by 1.4% against the weaker USD, 2.5% versus the euro, 2.4% against the British pound and 3.1% against the JPY, making it by far the weakest G10 currency for the week.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.6479	0.6533	0.6440	↓1.4	0.6723	0.5915
AUD/EUR	0.5537	0.5641	0.5533	↓2.5	0.6261	0.4620
AUD/GBP	0.4821	0.4896	0.4817	↓2.4	0.5204	0.4620
AUD/JPY	97.41	99.49	97.18	↓3.1	102.41	86.05
AUD/CNY	4.6137	4.6575	4.5988	↓1.5	4.7806	4.3523
EUR/USD	1.1701	1.1711	1.1543	↑1.1	1.1919	1.0141
GBP/USD	1.3441	1.3455	1.3249	↑1	1.3789	1.2100
USD/JPY	150.33	152.61	150.05	↓1.7	158.87	139.89
USD/CNY	7.1198	7.1431	7.1183	↓0.1	7.3511	7.0867

Forward Rates	Spot	3M	6M	12M
AUD/USD	0.6479	0.6486	0.6489	0.6486
AUD/EUR	0.5537	0.5515	0.5496	0.5456
AUD/GBP	0.4821	0.4827	0.4832	0.4840
AUD/JPY	97.41	96.61	95.94	94.67
AUD/NZD	1.1319	1.1287	1.1257	1.1195
AUD/SGD	0.8381	0.8334	0.8288	0.8200

Commodities

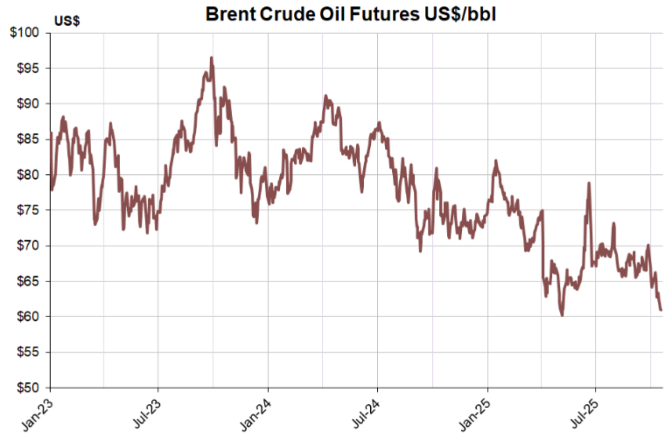
The rise in gold prices gained momentum this week and appears on track for its best week since the financial market meltdown in March 2020. Fellow precious metals silver, platinum and palladium have also seen further sharp increases.

Iron ore prices received an early lift amid news that China had imported a record 116 million tonnes of iron ore in September. The benchmark futures price hit its highest levels since February, before retreating.

Oil prices slumped last Friday as US-China trade tensions re-escalated, and continued to decline through most of this week.

Prices fell to the lowest levels since early May as concerns of oversupply were compounded by an International Energy Agency report projecting a record oil surplus in 2026.

The downward pressure on oil was given further impetus after US President Trump said that he will meet his Russian counterpart within the next two weeks to discuss ending the war in Ukraine.



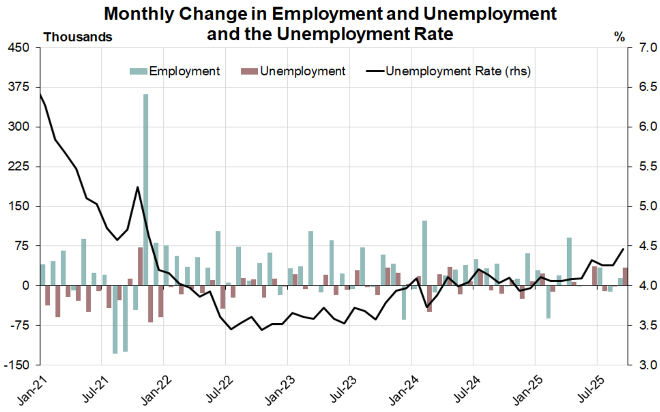
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$4,322.70	$4,379.93	$4,006.48	(↑$339.92)	$4,379.93	$2,536.92
Brent Crude Oil (US$)	$60.71	$63.95	$60.70	(↓$4.56)	$82.63	$58.40
Mogas95* (US$)	$74.39	$76.65	$74.17	(↓$2.85)	$95.91	$67.57
WTI Oil (US$)	$57.12	$60.17	$57.10	(↓$4.47)	$80.77	$55.12
CRB Index	293.85	295.54	292.76	(↓5.48)	316.63	277.71
Iron Ore Price 62% Fe (US$) **	$104.75	$108.05	$103.60	(↓$0.6)	$109.30	$91.70

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
** The Iron Ore Price is the SGX 62% Fe iron ore futures 2nd contract.

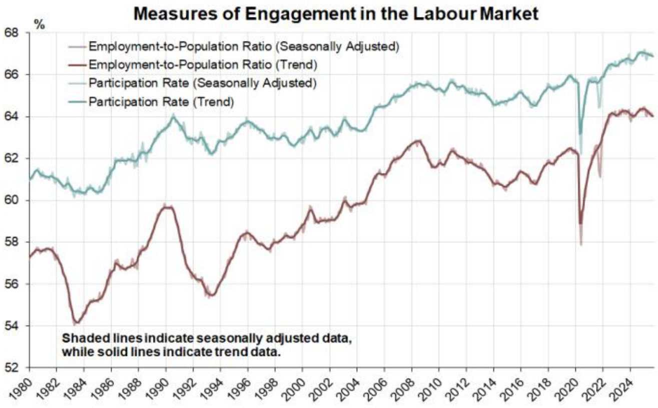
Domestic Economy

The ***unemployment rate*** *picked up in September, as unemployment rose faster than employment.*



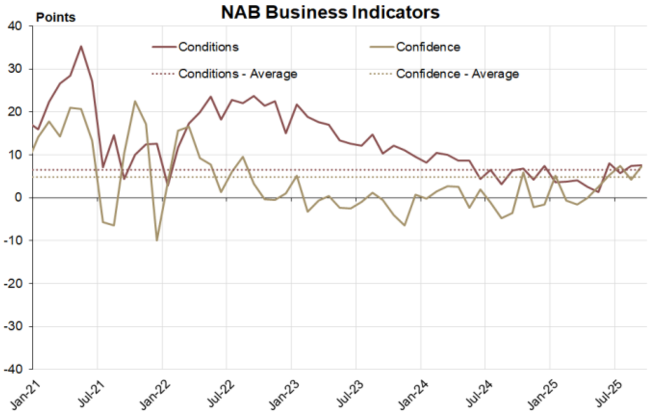
Source: ABS

The ***labour market participation*** *measures – while still high – are trending slightly downwards.*



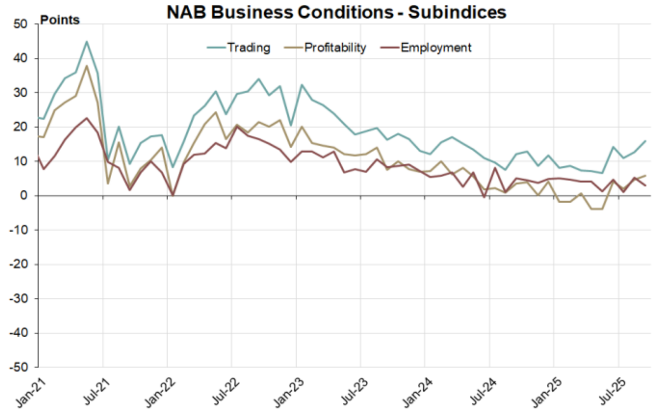
Source: ABS

NAB business conditions and confidence *were both slightly above their series averages in September...*



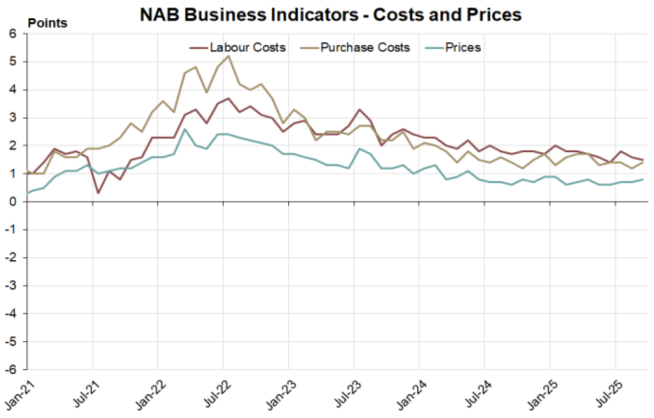
Source: Bloomberg

… with the improvement in ***trading conditions and profitability*** *was offset by worse employment conditions.*



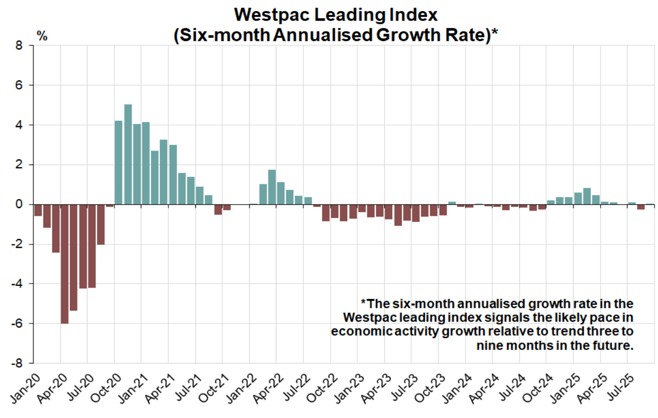
Source: Bloomberg

Growth in ***labour costs*** *decelerated further, while price growth is picking up, but remains moderate.*



Source: Bloomberg

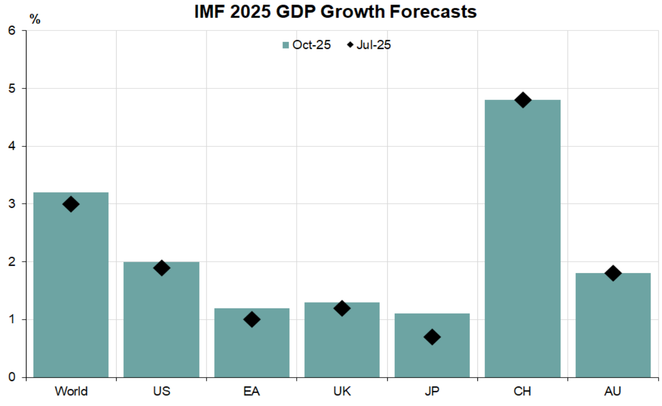
The ***Westpac leading index*** *points to growth in the coming quarters being only slightly above its trend.*



Source: Bloomberg

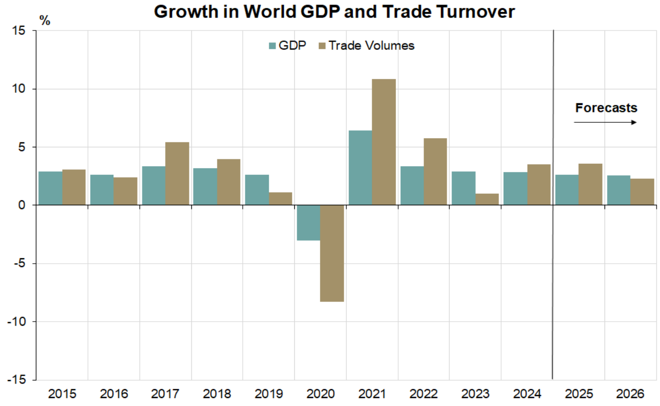
Global Economy

*The IMF has slightly upgraded **2025 growth** forecasts for the global economy and most advanced economies.*



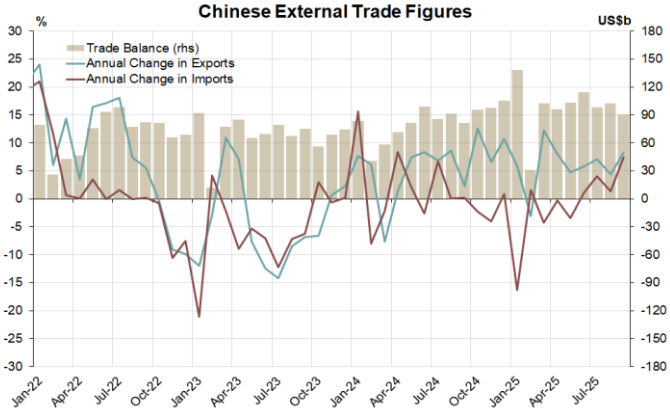
Source: International Monetary Fund (IMF)

*The IMF expects that – after resilience in 2025 – **global GDP and trade** will grow somewhat slower in 2026.*



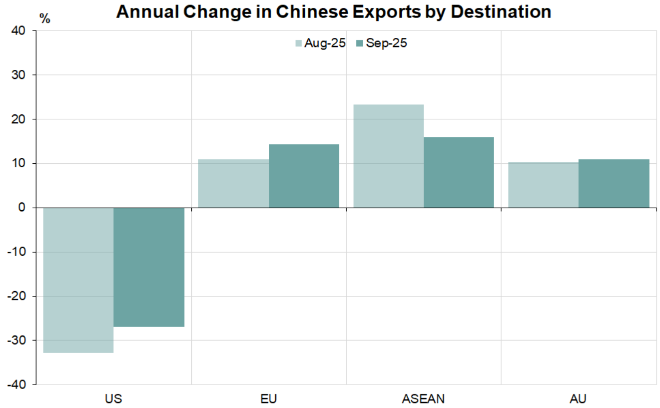
Source: IMF

*Meanwhile, September saw faster growth in both **Chinese exports and imports**.*



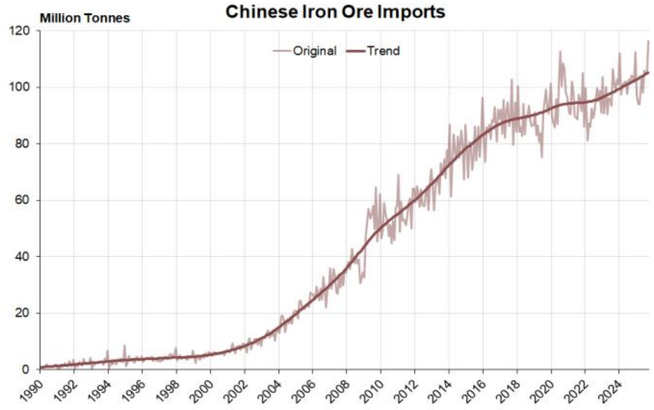
Source: Bloomberg

*The fall in **Chinese exports** to the US narrowed, while growth in exports to ASEAN slowed but was solid.*



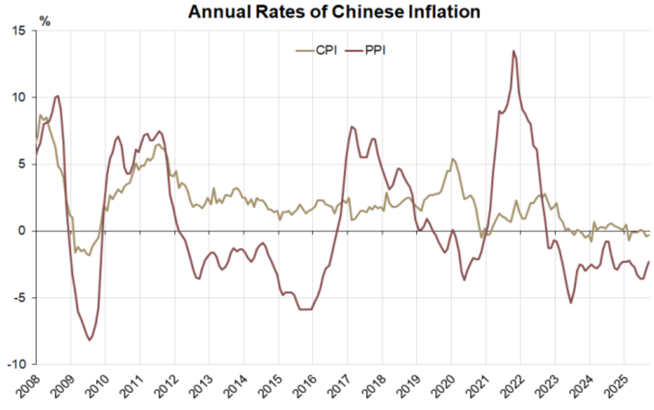
Source: Bloomberg

***Chinese iron ore imports** rose to a fresh record high in September.*



Source: Bloomberg

***Chinese CPI and PPI deflation** continued in September.*



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 13					
CH	Trade Balance (Sep)	US$90.5	US$98.1b	US$102.3b	Chinese iron ore imports hit a record high in September.
Tue 14					
AU	RBA Minutes	-	-	-	RBA decisions to remain ‘cautious and data-dependent’.
AU	NAB Business Conditions (Sep)	8	-	8	Trading conditions and profitability improved.
AU	NAB Business Confidence (Sep)	7	-	4	Has entirely retraced its decline in August.
AU	ANZ Cons. Conf. (w/e 11 Oct)	83.0	-	85.1	Consumer inflation expectations steady at 5.2%.
UK	Unemployment Rate (Aug)	4.8%	4.7%	4.7%	Employment growth the slowest since November 2024.
US	NFIB Small Business Opt. (Sep)	98.8	100.6	100.8	Still slightly above the long-run average.
Wed 15					
AU	Westpac Lead. Index (MoM, Sep)	-0.03%	-	-0.08%	6m annualised rate again signals above-trend growth.
AU	RBA Assistant Governor Speaks	-	-	-	RBA productivity growth estimates may still be too high.
CH	CPI (YoY, Sep)	-0.3%	-0.2%	-0.4%	Core inflation remained roughly unchanged at 1.0%.
CH	PPI (YoY, Sep)	-2.3%	-2.3%	-2.9%	China’s PPI deflation lowers inflation in many countries.
US	Beige Book	-	-	-	Activity and jobs stagnant, prices and costs on the rise.
Thu 16					
AU	Employment (MoM, Sep)	14.9k	20.0k	-11.9k	The number of unemployed picked up by 33.9k.
AU	Unemployment Rate (Sep)	4.5%	4.3%	4.3%	Has been trending upwards since late 2022.
AU	RBA Governor M. Bullock Speaks	-	-	-	Monetary conditions a ‘little’ tight, but ‘not much’.
UK	GDP (MoM, Aug)	0.1%	0.1%	-0.1%	Growth driven solely by industrial production.
Fri 17					
	No market-moving data.				

Next Week

Date	Event	Forecast	Previous	Comment
Mon 20				
CH	GDP (YoY, Q3)	4.8%	5.2%	Quarterly GDP growth to slow 0.3ppts to 0.8%.
CH	Retail Sales (YoY, Sep)	2.9%	3.4%	Market forecast the lowest growth rate since November 2024.
CH	Industrial Production (YoY, Sep)	4.9%	5.2%	Has been the driver of growth in the past few months.
CH	Urban Fixed Asset Inv. (YoY YtD, Sep)	-0.1%	0.5%	This would be the first decline in five years.
CH	PBoC Announcement (5Y LPR)	3.50%	3.50%	The benchmark rate for new Chinese mortgages.
Tue 21				
	No market-moving data.			
Wed 22				
UK	CPI (MoM, Sep)	-	0.3%	YoY rate has been above the BoE’s goal since October 2024.
Thu 23				
US	Existing Home Sales (MoM, Sep)	1.4%	-0.2%	Have been depressed close to post-GFC levels for 2 years.
Fri 24				
AU	S&P Global Composite PMI (Oct)	-	52.4	Has been a bit at odds with the more established NAB survey.
AU	RBA Governor M. Bullock Speaks	-	-	Remarks at Future Sydney 2025: Bradfield Oration.
JP	S&P Global Composite PMI (Oct)	-	51.3	Japanese manufacturing fell further into contraction in Sep…
EZ	HCOB Composite PMI (Oct)	50.9	51.2	… while euro area manufacturing emerged from contraction.
UK	S&P Global Composite PMI (Oct)	-	50.1	Signals stagnant economic conditions in the UK.
US	CPI (MoM, Sep)	0.4%	0.4%	Rescheduled from this week due to the government shutdown.
US	S&P Global Composite PMI (Oct)	-	53.9	The more established ISM PMIs are a bit gloomier.
US	New Home Sales (MoM, Sep)	-11.3%	20.5%	Expected to partially backtrack their spike in August.