

Highlights this week

- In Australia, the flash estimate of the S&P Global Composite PMI for October indicated a slightly faster pace of expansion compared to the previous month.
- Abroad, Chinese GDP growth slowed further, but achieving the 'around 5%' growth target still looks likely for 2025. Industrial production remained the key driver of growth in September, while private consumption and investment – particularly property investment – remained weak.

Highlights next week

- The key domestic release next week will be Q3 CPI inflation on Wednesday, with annual trimmed mean inflation expected to hold steady at 2.7%. Other events include another public appearance by RBA Governor Michele Bullock on Monday, Q3 international price indices on Thursday and Q3 PPI inflation on Friday.
- It will be a big week in central banking, with the Fed, ECB, Bank of Japan, and Bank of Canada all announcing monetary policy decisions, with cuts in the US and Canada expected. The US Government shutdown will likely continue to disrupt US data releases next week, but there will be important data releases from the euro area – on Q3 GDP and September inflation.

Central Bank Rates (%)			Australian Interest Rates (%)			Major Overseas Interest Rates (%)			Global Equities		
		Weekly Change			Weekly Change			Weekly Change			Weekly Change
Australia	3.60	(0 pt)	O/N Interbank Cash	3.60	(0 pt)	USD 3-month	4.85	(0 pt)	ASX200	9027	(↑20 pt)
US (IOR)	4.15	(0 pt)	90-day Bills	3.51	(↑2 pt)	2-yr T-Notes	3.48	(↑7 pt)	S&P500	6738	(↑109 pt)
Eurozone (Deposit)	2.00	(0 pt)	3-yr T-Bond	3.37	(↑4 pt)	10-yr T-Notes	4.00	(↑3 pt)	DJIA	46735	(↑782 pt)
UK	4.00	(0 pt)	10-yr T-Bond	4.14	(↑2 pt)	Jap 10-yr	1.66	(↑3 pt)	Nikkei	49396	(↑1291 pt)
Japan (Target)	0.50	(0 pt)	3-yr WATC Bond	3.52	(↑3 pt)	UK 10-yr	4.42	(↓8 pt)	CSI300	4637	(↑26 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	4.62	(↑1 pt)	Ger 10-yr	2.58	(↑1 pt)	Stoxx600	574	(↑3 pt)

Changes are since the previous issue of Market Watch Weekly.

Financial Markets**Interest Rates**

Commonwealth bond yields have picked up after last week's heavy falls which saw the three-year yield close last Friday at its lowest level in over three months while the 10-year yield fell to its lowest level since April.

Aussie bond yields opened higher on Monday following a rise in US Treasury yields last Friday only to fall back through the middle of the week.

Bond yields climbed again on Thursday amid news that US President Donald Trump and Chinese President Xi Jinping will hold trade discussions at the APEC summit next week, which helped remove some of the risk premium in bond prices.

Longer-term Aussie bond yields have slipped back again this morning to be only slightly higher than this time last week.

Yields at the short end of the curve have been supported by the rise in 2-year US Treasury yields which have been boosted by news of fresh sanctions on Russian oil exports, that pushed oil prices and inflation expectations a little higher.

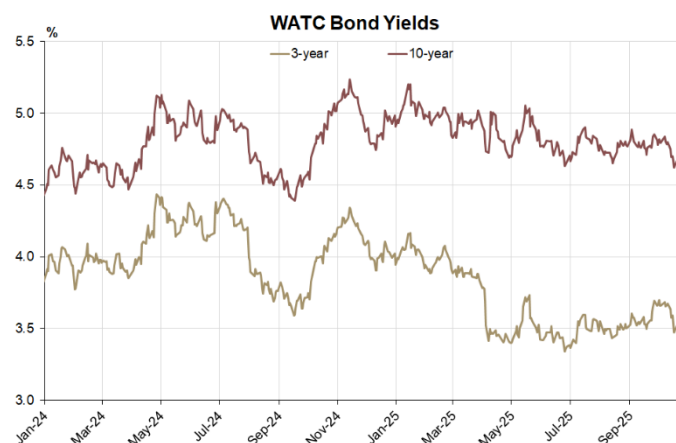
Market pricing for a 25 basis point RBA cash rate cut on 4 November has eased to a 65% implied probability from 78% this time last week.

Equities

Australian equities rose to record highs on Tuesday, led by miners amid news Prime Minister Anthony Albanese and US President Donald Trump had signed a critical minerals deal.

The agreement, which promised major investments in mining and processing, supercharged the share prices of some miners, particularly in the critical minerals space.

Aussie equities slipped on Wednesday as traders took profits after recent runups in gold miners and critical mineral shares, before holding relatively steady over the past two days.



Source: Bloomberg



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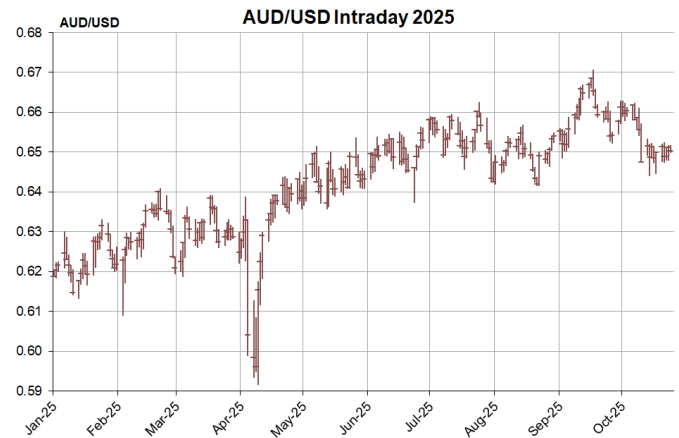
Currencies

The AUD appreciated against all the major currencies and most of the G10 currency basket over the past week, with the only losses being against the Norwegian krone and New Zealand dollar.

While there were solid rises against most of the major currencies, the Aussie traded within a relatively narrow range against the greenback.

The Aussie's biggest gains were early in the week amid news of a rare earths and critical minerals agreement between Australia and the US. There appeared to be little negative impact from the Chinese economic data, which showed that growth remains relatively tepid.

The AUD slipped a little later in the week as risk appetite waned, but the currency bounced back again overnight amid news of the upcoming meeting between President Trump and President Xi at next week's APEC summit.



Source: Bloomberg

Spot Rates		Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD		0.6501	0.6525	0.6473	↑0.3	0.6707	0.5915
AUD/EUR		0.5602	0.5618	0.5556	↑1.2	0.6261	0.4620
AUD/GBP		0.4881	0.4894	0.4828	↑1.2	0.5204	0.4620
AUD/JPY		99.42	99.55	97.55	↑2.1	102.41	86.05
AUD/CNY		4.6317	4.6430	4.6091	↑0.4	4.7765	4.3523
EUR/USD		1.1606	1.1676	1.1577	↓0.8	1.1919	1.0141
GBP/USD		1.3320	1.3443	1.3306	↓0.9	1.3789	1.2100
USD/JPY		152.93	152.94	150.28	↑1.7	158.87	139.89
USD/CNY		7.1240	7.1286	7.1157	↑0.1	7.3511	7.0867

Forward Rates		Spot	3M	6M	12M
AUD/USD		0.6501	0.6508	0.6511	0.6510
AUD/EUR		0.5602	0.5580	0.5560	0.5519
AUD/GBP		0.4881	0.4886	0.4891	0.4896
AUD/JPY		99.42	98.62	97.94	96.64
AUD/NZD		1.1312	1.1280	1.1249	1.1187
AUD/SGD		0.8447	0.8400	0.8356	0.8269

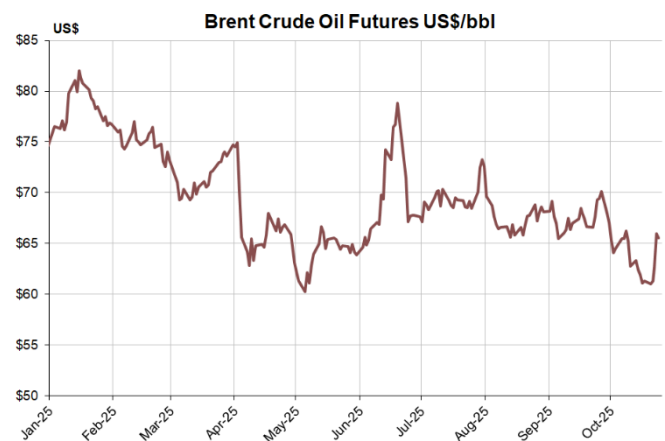
Commodities

Gold prices appear on track for the first weekly loss in 10 weeks, after having its biggest one-day fall since August 2020 on Tuesday. However, the yellow metal has steadied in recent days and remains comfortably above US\$4,000 an ounce. Silver has also eased but platinum has continued to rise.

Oil prices have moved in the opposite direction and are on track for the first weekly increase since late September. If the current trend continues this will be the strongest week since June.

The catalyst for the rise has been the announcement of a fresh round of US sanctions on Russian oil exports. Indian refiners have reportedly indicated that the new sanctions will dramatically curtail their purchases of Russian oil. India has been a significant importer of cheap Russian oil.

Iron ore hit a seven-week low on Monday, amid news of weak Chinese fixed asset investment and steel production, which fell to its lowest level since December 2023.



Source: Bloomberg

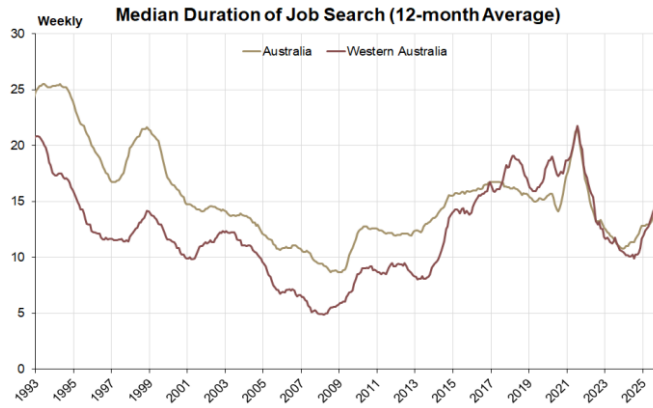
	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US\$)	\$4,116.08	\$4,381.52	\$4,004.26	(↓\$206.62)	\$4,381.52	\$2,536.92
Brent Crude Oil (US\$)	\$65.74	\$66.36	\$60.07	(↑\$5.03)	\$82.63	\$58.40
Mogas95* (US\$)	\$79.40	\$80.10	\$74.49	(↑\$5.01)	\$95.91	\$67.57
WTI Oil (US\$)	\$61.54	\$62.20	\$56.35	(↑\$4.42)	\$80.77	\$55.12
CRB Index	305.02	305.02	293.35	(↑11.17)	316.63	277.71
Iron Ore Price 62% Fe (US\$) **	\$103.70	\$104.90	\$102.85	(↓\$1.05)	\$109.30	\$91.70

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

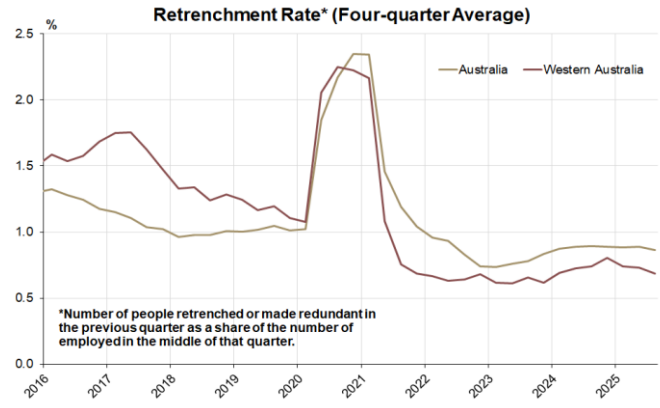
** The Iron Ore Price is the SGX 62% Fe iron ore futures 2nd contract.

Domestic Economy

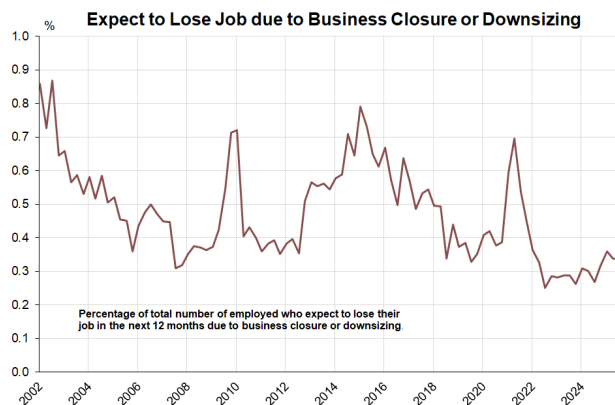
The detailed labour force survey suggests that those losing a job are staying unemployed for longer.



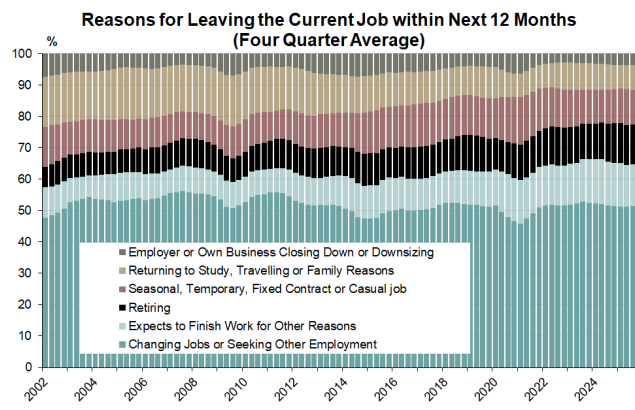
The retrenchment rate remains low in further evidence that the labour market is in a low hiring-low firing mode.



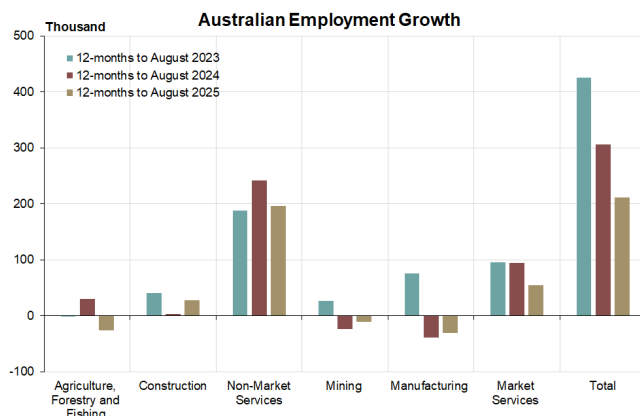
Workers don't appear overly concerned about involuntarily losing their job in the next 12 months...



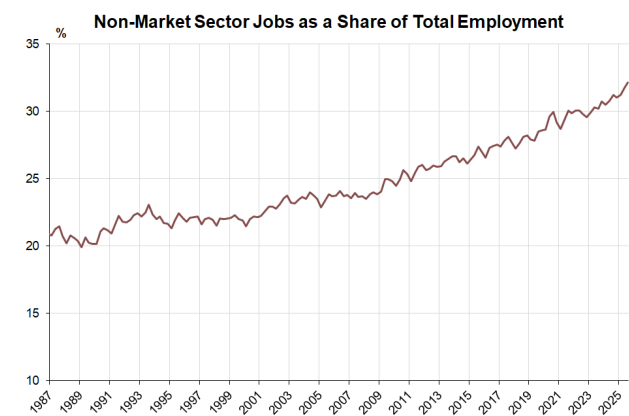
...and form only a small portion of those who don't expect to be with the same employer in the next year.



Government funded non-market services have been a major driver of jobs growth over the past three years...

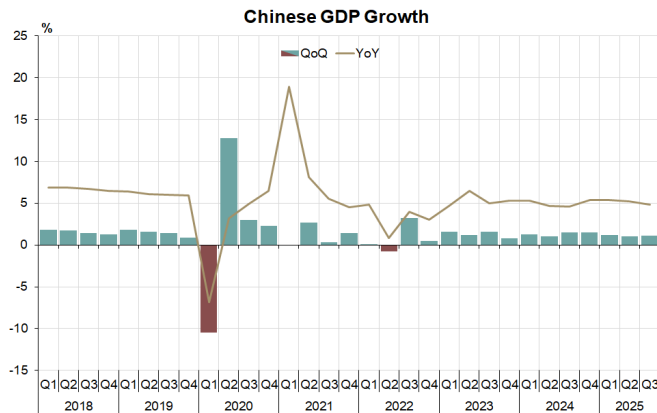


...and its share of total employment has risen over the past decade.



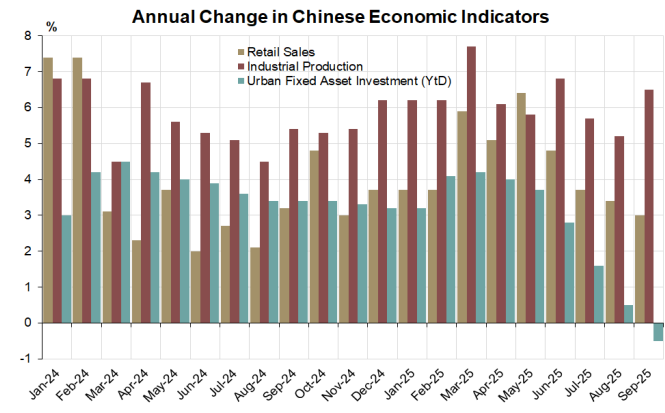
Global Economy

The annual rate of **Chinese GDP growth** slowed a little further in Q3.



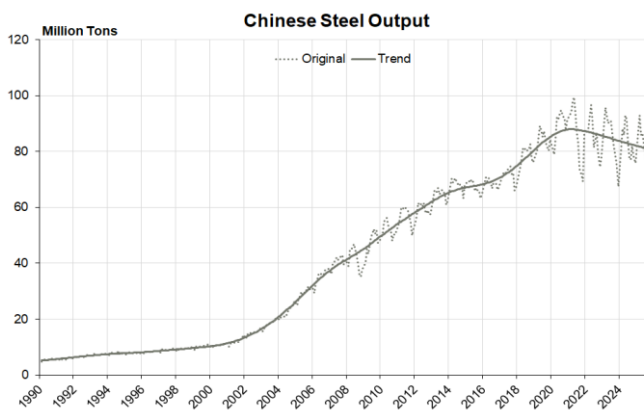
Source: Bloomberg

Industrial output remained the growth driver, while retail sales was weak and urban fixed asset investment fell.



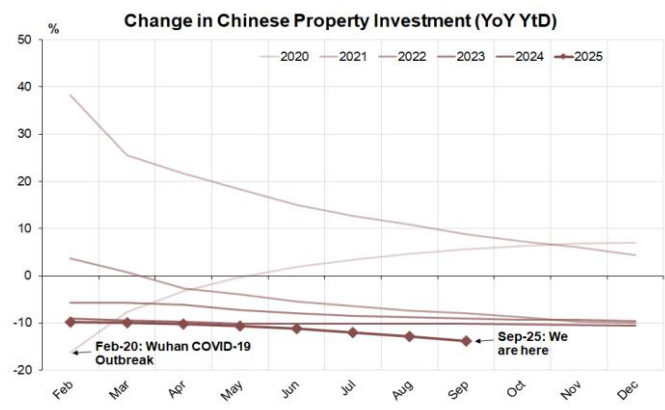
Source: Bloomberg

Chinese steel output dropped to the lowest level since late 2023...



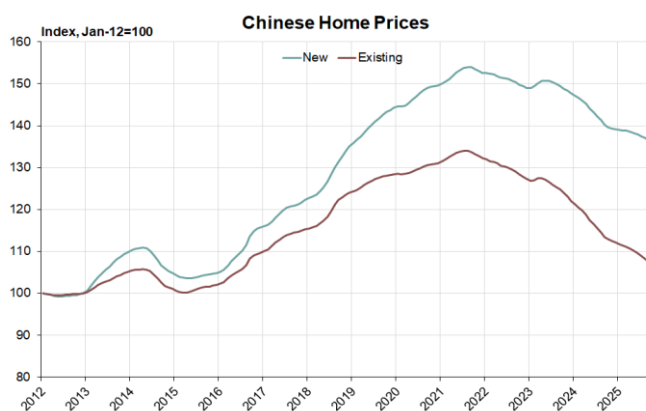
Source: Bloomberg

... while **property investment** saw the largest fall since the Wuhan COVID-19 outbreak.



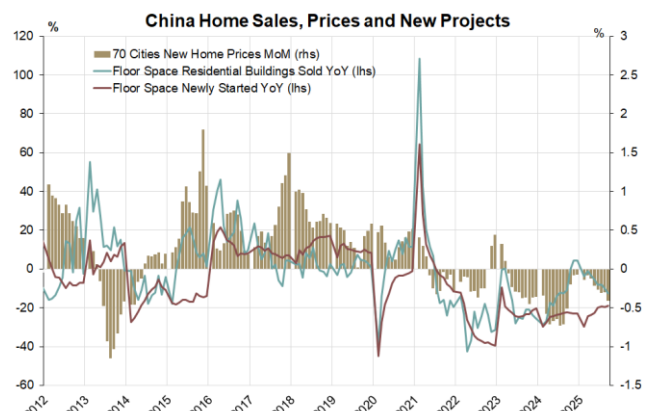
Source: Bloomberg

Chinese home prices are largely back to their levels from late 2010s...



Source: Bloomberg

...as the **property sector** remains in deep recession and there appears no end in sight.



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 20					
NZ	CPI (QoQ, Q3)	1.0%	0.9%	0.5%	Annual rate rose to 3.0%, the upper bound of the goal.
CH	GDP (YoY, Q3)	4.8%	4.7%	5.2%	The 5.0% target still likely if QoQ growth accelerates.
CH	Retail Sales (YoY, Sep)	3.0%	3.0%	3.2%	The slowest growth in retail sales in 10 months.
CH	Industrial Production (YoY, Sep)	6.5%	5.0%	5.2%	Steel output down 4.6% YoY and at a 21-month low.
CH	Urban Fixed Inv. (YoY YtD, Sep)	-0.5%	0.1%	0.5%	The first decline since August 2020.
CH	PBoC Announcement (5Y LPR)	3.50%	3.50%	3.50%	One-year loan prime rate also unchanged at 3.00%.
Tue 21					
AU	ANZ Cons. Conf. (w/e 18 Oct)	84.0	-	83.0	Consumer inflation expectations dropped back to 4.7%.
Wed 22					
UK	CPI (MoM, Sep)	0.0%	0.1%	0.3%	YoY rate unexpectedly unchanged at a 1.5Y high of 3.8%.
Thu 23					
US	Existing Home Sales (MoM, Sep)	1.5%	1.4%	-0.2%	Sales hit a seven-month high.
Fri 24					
AU	S&P Global Composite PMI (Oct)	52.6	-	52.4	Services growing faster, manufacturing contracting.
JP	S&P Global Composite PMI (Oct)	50.9	-	51.3	Manufacturing in contraction
JP	CPI (YoY, Sep)	2.9%	2.9%	2.7%	Inflation ex-food and energy slows but remains high.
Tonight					
EZ	HCOB Composite PMI (Oct)	-	50.9	51.2	Euro area manufacturing back from contraction in Sep.
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 due to the government shutdown.
US	S&P Global Composite PMI (Oct)	-	-	53.9	The more established ISM PMIs are a bit gloomier.
US	UMich Consumer Conf (Oct, Final)	-	54.5	55.0	Confidence remains very soft.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 27				
AU	RBA Governor M. Bullock Speaks	-	-	Fireside chat at the ABE Annual Dinner.
Tue 28				
US	C-S Hse Price 20 Cities (MoM, Aug)	-	-0.1%	Have been on a decline since March.
US	Conference Board Cons. Conf. (Oct)	93.8	94.2	'Jobs plentiful' vs 'jobs hard to get' will be closely followed.
Wed 29				
AU	CPI (QoQ, Q3)	1.1%	0.7%	Annual trimmed mean inflation expected to be steady at 2.7%.
AU	Monthly CPI Indicator (YoY, Sep)	3.1%	3.0%	ABS shifting to a full monthly CPI in October.
CA	Bank of Canada Decision (Policy Rate)	2.25%	2.50%	The probability of a cut is around 70%.
US	FOMC Decision (IoER)	3.90%	4.15%	A 25bps cut is widely expected, some are betting for more.
Thu 30				
AU	International Price Indices (QoQ, Q3)	-	-	RBA index of commodity prices points to lower export prices.
JP	Bank of Japan Decision (Policy Bal. Rate)	0.50%	0.50%	The probability of a hike dropped after spiking earlier in Oct.
EZ	GDP (QoQ, Q3, Advance)	0.1%	0.1%	Lower exports due to US tariffs dragged on growth in Q2.
EZ	ECB Decision (Deposit Rate)	2.00%	2.00%	ECB expected to be on hold until at least late 2026.
Fri 31				
AU	PPI (QoQ, Q3)	-	0.7%	Property operators contributed most to PPI in Q2.
AU	Private Sector Credit (MoM, Oct)	-	0.6%	Housing credit growth accelerated in August.
CH	NBS Composite PMI (Oct)	-	50.6	First insights into the Chinese economy in Q4.
EZ	HICP (YoY, Oct, Preliminary)	2.2%	2.2%	Slightly above the ECB goal, both in headline and core terms.