Market Daily Update

12 SEPTEMBER 2025

Interest Rates			FX			Commodities US$		
Australia		∆ bp	AUD/USD	0.6661	0.7%	WTI Crude Oil	62.10	-$1.64
90-day Bill	3.59	0	AUD/JPY	98.07	0.6%	Brent Crude Oil	66.12	-$1.45
3-year Bond	3.42	0	AUD/EUR	0.5678	0.4%	Mogas95*	78.57	-$1.56
10-year Bond	4.20	-5	AUD/GBP	0.4908	0.4%	CRB Index	300.32	-1.53
			AUD/NZD	1.1154	0.1%	Gold	3632.09	-$13.80
			AUD/CNY	4.7425	0.6%	Silver	41.44	$0.27
US			EUR/USD	1.1731	0.3%	Iron Ore (62% Fe)**	105.75	-$0.70
2-year	3.54	-1	USD/JPY	147.22	-0.1%	Iron Ore (25-26 Average)	101.58	$0.05
10-year	4.02	-3	USD/CNY	7.1186	0.0%	Copper	10051.50	$38.50
			RBA Policy			**Equities**		
			O/N Cash Rate Target		3.60	ASX200	8873	61
Other 10-year			Interbank O/N Cash Rate		3.60	Dow Jones	46108	617
Japan	1.58	2	Probability of a 25bps Cut in Sep		8.0%	S&P500	6587	55
Germany	2.66	0	RBA Bond Holdings (29 Aug)		A$272.1b	Stoxx600	555	3
UK	4.61	-3				CSI300	4548	103

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

All three major US stock indices hit their respective record highs overnight, driven up by a slight further intensification of fed funds rate cut expectations after moderate US CPI inflation figures and more negative news on the US labour market. More traders started to bet on a 50bps fed funds rate cut next week, with a 75bps cuts roughly priced in for the remainder of 2025 and a further 75bps of cuts anticipated in 2026. US Treasury yields declined a little further, while the US dollar depreciated.

The better global market sentiment supported the Australian dollar, which appreciated against all the major currencies. The AUD/USD remains at the highest since November 2025. 10-year Commonwealth bond yields followed their US equivalents lower, reaching the lowest since early July. The ASX 200 opened higher this morning, having declined by 0.3% yesterday, with losses in most market sectors led by health care and financials, while real estate and energy saw the strongest gains.

In commodity markets, oil prices dropped, while the gold price ebbed from a record high, as geopolitical concerns have moved away from centre stage. Iron ore futures retreated by another 0.7% but remain above US$100 a tonne.

The US CPI rose by 0.4% in August, slightly more than the 0.3% anticipated by the consensus and the 0.2% registered in the previous month, taking the annual rate of consumer price inflation 0.2ppts higher to 2.9%, as expected. The rise in headline consumer price inflation, both in monthly and annual terms, was partly driven by energy price inflation turning back positive. At the same time, core inflation excluding food and energy was in line with market expectations, at 0.3% MoM and 3.1% YoY (unchanged from the previous month in both cases).

From other US data, initial jobless claims bounced to 263k last week, which is the highest level since October 2021, with a notable increase in Texas in unadjusted terms. Continued claims were unchanged at 1,939k in the week ending 30 August.

Across the Atlantic, the ECB kept interest rates unchanged last night, including the deposit rate at 2.00%. The central bank updated its projections, showing core HICP inflation declining below 2% in 2026 and falling further in 2027. At the same time, energy prices in Europe are expected to be volatile, which would be partly due to the update of the European Union’s emissions trading system. The markets expect no more cuts from the ECB this year, with a 25bps cut partially priced in for 2026.

At home, Melbourne Institute inflation rose back to 4.7% in September, which is slightly above the series average of 4.4% (since 1995).

Economic Data Review

- **AU:** Melbourne Institute Consumer Inflation Expectations (Sep) – Actual 4.7%, Previous 3.9%.
- **US:** CPI (MoM, Aug) – Actual 0.4%, Expected 0.3%, Previous 0.2%.
- **US:** Initial Jobless Claims (w/e 6 Sep) – Actual 263k, Expected 235k, Previous 236k (revised).

Economic Data Preview

- **UK:** Monthly GDP (MoM, Jul) – Expected 0.0%, Previous 0.4%.
- **US:** University of Michigan Consumer Sentiment (Sep) – Expected 58.0, Previous 58.2.