Market Daily Update

05 NOVEMBER 2025

Interest Rates			FX			Commodities US$		
Australia		Δ bp	AUD/USD	0.6489	-0.7%	WTI Crude Oil	60.36	-$0.59
90-day Bill	3.64	1	AUD/JPY	99.71	-1.1%	Brent Crude Oil	64.44	-$0.45
3-year Bond	3.63	-2	AUD/EUR	0.5650	-0.4%	Mogas95*	77.88	-$0.96
10-year Bond	4.33	-2	AUD/GBP	0.4983	0.2%	CRB Index	304.18	-1.91
			AUD/NZD	1.1497	0.3%	Gold	3935.73	-$60.38
			AUD/CNY	4.6256	-0.7%	Silver	47.12	-$0.84
US			EUR/USD	1.1485	-0.3%	Iron Ore (62% Fe)**	103.05	-$1.40
2-year	3.58	-3	USD/JPY	153.66	-0.4%	Iron Ore (25-26 Average)	103.01	-$0.01
10-year	4.09	-3	USD/CNY	7.1295	0.1%	Copper	10855.00	-$32.50
			RBA Policy			**Equities**		
			O/N Cash Rate Target		3.60	ASX200	8793	-78
Other 10-year			Interbank O/N Cash Rate		3.60	Dow Jones	47085	-251
Japan	1.67	0	Probability of a 25bps Cut in Dec		14.1%	S&P500	6772	-80
Germany	2.65	-1	RBA Bond Holdings (31 Oct)		A$272.1b	Stoxx600	571	-2
UK	4.43	-1				CSI300	4619	-35

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

As expected, the RBA Monetary Policy Board kept interest rates unchanged yesterday, including the cash rate target at 3.60%, highlighting in the statement that underlying inflation in Q3 turned out higher than expected.

The RBA has also revised its forecasts quite substantially, especially for inflation. According to the Statement on Monetary Policy, also released yesterday, trimmed mean inflation is expected to rise to 3.2% in late 2025, thereby exceeding the upper bound of the 2-3% target range. It is expected to remain at this level until mid-2026, before falling back to 2.7% at the end of that year and 2.6% in 2027, which is reasonably close to the mid-point of the target range. By contrast, in the previous projection round in August, the RBA assumed that trimmed mean inflation will be stable at 2.7% throughout the projection horizon.

Forecasts of the unemployment rate were also revised upwards. It is now expected to peak at 4.4%, rather than 4.3% envisaged in August. The 2025 GDP forecasts were upgraded to 2.0%, from 1.7%, reflecting upward revisions to household consumption and dwelling investment, partly offset by lower assumptions for business investment and public demand. The November projection was prepared under an assumption of one more 25bps cash rate cut in 2026.

At the press conference, RBA Governor Michele Bullock said that, while inflation is currently expected to decline towards the mid-point of the target range over the medium term, the RBA will change its approach to monetary policy if the inflation outlook becomes less favourable. She saw a case for no more rate cuts in the current cycle, but generally continued to abstain from forward guidance. She also confirmed that a rate cut was not discussed at the meeting.

The markets reacted quite calmly to the slightly more hawkish tone coming from the RBA, mainly because they had already adjusted their expectations after the upside surprise in the Q3 inflation figures. The Australian dollar was steady around the rate decision announcement and press conference, but started to depreciate shortly thereafter, eventually sliding below US$0.65. Commonwealth bond yields overall were little changed yesterday, but declined slightly this morning. The ASX 200 closed 0.9% lower yesterday, before opening in the red today.

In global markets, US stocks retreated last night, while US Treasury yields fell and the US dollar depreciated, amid a general risk-off mood. The gold price declined, however, as did oil and many other industrial commodity prices. The US government shutdown is entering its 36th day, making it the longest on record, with no resolution in sight.

Speaking overnight, Chicago Fed President Austan Goolsbee stressed that, with limited data flow due to the US government shutdown, the Fed should be very cautious about inflation risks. Fed Governor Lisa Cook, in contrast, said that she reckons the risk of the labour market weakening further is larger than that of inflation picking up more, adding that every FOMC meeting is now 'live'. This contrasts with the recent comments by Fed Chair Jerome Powell, who played down expectations for a rate cut in December.

Economic Data Review

No market-moving data.

Economic Data Preview

- **CH:** RatingDog Services PMI (Oct) – Expected 52.5, Previous 52.9.
- **US:** ISM Services PMI (Oct) – Expected 50.7, Previous 50.0.
- **US:** ADP Employment (monthly change, Oct) – Expected 40k, Previous -32k.