# Market Daily Update

27 AUGUST 2025

| Interest Rates | | | FX | | | Commodities US$ | | |
|---|---|---|---|---|---|---|---|---|
| **Australia** | | ∆ bp | AUD/USD | 0.6495 | 0.1% | WTI Crude Oil | 63.37 | -$1.21 |
| 90-day Bill | 3.54 | -1 | AUD/JPY | 95.79 | 0.3% | Brent Crude Oil | 67.36 | -$1.22 |
| 3-year Bond | 3.41 | 2 | AUD/EUR | 0.5580 | 0.1% | Mogas95* | 79.18 | -$0.92 |
| 10-year Bond | 4.32 | 2 | AUD/GBP | 0.4819 | 0.1% | CRB Index | 298.46 | -3.25 |
| | | | AUD/NZD | 1.1088 | 0.1% | Gold | 3391.51 | $13.15 |
| | | | AUD/CNY | 4.6451 | 0.2% | Silver | 38.65 | $0.00 |
| **US** | | | EUR/USD | 1.1640 | -0.1% | Iron Ore (62% Fe)** | 103.00 | $0.00 |
| 2-year | 3.66 | -4 | USD/JPY | 147.48 | 0.1% | Iron Ore (25-26 Average) | 100.72 | $0.03 |
| 10-year | 4.27 | -1 | USD/CNY | 7.1528 | 0.0% | Copper*** | 9837.00 | $40.50 |
| | | | **RBA Policy** | | | **Equities** | | |
| | | | O/N Cash Rate Target | | 3.60 | ASX200 | 8949 | -8 |
| **Other 10-year** | | | Interbank O/N Cash Rate | | 3.59 | Dow Jones | 45418 | 136 |
| Japan | 1.63 | 1 | Probability of a 25bps Cut in Sep | | 28.0% | S&P500 | 6466 | 27 |
| Germany | 2.72 | -3 | RBA Bond Holdings (31 Jul) | | A$272.1b | Stoxx600 | 554 | -5 |
| UK | 4.74 | 5 | | | | CSI300 | 4453 | -17 |

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

US shares had a lacklustre start due to US President Donald Trump intending to dismiss Fed Governor Lisa Cook, but rebounded later in the trading session, as hopes for a September fed funds rate cut intensified further. Governor Cook said that she intended to carry on her duties and will challenge the President's decision in court. Meanwhile, the Trump administration is reportedly looking into options for influencing the appointment of regional Fed presidents.

The gains on Wall Street followed considerable losses in Europe and the Asia-Pacific region. The ASX 200 fell by 0.4% yesterday, with gains only in consumer staples, energy and information technology, before opening higher this morning. The improvement in market sentiment pushed the Australian dollar higher against all the major currencies. Commonwealth bond yields are a little higher than yesterday morning, in contrast to their US equivalent.

Data-wise, the US Conference Board consumer confidence index declined in August, albeit from an upwardly revised level for the previous month. The difference between consumers assessing that jobs are 'plentiful' and 'hard to get' narrowed even further, to be the lowest since February 2021, indicating softening labour market conditions.

US durable goods orders declined by another 2.8% in July, dragged down by volatile aircraft orders. Non-defence capital goods orders excluding aircraft picked up by 1.1%.

From more belated data, the Case-Shiller house price index for the 20 major US cities fell by 0.3% in June, which was the fourth decline in a row. US home prices are 1.1% off their record high from February, but remain up 2.1% YoY.

In tariff news, the US Department of Homeland Security notified India of its intention to increase tariff rates for goods imported from this country to 50% from today. The 'de minimis' tariff exemption for goods valued under US$800 will no longer apply from Friday, which prompted a lot of carriers, including Australia Post, to suspend most parcel deliveries to the US.

The RBA Monetary Policy Board minutes reiterated that that staff forecasts consistent with the RBA's inflation and employment objectives were conditional on reducing interest rates by more than 25bps. This means that the cut in August will be followed by further easing, with the pace determined by incoming data and decided meeting-by-meeting.

The RBA Monetary Policy Board also discussed the pace of reduction of its balance sheet, but determined that it should remain unchanged, with bond holdings running down as they mature. The Board also determined that this matter should not require further consideration. The last bond held by the RBA will mature in 2033.

## Economic Data Review

- **US:** Durable Goods Orders (MoM, Jul) – Actual -2.8%, Expected -4.0%, Previous -9.4%.
- **US:** Conference Board Consumer Confidence (Aug) – Actual 97.4, Expected 96.4, Previous 98.7 (revised).
- **US:** Case-Shiller House Price Index 20 Cities (MoM, Jun) – Actual -0.3%, Expected -0.2%, Previous -0.3%.

## Economic Data Preview

- **AU:** Monthly CPI Indicator (YoY, Jul) – Expected 2.3%, Previous 1.9%.
- **AU:** Westpac Leading Index (MoM, Jul) – Previous -0.03%.
- **AU:** Construction Work Done (QoQ, Q2) – Expected 1.0%, Previous 0.0%.