Market Daily Update

25 AUGUST 2025

Interest Rates			FX			Commodities US$		
Australia		Δ bp	AUD/USD	0.6483	0.9%	WTI Crude Oil	63.75	$0.22
90-day Bill	3.56	0	AUD/JPY	95.61	0.3%	Brent Crude Oil	67.78	$0.15
3-year Bond	3.38	-4	AUD/EUR	0.5541	0.2%	Mogas95*	80.42	$0.04
10-year Bond	4.28	-2	AUD/GBP	0.4802	0.3%	CRB Index	300.00	1.58
			AUD/NZD	1.1057	0.1%	Gold	3365.14	$26.81
			AUD/CNY	4.6510	0.8%	Silver	38.94	$0.83
US			EUR/USD	1.1700	0.7%	Iron Ore (62% Fe)**	102.65	$1.20
2-year	3.71	-7	USD/JPY	147.46	-0.6%	Iron Ore (25-26 Average)	100.60	$0.02
10-year	4.27	-6	USD/CNY	7.1675	-0.2%	Copper	9796.50	$72.00
			RBA Policy			**Equities**		
			O/N Cash Rate Target		3.60	ASX200	9046	46
Other 10-year			Interbank O/N Cash Rate		3.59	Dow Jones	45632	846
Japan	1.62	0	Probability of a 25bps Cut in Sep		30.0%	S&P500	6467	97
Germany	2.72	-4	RBA Bond Holdings (31 Jul)		A$272.1b	Stoxx600	561	2
UK	4.69	-4				CSI300	4378	90

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

US stocks surged on Friday night, while US Treasury yields dropped and the US dollar depreciated, in reaction to a dovish speech by Fed Chair Jerome Powell at the Jackson Hole symposium. The Dow Jones closed at a fresh record high, while the S&P 500 closed just a notch short.

The market probability of a fed funds rate cut in September rose back above 80% from just over 70% before the speech, while the expected terminal rate for this cycle is now slightly below 3%.

In his long-awaited speech in Jackson Hole on Friday night, Fed Chair Powell stressed that, in the near term, risks to inflation are tilted to the upside, while risks to employment are tilted to the downside, calling for balancing both sides of the Fed's dual mandate. However, he added that monetary policy is still in restrictive territory, which calls for adjusting interest rates downwards. Moreover, in his speech, he focused somewhat more on labour market risks, stemming from demand- and supply-side challenges related to migration and trade policies of the current US administration.

The improved global market sentiment supported the Australian dollar, which appreciated against all the major currencies, particularly the weaker greenback. Commonwealth bond yields followed their US equivalents lower this morning. The ASX 200 opened higher this morning, after losing 0.6% on Friday.

In commodity markets, oil prices continued to climb, as the prospect of any peace or ceasefire talks between Russia and Ukraine is drifting further away. While European leaders are still working on securing some form of security guarantees for Ukraine, Russian Foreign Minister Sergei Lavrov labelled such attempts as a 'road to nowhere' and 'rather clumsy' if Russia is not participating in the process. Iron ore futures picked up a little further, as data pointed to a decline in exports from Port Hedland in July.

Coming back to the Jackson Hole symposium, Chair Powell summarised the changes made to Fed's statement on Longer-run Goals and Monetary Policy Strategy. The most important change was the removal of residuals from the Great Moderation before COVID-19, when inflation was running low. These residuals included the focus on the effective lower bound and the willingness to temporarily overshoot the target after the period of prolonged low inflation, which was meant to keep inflation expectations in check. However, the updated statement on the Fed's strategy still emphasises the need to maintain longer-run inflation expectations well-anchored.

The key domestic events this week include the RBA Monetary Policy Board minutes tomorrow, July CPI indicator and Q2 construction work done on Wednesday, Q2 private sector capex on Thursday and July private sector credit on Friday. The main highlight offshore will be the US personal income and outlays report for July on Friday, which will include PCE price inflation targeted by the Fed. The other releases of note will be tomorrow and will include US Conference Board consumer confidence for August and US durable goods orders for July.

Economic Data Review

No market-moving data.

Economic Data Preview

No market-moving data.