Market Daily Update

16 OCTOBER 2025

Interest Rates			FX			Commodities US$		
Australia		Δ bp	AUD/USD	0.6509	0.3%	WTI Crude Oil	58.82	$0.23
90-day Bill	3.57	1	AUD/JPY	98.16	-0.3%	Brent Crude Oil	62.51	$0.24
3-year Bond	3.47	0	AUD/EUR	0.5588	0.0%	Mogas95*	75.85	$0.40
10-year Bond	4.21	-2	AUD/GBP	0.4855	-0.3%	CRB Index	293.61	-0.90
			AUD/NZD	1.1386	0.1%	Gold	4216.27	$59.73
			AUD/CNY	4.6376	0.1%	Silver	53.16	$1.24
US			EUR/USD	1.1649	0.3%	Iron Ore (62% Fe)**	104.70	-$0.60
2-year	3.49	2	USD/JPY	150.81	-0.6%	Iron Ore (25-26 Average)	102.66	$0.02
10-year	4.02	0	USD/CNY	7.1270	-0.1%	Copper	10641.00	$63.00
			RBA Policy			**Equities**		
			O/N Cash Rate Target		3.60	ASX200	9026	48
Other 10-year			Interbank O/N Cash Rate		3.60	Dow Jones	46253	-17
Japan	1.65	-1	Probability of a 25bps Cut in Nov		39.2%	S&P500	6671	27
Germany	2.57	-4	RBA Bond Holdings (30 Sep)		A$272.1b	Stoxx600	568	3
UK	4.54	-5				CSI300	4606	67

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

The S&P 500 and Nasdaq climbed into positive territory towards the end of a choppy session overnight, supported by good earnings results and encouraging comments by US Treasury Secretary Scott Bessent. US Treasury yields rose at the front end of the yield curve, but remained steady for longer maturities, while the US dollar depreciated. The gold price rose to yet another record high.

Secretary Bessent suggested an extension of the tariff truce, which is currently set to end on 9 November, saying that this is subject to negotiation ‘in the coming weeks’. This contrasts with a comment by US President Donald Trump earlier in the day that the US and China are already in a trade war. President Trump also confirmed that he is still planning to introduce an additional 100% tariff on Chinese imports.

The ASX 200 opened 0.2% higher this morning, after surging by 1.0% yesterday, with gains in all sectors except energy. The Australian dollar appreciated versus the weaker greenback, but it is down or steady versus the remainder of the major currencies. Commonwealth bond yields were little changed overnight.

The Fed released its Beige Book yesterday, with the bottom line being that US economic activity was little changed over the past two months, employment declined in most Fed districts, and prices picked up further as input cost pressure intensified. Companies cited weaker demand, elevated economic uncertainty and, occasionally, increased spending in artificial intelligence as the main reasons for muted demand for labour in the US.

Across the Pacific, the annual rate of Chinese CPI inflation remained negative at -0.3% in September, roughly as expected. The decline was driven by food prices (-4.4% YoY), while annual core inflation, which excludes food and energy, was unchanged at 1.0%. The pace of producer price deflation narrowed to 2.3%, which is the slowest rate of decline in prices since February.

In Australia, the Westpac leading index declined by another 0.03% in September. However, its six-month annualised growth rate, which signals the pace of economic activity growth in three to nine months, ticked up to 0.04%, pointing to above-trend growth ahead.

RBA Assistant Governor Sarah Hunter delivered a speech yesterday, which focused mostly on productivity challenges. In reference to the monetary policy outlook, she acknowledged that the recently downgraded RBA’s productivity growth assumptions might still be too high, which implies upside risks to inflation. She reiterated that the July and August CPI indicator figures imply upside risk to the RBA’s Q3 inflation estimate, and that Q2 domestic growth also surprised the RBA to the upside.

Economic Data Review

- **AU:** Westpac Leading Index (MoM, Sep) – Actual -0.03%, Previous -0.08% (revised).
- **CH:** CPI (YoY, Sep) – Actual -0.3%, Expected -0.2%, Previous -0.4%.
- **CH:** PPI (YoY, Sep) – Actual -2.3%, Expected -2.3%, Previous -2.9%.

Economic Data Preview

- **AU:** Employment (monthly change, Sep) – Expected 20.0k, Previous -5.4k.
- **AU:** Unemployment Rate (Sep) – Expected 4.3%, Previous 4.2%.
- **UK:** GDP (MoM, Aug) – Expected 0.1%, Previous 0.0%.