

Weekly economic report

10 March 2025

Financial markets charts

The week that was

- US tariffs remained in focus this week, with developments resulting in the S&P500 falling by 3.1% and US 10-year bond yields rising 9bps. Further tariffs taking effect and a run of weaker economic data have raised concerns that US economic growth is slowing while inflation risks are to the upside.
- Oil prices fell by almost 4% last week as OPEC+ signalled increased oil production. Lower oil prices, if sustained, would be important in reducing inflationary pressures.
- Bond yields across Europe rose sharply, particularly in Germany where 10-year yields rose 43bps. This was in response to the German government announcing a willingness to undertake large fiscal stimulus, primarily to fund defence spending. Other European countries are expected to follow, which would drive larger fiscal deficits and higher government borrowing in European economies.
- The European Central Bank cut rates by another 25bps. The outlook for interest rates has become more uncertain, as more fiscal stimulus is an upside to European growth while tariffs remain a significant downside risk.
- Growth in the Australian economy picked up in late 2024, in line with the Reserve Bank of Australia's expectations. While household spending looks to have improved slightly, government spending continues to drive economic growth.
- Australian markets were led by offshore developments last week, with 10-year yields rising 11bps and the ASX200 falling by 2.7%.

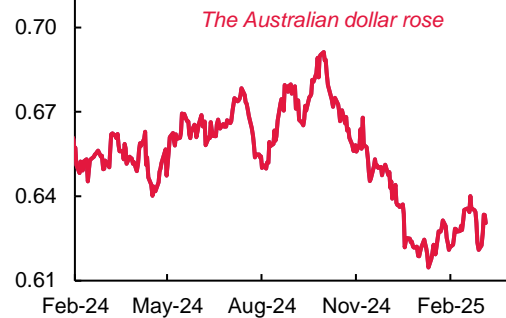
Economic calendar

Monday 10/3	
Tuesday 11/3	AU: NAB Business Survey, Feb; Consumer sentiment, Mar
Wednesday 12/03	US: CPI, Feb CA: Bank of Canada policy decision
Thursday 13/03	US: PPI, Feb
Friday 14/03	

The week ahead

- US tariffs will remain in focus, with 25% tariffs on steel and aluminium due to commence on 12 March. US inflation data is the key data release.
- Investors will also focus on any announcements about defence spending in Europe.
- The Bank of Canada is expected to cut rates again, to 2.75%. Escalating trade tensions with the US are adding a significant amount of downside growth risks for Canada's economy.

AUD/USD



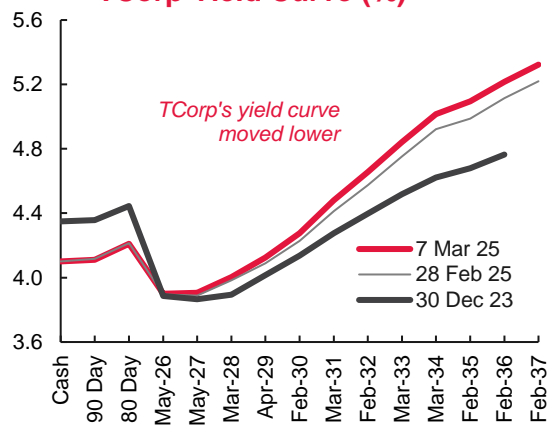
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 7 March 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	-25	▼
90-day BBSW	4.11	0	▼	-31	▼
3-year Australian Bond Yield	3.78	3	▲	-5	▼
10-year Australian Bond Yield	4.40	11	▲	4	▲
20-year Australian Bond Yield	4.90	10	▲	8	▲
10-year Australian Break-Even Inflation	2.25	2	▲	-8	▼
10-year Australian Real Yield	2.15	9	▲	12	▲
Fed Funds Rate (lower bound)	4.25	0	—	0	—
2-year US Treasury Yield	4.00	1	▲	-24	▼
10-year US Treasury Yield	4.30	9	▲	-27	▼
30-year US Treasury Yield	4.60	11	▲	-18	▼
10-year German Bund Yield	2.84	43	▲	47	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.90	0	▲	-11	▼
3.00% 20 May 2027	3.91	2	▲	-9	▼
3.00% 20 March 2028	4.00	2	▲	-6	▼
3.00% 20 April 2029	4.12	3	▲	-5	▼
3.00% 20 February 2030	4.28	5	▲	-3	▼
2.00% 20 March 2031	4.48	7	▲	-1	▼
1.50% 20 February 2032	4.66	8	▲	-2	▼
2.00% 8 March 2033	4.84	9	▲	1	▲
1.75% 20 March 2034	5.02	9	▲	1	▲
4.75% 20 February 2035	5.10	11	▲	3	▲
4.25% 20 February 2036	5.22	10	▲	3	▲
4.75% 20 February 2037	5.32	10	▲	5	▲
2.75% 20 November 2025 CIB	2.56	2	▲	-2	▼
2.50% 20 November 2035 CIB	2.77	13	▲	11	▲
10-year NSW TCorp Bond Yield	5.09	10	▲	4	▲
10-year TCV (Victoria) Spread	0.04	-1	▼	-4	▼
10-year QTC (Queensland) Spread	0.05	0	▲	3	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,948	-2.7%	▼	-2.6%	▼
S&P500 (US)	5,770	-3.1%	▼	-1.9%	▼
FTSE 100 (UK)	8,680	-1.5%	▼	6.2%	▲
DJ Stoxx600 (Europe)	553	-0.7%	▼	9.0%	▲
Nikkei 225 (Japan)	36,887	-0.7%	▼	-7.5%	▼
Shanghai Composite (China)	3,373	1.6%	▲	0.6%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.631	1.5%	▲	1.9%	▲
EUR/USD	1.083	4.4%	▲	4.6%	▲
USD/JPY	148.04	-1.7%	▼	-5.8%	▼
GBP/USD	1.29	2.7%	▲	3.2%	▲
US\$ Index	103.84	-3.5%	▼	-4.3%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	70.36	-3.9%	▼	-5.7%	▼
Iron Ore (US\$/t)	101.28	-5.3%	▼	-2.2%	▼
Coking Coal (US\$/t)	143.57	-3.7%	▼	2.9%	▲
Gold (US\$/oz)	2,909.10	1.8%	▲	10.8%	▲

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