

# Weekly economic report

5 May 2025

## Financial markets charts

### The week that was

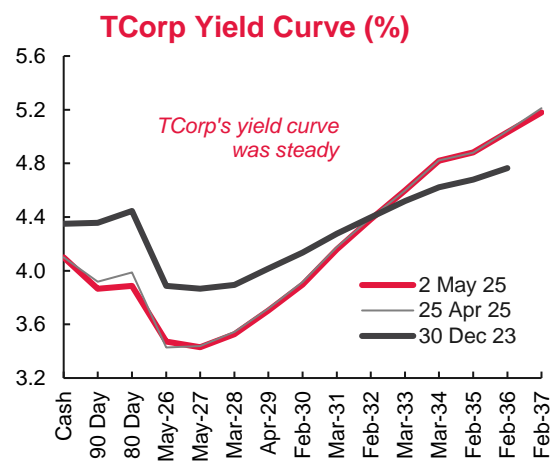
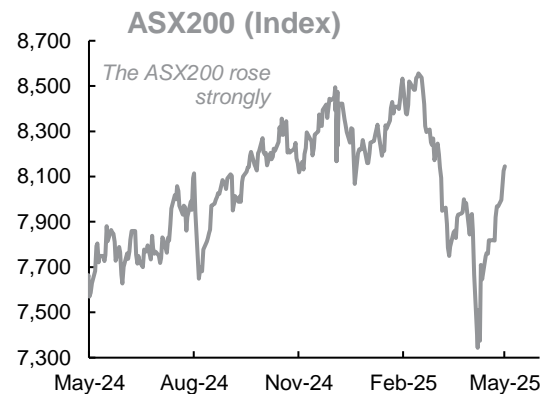
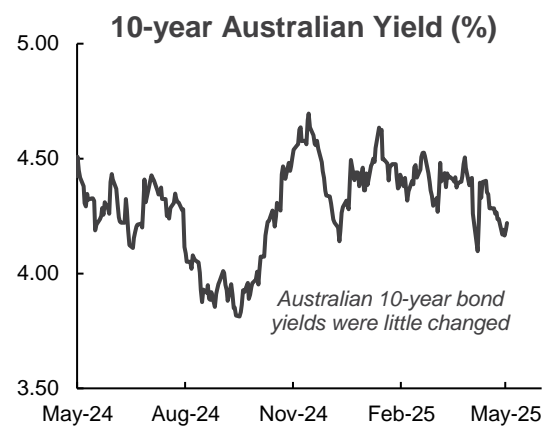
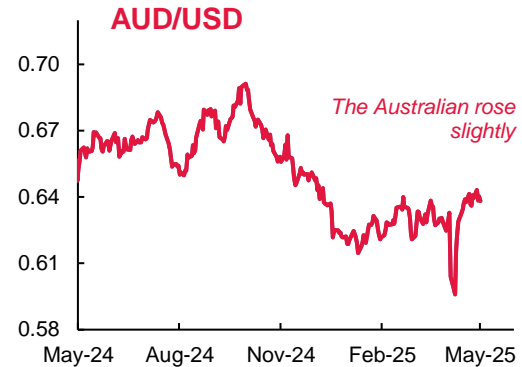
- In Australia, consumer price inflation for the March quarter was in line with the Reserve Bank of Australia's (RBA) forecasts and is consistent with inflation sustainably returning to 2.5%. Ongoing disinflation in housing and domestic services prices should give the RBA confidence to cut rates again this month, which is widely expected by investors. Australian bond yields were little changed last week.
- Data also showed that Australian consumer spending remained subdued in the March quarter – again weaker than the RBA had expected. With a higher cost of living and elevated global uncertainty, consumers remain cautious and are choosing to save a greater share of their income.
- In the US, economic data remains volatile as consumers and businesses increased spending to get ahead of tariffs. In particular, the surge in imports saw US GDP fall slightly in the March quarter. The labour market has remained resilient so far, with stronger employment data driving US bond yields higher last week.
- However, more timely US survey data points to weakening business and consumer sentiment, with some large firms reporting weaker trading conditions and future earnings expectations because of tariffs.
- Positive earnings reports from large technology firms supported US equities last week, with the S&P500 rising by 2.9%. Equities were also supported by headlines that boosted hopes of a de-escalation in the trade war between US and China. The ASX200 rose 3.4%, with strong gains in banks' share prices.
- Oil prices fell sharply, to be at their lowest level in 4 years, as Saudi Arabia is considering increasing supply to 'punish' over-production by some OPEC members. The combination of higher supply and weakening global demand suggests that oil prices could remain low and continue to reduce global inflationary pressures.

### Economic calendar

<b>Monday</b> <b>05/05</b>	US: ISM Services index, Apr
<b>Tuesday</b> <b>06/05</b>	US: Trade balance, Mar AU: Building approvals, Mar
<b>Wednesday</b> <b>07/05</b>	US: Federal Reserve policy decision
<b>Thursday</b> <b>08/05</b>	UK: Bank of England policy decision
<b>Friday</b> <b>09/05</b>	

### The week ahead

- The Bank of England is expected to cut rates again, while the US Federal Reserve holds steady.
- Locally, attention will be paid to bank earnings reports and building approvals data for March.



## Financial markets data: Week ending 2 May 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	-25	▼
90-day BBSW	3.86	-5	▼	-55	▼
3-year Australian Bond Yield	3.33	0	▲	-49	▼
10-year Australian Bond Yield	4.22	-2	▼	-14	▼
20-year Australian Bond Yield	4.78	-3	▼	-4	▼
10-year Australian Break-Even Inflation	2.02	-3	▼	-31	▼
10-year Australian Real Yield	2.20	2	▲	17	▲
Fed Funds Rate (lower bound)	4.25	0	—	0	—
2-year US Treasury Yield	3.82	8	▲	-42	▼
10-year US Treasury Yield	4.31	7	▲	-26	▼
30-year US Treasury Yield	4.79	9	▲	1	▲
10-year German Bund Yield	2.53	6	▲	17	▲
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
4.00% 20 May 2026	3.47	4	▲	-54	▼
3.00% 20 May 2027	3.43	-1	▼	-57	▼
3.00% 20 March 2028	3.53	-2	▼	-54	▼
3.00% 20 April 2029	3.70	-1	▼	-47	▼
3.00% 20 February 2030	3.90	-2	▼	-41	▼
2.00% 20 March 2031	4.16	-2	▼	-33	▼
1.50% 20 February 2032	4.38	-1	▼	-29	▼
2.00% 8 March 2033	4.60	0	▲	-23	▼
1.75% 20 March 2034	4.82	0	▼	-18	▼
4.75% 20 February 2035	4.88	0	▲	-19	▼
4.25% 20 February 2036	5.03	-1	▼	-16	▼
4.75% 20 February 2037	5.18	-3	▼	-10	▼
2.75% 20 November 2025 CIB	2.05	-29	▼	-53	▼
2.50% 20 November 2035 CIB	2.78	8	▲	12	▲
10-year NSW TCorp Bond Yield	4.91	0	▲	-15	▼
10-year TCV (Victoria) Spread	0.08	0	▼	1	▲
10-year QTC (Queensland) Spread	0.06	2	▲	4	▲
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	8,238	3.4%	▲	1.0%	▲
S&P500 (US)	5,687	2.9%	▲	-3.3%	▼
FTSE 100 (UK)	8,596	2.2%	▲	5.2%	▲
DJ Stoxx600 (Europe)	536	3.1%	▲	5.7%	▲
Nikkei 225 (Japan)	36,831	3.2%	▲	-7.7%	▼
Shanghai Composite (China)	3,279	-0.5%	▼	-2.2%	▼
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.643	0.6%	▲	4.0%	▲
EUR/USD	1.130	-0.6%	▼	9.1%	▲
USD/JPY	144.96	0.9%	▲	-7.8%	▼
GBP/USD	1.33	-0.3%	▼	6.0%	▲
US\$ Index	100.03	0.6%	▲	-7.8%	▼
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	61.29	-8.3%	▼	-17.9%	▼
Iron Ore (US\$/t)	96.85	-3.0%	▼	-6.5%	▼
Coking Coal (US\$/t)	125.42	2.0%	▲	-10.1%	▼
Gold (US\$/oz)	3,240.49	-2.4%	▼	23.5%	▲

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