

Weekly economic report

12 May 2025

Financial markets charts

The week that was

- Moves in financial markets were smaller than in previous weeks, with conditions becoming less volatile. Nonetheless, tariff developments remain in focus. US 10-year bond yields rose 7bps last week and the S&P500 fell by 0.5%.
- The US Federal Reserve (Fed) left interest rates unchanged. Although the Fed expects tariffs and heightened economic uncertainty to lead to higher unemployment and inflation, policymakers are waiting to see the impact on economic data before adjusting interest rates. Investors expect the Fed to cut rates in July, with 2 or 3 rate cuts in total in 2025.
- The Bank of England (BoE) lowered interest rates by another 25bps. Mixed views of BoE policymakers illustrate the high degree of economic uncertainty, with 2 members wanting to hold rates steady and another 2 preferring a larger 50bps rate cut.
- Investors last week were disappointed by the trade agreement reached between the US and UK. A 10% tariff on all UK goods was applied, but the 25% tariffs on US imports of steel, aluminium and autos from the UK was removed. Encouragingly, officials from China and the US met over the weekend and have agreed to further trade talks.
- The ASX200 was little changed last week, despite investor disappointment with some bank earnings reports. Most European equity markets had a better week, with Germany's market outperforming other advanced economies since the start of this year.
- The Australian dollar depreciated slightly against the US dollar, to around US\$0.64. Oil prices rose 4.3%, retracing around half of the fall the previous week.

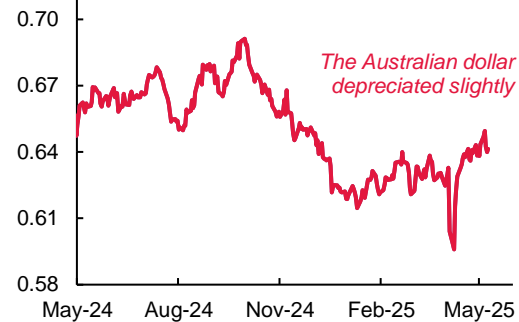
Economic calendar

Monday 12/05	
Tuesday 13/05	US: CPI, Apr AU: Consumer sentiment, May; NAB Business Survey, Apr
Wednesday 14/05	AU: Wage Price Index, Q1
Thursday 15/05	AU: Labour force, Apr US: Retail sales, Apr; PPI, Apr UK: GDP, Q1
Friday 16/05	US: Consumer sentiment, May JP: GDP, Q1

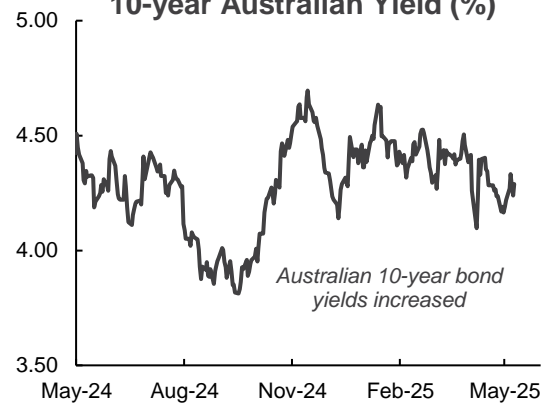
The week ahead

- Investors will look to US inflation data to see if the impact of tariffs on goods prices starts to show up.
- The focus locally will be on employment and wages growth data, as well as surveys of consumer and business sentiment. The latter will provide the first read of business sentiment since the 'Liberation Day' tariff announcements on 2 April.

AUD/USD



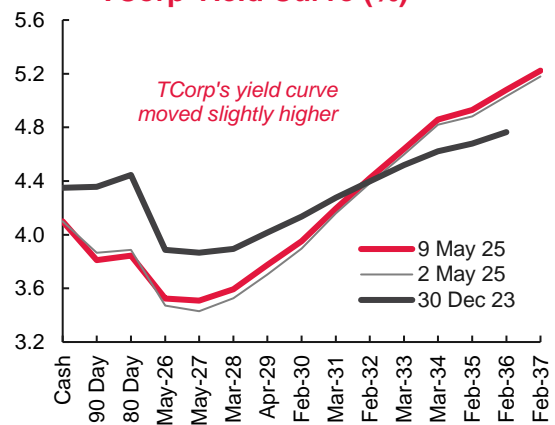
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 9 May 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	-25	▼
90-day BBSW	3.81	-6	▼	-61	▼
3-year Australian Bond Yield	3.41	8	▲	-41	▼
10-year Australian Bond Yield	4.29	7	▲	-7	▼
20-year Australian Bond Yield	4.82	4	▲	1	▲
10-year Australian Break-Even Inflation	2.09	7	▲	-24	▼
10-year Australian Real Yield	2.20	0	▲	17	▲
Fed Funds Rate (lower bound)	4.25	0	—	0	—
2-year US Treasury Yield	3.89	7	▲	-35	▼
10-year US Treasury Yield	4.38	7	▲	-19	▼
30-year US Treasury Yield	4.83	5	▲	5	▲
10-year German Bund Yield	2.56	3	▲	20	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.52	5	▲	-48	▼
3.00% 20 May 2027	3.51	8	▲	-49	▼
3.00% 20 March 2028	3.59	7	▲	-47	▼
3.00% 20 April 2029	3.77	7	▲	-40	▼
3.00% 20 February 2030	3.95	5	▲	-36	▼
2.00% 20 March 2031	4.20	4	▲	-30	▼
1.50% 20 February 2032	4.42	4	▲	-25	▼
2.00% 8 March 2033	4.64	4	▲	-19	▼
1.75% 20 March 2034	4.86	4	▲	-14	▼
4.75% 20 February 2035	4.93	5	▲	-14	▼
4.25% 20 February 2036	5.08	5	▲	-11	▼
4.75% 20 February 2037	5.22	4	▲	-5	▼
2.75% 20 November 2025 CIB	1.95	-10	▼	-63	▼
2.50% 20 November 2035 CIB	2.75	-3	▼	9	▲
10-year NSW TCorp Bond Yield	4.95	4	▲	-10	▼
10-year TCV (Victoria) Spread	0.09	0	▲	1	▲
10-year QTC (Queensland) Spread	0.06	0	▲	4	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,231	-0.1%	▼	0.9%	▲
S&P500 (US)	5,660	-0.5%	▼	-3.8%	▼
FTSE 100 (UK)	8,555	-0.5%	▼	4.7%	▲
DJ Stoxx600 (Europe)	538	0.3%	▲	6.0%	▲
Nikkei 225 (Japan)	37,503	1.8%	▲	-6.0%	▼
Shanghai Composite (China)	3,342	1.9%	▲	-0.3%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.641	-0.3%	▼	3.2%	▲
EUR/USD	1.125	-0.4%	▼	8.0%	▲
USD/JPY	145.37	0.3%	▲	-7.3%	▼
GBP/USD	1.33	0.3%	▲	6.0%	▲
US\$ Index	100.34	0.3%	▲	-7.5%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	63.91	4.3%	▲	-14.4%	▼
Iron Ore (US\$/t)	98.25	1.4%	▲	-5.2%	▼
Coking Coal (US\$/t)	119.65	-4.6%	▼	-14.2%	▼
Gold (US\$/oz)	3,324.98	2.6%	▲	26.7%	▲

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