

Weekly economic report

8 September 2025

Financial markets charts

The week that was

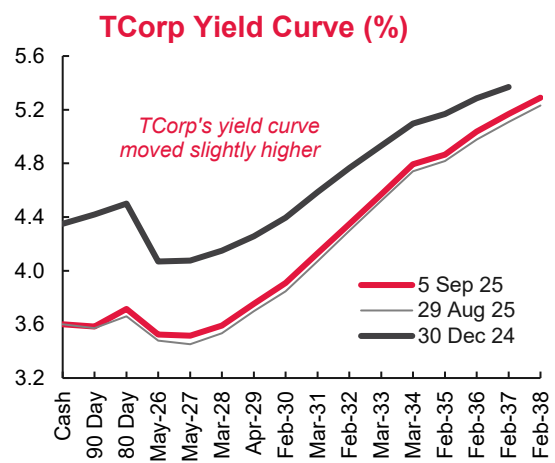
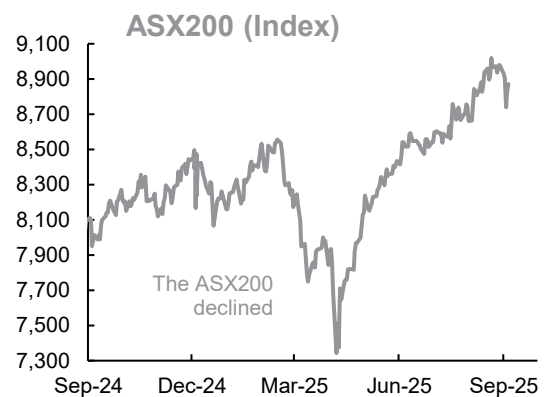
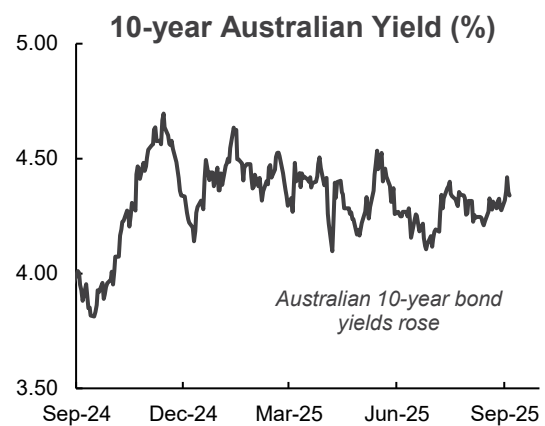
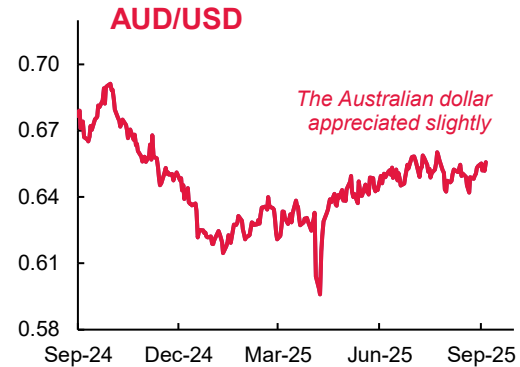
- US 10-year bond yields fell 15bps last week following a series of weaker labour market reports. Employment growth disappointed again in August and unemployment rose to 4.3%, heightening concerns that the US labour market is softening.
- The weaker data cemented investors' expectations for a rate cut by the US Federal Reserve (Fed) at its meeting next week. However, the Fed faces a difficult trade-off as ISM surveys suggest that firms are raising prices in response to higher tariffs and signalling further price rises in coming months.
- US equity markets fell in response to the weaker employment data on Friday, reflecting investors' concerns that the Fed has been too slow to cut interest rates and prevent a weakening of the US economy. Despite this, the US S&P500 ended the week slightly higher, though this was driven by strong gains in a few stocks in response to company-specific news (e.g. Alphabet and Broadcom).
- The Australian economy grew by 0.6% in the June quarter, slightly above the consensus estimate of 0.5%. The upside surprise was driven by stronger consumer spending, which has been a very weak over the past few years. It is unclear, however, if the stronger spending will be sustained as some of the strength in Q2 reflected idiosyncratic factors. For example, spending on electricity rose as energy rebates expired in WA and QLD, and spending on household goods rose as people replaced items damaged by the floods in QLD and NSW. Encouragingly though, more recent data for July also showed a notable increase in household spending.
- The stronger GDP data saw Australian 10-year bond yields rise 6bps and the ASX200 fall by 1.1%. Investors expect the Reserve Bank of Australia to cut interest rates again in November but are less sure if – and when – another cut might occur in 2026.

Economic calendar

Monday 08/09	
Tuesday 09/09	AU: Consumer sentiment, Sep; NAB business survey, Aug
Wednesday 10/09	US: PPI, Aug CH: Inflation, Aug
Thursday 11/09	US: CPI, Aug EC: European Central Bank meeting
Friday 12/09	US: Consumer sentiment, Sep

The week ahead

- US inflation data will be the focus, as the last major data release before the Fed's meeting next week.
- Locally, updated reads of consumer and business sentiment will be released.



Financial markets data: Week ending 5 September 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	3.60	0	—	-75	▼
90-day BBSW	3.58	1	▲	-83	▼
3-year Australian Bond Yield	3.47	7	▲	-35	▼
10-year Australian Bond Yield	4.34	6	▲	-2	▼
20-year Australian Bond Yield	4.96	7	▲	15	▲
10-year Australian Break-Even Inflation	2.25	0	▲	-8	▼
10-year Australian Real Yield	2.09	6	▲	6	▲
Fed Funds Rate (lower bound)	4.25	0	—	0	—
2-year US Treasury Yield	3.51	-11	▼	-73	▼
10-year US Treasury Yield	4.07	-15	▼	-49	▼
30-year US Treasury Yield	4.76	-17	▼	-2	▼
10-year German Bund Yield	2.66	-6	▼	30	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.52	4	▲	-48	▼
3.00% 20 May 2027	3.52	6	▲	-48	▼
3.00% 20 March 2028	3.59	6	▲	-48	▼
3.00% 20 April 2029	3.75	6	▲	-42	▼
3.00% 20 February 2030	3.91	6	▲	-40	▼
2.00% 20 March 2031	4.13	6	▲	-37	▼
1.50% 20 February 2032	4.35	5	▲	-32	▼
2.00% 8 March 2033	4.57	5	▲	-26	▼
1.75% 20 March 2034	4.79	5	▲	-21	▼
4.75% 20 February 2035	4.86	5	▲	-20	▼
4.25% 20 February 2036	5.04	6	▲	-15	▼
4.75% 20 February 2037	5.17	6	▲	-11	▼
5.25% 24 February 2038	5.29	6	▲	--	--
2.75% 20 November 2025 CIB	0.65	6	▲	-334	▼
2.50% 20 November 2035 CIB	2.57	4	▲	-16	▼
10-year NSW TCorp Bond Yield	4.94	6	▲	-11	▼
10-year TCV (Victoria) Spread	0.07	-1	▼	-1	▼
10-year QTC (Queensland) Spread	0.06	-1	▼	4	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,871	-1.1%	▼	8.7%	▲
S&P500 (US)	6,482	0.3%	▲	10.2%	▲
FTSE 100 (UK)	9,208	0.2%	▲	12.7%	▲
DJ Stoxx600 (Europe)	549	-0.2%	▼	8.2%	▲
Nikkei 225 (Japan)	43,019	0.7%	▲	7.8%	▲
Shanghai Composite (China)	3,813	-1.2%	▼	13.7%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.656	0.3%	▲	6.0%	▲
EUR/USD	1.172	0.3%	▲	13.2%	▲
USD/JPY	147.43	0.3%	▲	-6.2%	▼
GBP/USD	1.35	0.0%	▲	7.9%	▲
US\$ Index	97.77	0.0%	▼	-9.9%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	65.50	-3.8%	▼	-12.2%	▼
Iron Ore (US\$/t)	104.75	2.9%	▲	1.1%	▲
Coking Coal (US\$/t)	134.10	-3.4%	▼	-3.8%	▼
Gold (US\$/oz)	3,586.69	4.0%	▲	36.7%	▲

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