



# Weekly economic report

8 December 2025

## Financial markets charts

### The week that was

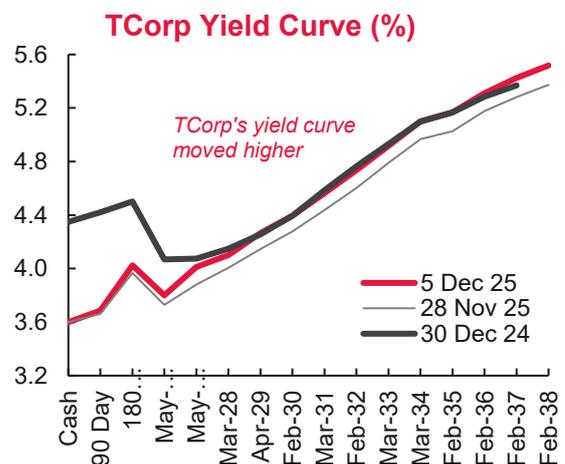
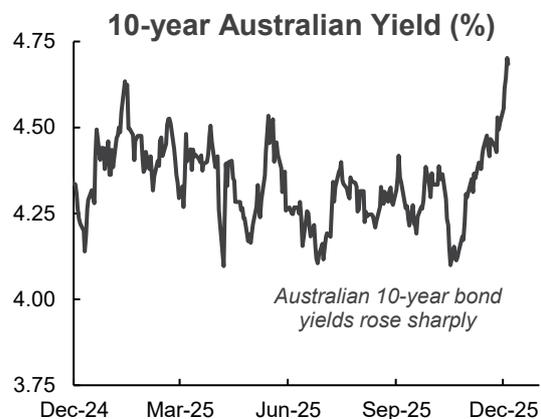
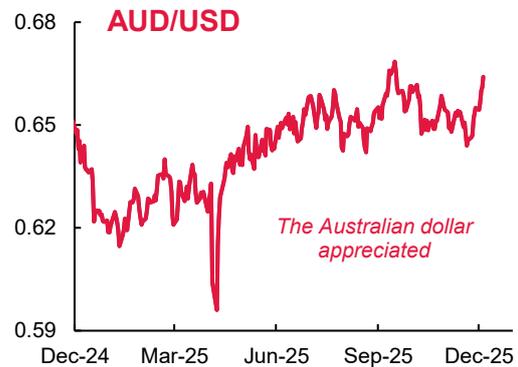
- Australian Q3 GDP data showed private sector activity accelerated, with household spending and business investment rising. This made analysts more confident that firmer private sector spending will offset slower public sector activity, which drove growth and employment over the past 2 years.
- Although stronger private spending is welcome, it has heightened concerns that the economy is operating close to its full capacity and that inflation may reaccelerate. This triggered a sharp rise in bonds yields, with 10-year yields rising by 17bps.
- The inflation and GDP data over the past 2 weeks resulted in a notable reassessment of the interest rate outlook. Two weeks ago, investors thought there was a 50/50 chance of the Reserve Bank of Australia (RBA) cutting rates once more in mid-2026. Now, markets expect the RBA to raise rates once in the second half of 2026 (to 3.85%).
- In contrast, the US Federal Reserve (US Fed) is still expected to cut interest rates 4 more times over the next 12-18 months, to 3%. The divergence in interest rate outlooks has seen Australian 10-year bond yields rise to be 55bps above US 10-year bond yields – the widest gap in 2 years.
- The expectation of higher Australian interest rates has weighed on the ASX200, exacerbating its underperformance in 2025 to date. It also saw the Australian dollar exceed US\$0.66 last week.
- Global bond yields also rose last week, but by less than Australian yields, and most equity markets recorded modest gains

### Economic calendar

<b>Monday 08/12</b>	US: Core PCE deflator, Oct; PPI, Oct AU: NAB business survey, Nov
<b>Tuesday 09/12</b>	AU: RBA policy decision US: JOLTS job openings, Oct
<b>Wednesday 10/12</b>	US: US Fed policy decision; Employment cost index, Q3 CA: Bank of Canada policy decision
<b>Thursday 11/12</b>	AU: Labour force, Nov
<b>Friday 12/12</b>	

### The week ahead

- The RBA and Bank of Canada are expected to keep rates on hold, while the US Fed is expected to cut rates by 25bps. Investors will focus on commentary around the interest rate outlooks and balance of risks. Australian labour market data will also be released.



## Financial markets data: Week ending 5 December 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	3.60	0	–	-75	▼
90-day BBSW	3.68	2	▲	-73	▼
3-year Australian Bond Yield	4.01	14	▲	19	▲
10-year Australian Bond Yield	4.68	17	▲	32	▲
20-year Australian Bond Yield	5.17	15	▲	35	▲
10-year Australian Break-Even Inflation	2.39	2	▲	6	▲
10-year Australian Real Yield	2.30	15	▲	27	▲
Fed Funds Rate (lower bound)	3.75	0	–	-50	▼
2-year US Treasury Yield	3.56	7	▲	-68	▼
10-year US Treasury Yield	4.14	12	▲	-43	▼
30-year US Treasury Yield	4.79	13	▲	1	▲
10-year German Bund Yield	2.80	11	▲	43	▲
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
4.00% 20 May 2026	3.80	7	▲	-21	▼
3.00% 20 May 2027	4.01	13	▲	2	▲
3.00% 20 March 2028	4.13	12	▲	6	▲
3.00% 20 April 2029	4.27	12	▲	9	▲
3.00% 20 February 2030	4.39	12	▲	9	▲
2.00% 20 March 2031	4.56	13	▲	7	▲
1.50% 20 February 2032	4.74	13	▲	6	▲
2.00% 8 March 2033	4.92	13	▲	9	▲
1.75% 20 March 2034	5.10	13	▲	10	▲
4.75% 20 February 2035	5.17	14	▲	10	▲
4.25% 20 February 2036	5.31	13	▲	12	▲
4.75% 20 February 2037	5.42	14	▲	15	▲
5.25% 24 February 2038	5.52	14	▲	--	--
2.50% 20 November 2035 CIB	2.80	19	▲	1	▲
10-year NSW TCorp Bond Yield	5.26	13	▲	20	▲
10-year TCV (Victoria) Spread	0.05	1	▲	-3	▼
10-year QTC (Queensland) Spread	0.06	1	▲	4	▲
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	8,635	0.2%	▲	5.8%	▲
S&P500 (US)	6,870	0.3%	▲	16.8%	▲
FTSE 100 (UK)	9,667	-0.6%	▼	18.3%	▲
DJ Stoxx600 (Europe)	579	0.4%	▲	14.0%	▲
Nikkei 225 (Japan)	50,492	0.5%	▲	26.6%	▲
Shanghai Composite (China)	3,903	0.4%	▲	16.4%	▲
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.664	1.4%	▲	7.3%	▲
EUR/USD	1.164	0.4%	▲	12.4%	▲
USD/JPY	155.33	-0.5%	▼	-1.2%	▼
GBP/USD	1.33	0.7%	▲	6.5%	▲
US\$ Index	98.99	-0.5%	▼	-8.8%	▼
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	63.75	0.9%	▲	-14.6%	▼
Iron Ore (US\$/t)	107.12	2.2%	▲	3.4%	▲
Coking Coal (US\$/t)	134.21	-0.4%	▼	-3.8%	▼
Gold (US\$/oz)	4,197.78	-1.0%	▼	59.9%	▲

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