Weekly economic report

1 December 2025

The week that was

- Stronger Australian inflation data for October drove local market moves last week, triggering a rise in bond yields and the Australian dollar, and limiting equity market gains.
- The upside inflation surprise saw Australian 3-year and 10-year bond yields rise 12bps and 5bps, respectively, and has heightened concerns that the economy is operating close to full capacity. Investors now see no chance of further rate cuts by the Reserve Bank of Australia (RBA) and think the next move in interest rates will be a rise (likely in late 2026). There is a dispersion of views among economists about the interest rate outlook, with views largely hinging on whether the recent pick-up in inflation is viewed to have been driven by temporary or persistent factors.
- The Australian dollar appreciated by 1.5% against the US dollar, alongside the rise in Australian bond yields. The move was also supported by US bond yields edging lower and the US dollar depreciating against a broad range of currencies.
- The ASX200 rose by 2.3% but underperformed most other advanced economies. The US S&P500 outperformed, gaining 3.7%, boosted by a strong rise in Alphabet's share price after Google's release of its Gemini 3 AI model was well received.
- The Reserve Bank of New Zealand cut rates by 25bps, to 2.25%, and signalled that the easing cycle has likely finished.

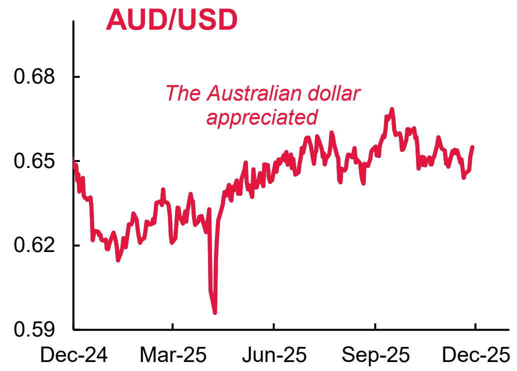
Economic calendar

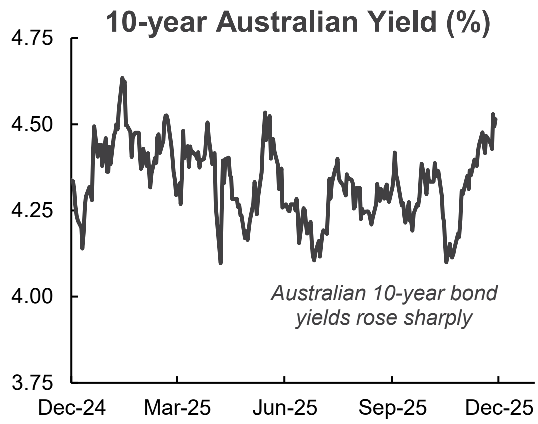
Monday 01/12	US: ISM Manufacturing, Nov; PPI, Oct
Tuesday 02/12	AU: Balance of Payments, Q3; Public demand, Q3; Building approvals, Oct EC: CPI, Sep
Wednesday 03/12	AU: GDP, Q3 US: ISM Services, Nov
Thursday 04/12	AU: Household spending, Oct
Friday 05/12	US: Core PCE deflator, Sep

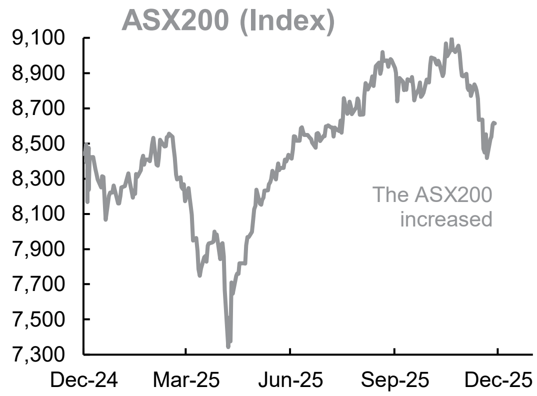
The week ahead

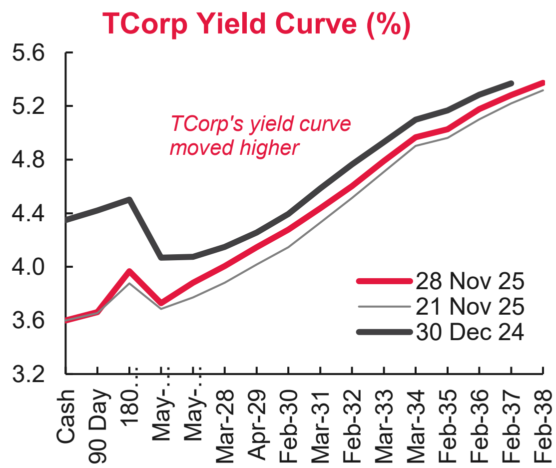
- Australian Q3 GDP will be released. Partial indicators have been on the stronger side, with forecasters expecting 0.7% growth in the quarter.
- Offshore, US ISM surveys will provide timely reads on economic activity. Inflation in the US and Europe will also be released.

Financial markets charts









Financial markets data: Week ending 28 November 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	3.60	0	–	-75	▼
90-day BBSW	3.66	1	▲	-75	▼
3-year Australian Bond Yield	3.87	12	▲	5	▲
10-year Australian Bond Yield	4.51	5	▲	15	▲
20-year Australian Bond Yield	5.02	2	▲	21	▲
10-year Australian Break-Even Inflation	2.37	7	▲	4	▲
10-year Australian Real Yield	2.14	-2	▼	11	▲
Fed Funds Rate (lower bound)	3.75	0	–	-50	▼
2-year US Treasury Yield	3.49	-2	▼	-75	▼
10-year US Treasury Yield	4.01	-5	▼	-56	▼
30-year US Treasury Yield	4.66	-5	▼	-12	▼
10-year German Bund Yield	2.69	-1	▼	32	▲

NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.73	4	▲	-28	▼
3.00% 20 May 2027	3.88	11	▲	-11	▼
3.00% 20 March 2028	4.00	12	▲	-6	▼
3.00% 20 April 2029	4.15	13	▲	-3	▼
3.00% 20 February 2030	4.28	13	▲	-3	▼
2.00% 20 March 2031	4.44	11	▲	-6	▼
1.50% 20 February 2032	4.60	9	▲	-7	▼
2.00% 8 March 2033	4.79	8	▲	-4	▼
1.75% 20 March 2034	4.97	7	▲	-3	▼
4.75% 20 February 2035	5.03	6	▲	-4	▼
4.25% 20 February 2036	5.18	8	▲	-1	▼
4.75% 20 February 2037	5.28	6	▲	1	▲
5.25% 24 February 2038	5.37	6	▲	--	--
2.50% 20 November 2035 CIB	2.61	1	▲	-18	▼
10-year NSW TCorp Bond Yield	5.12	8	▲	7	▲
10-year TCV (Victoria) Spread	0.04	-2	▼	-4	▼
10-year QTC (Queensland) Spread	0.05	0	▲	3	▲

Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,614	2.3%	▲	5.6%	▲
S&P500 (US)	6,849	3.7%	▲	16.4%	▲
FTSE 100 (UK)	9,721	1.9%	▲	18.9%	▲
DJ Stoxx600 (Europe)	576	2.5%	▲	13.6%	▲
Nikkei 225 (Japan)	50,254	3.3%	▲	26.0%	▲
Shanghai Composite (China)	3,889	1.4%	▲	16.0%	▲

Currencies	Close	1 Week		YTD	
AUD/USD	0.655	1.5%	▲	5.9%	▲
EUR/USD	1.160	0.7%	▲	12.0%	▲
USD/JPY	156.18	-0.1%	▼	-0.6%	▼
GBP/USD	1.32	1.0%	▲	5.7%	▲
US$ Index	99.46	-0.7%	▼	-8.3%	▼

Commodities	Close	1 Week		YTD	
Brent Oil (US$/bbl)	63.20	1.0%	▲	-15.3%	▼
Iron Ore (US$/t)	104.84	0.5%	▲	1.2%	▲
Coking Coal (US$/t)	134.69	-5.5%	▼	-3.4%	▼
Gold (US$/oz)	4,239.43	4.3%	▲	61.5%	▲

Brian Redican
Chief Economist
brian.redican@tcorp.nsw.gov.au

Emily Perry
Senior Economist
emily.perry@tcorp.nsw.gov.au

Level 7, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000, Australia

T +61 2 9325 9325
W www.tcorp.nsw.gov.au

ABN 99 235 825

Disclaimer

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. TCorp is NSW's sovereign investment manager, responsible for A$119 billion of assets under management and acts as the central borrowing authority of the state, with a balance sheet of A$196 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Negative) by S&P.