

28 March 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

A risk-off mood continues to dominate markets following yesterday's announcement of automobile tariffs from President Trump, with firmer estimates of recent US economic growth doing little to shake this sentiment.

Equities continued to sell-off across the US, Europe and Australia, though Chinese stocks continue to benefit from roaring sentiment around tech.

G10 currencies generally appreciated against the US dollar, the Euro and Sterling being the main winners.

Oil prices firmed as concerns over tight supply linger. Tariffs were more front-of-mind in metals, where weaker demand saw copper and aluminium prices fall notably.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.0	0.0%
AUD/USD	0.6305	0.1%
AUD/JPY	95.21	0.4%
AUD/GBP	0.4870	-0.4%
AUD/NZD	1.0980	-0.1%
AUD/EUR	0.5838	-0.4%
AUD/CNH	4.5812	-0.1%
AUD/SGD	0.8451	0.0%
AUD/HKD	4.9023	0.1%
AUD/CAD	0.9019	0.3%
EUR/USD	1.0799	0.4%
USD/JPY	151.05	0.3%
USD Index	104.27	-0.3%

Equities	Close	Change
S&P/ASX 200	7,969	-0.4%
S&P 500	5,693	-0.3%
Japan Nikkei	37,800	-0.6%
Hang Seng	23,579	0.4%
Euro Stoxx 50	5,381	-0.6%
UK FTSE100	8,666	-0.3%
VIX Index	18.69	2.0%

Commodities	Current	Change
CRB Index	307.05	0.0%
Gold	3059.55	1.3%
Copper	9846.00	-0.8%
Oil (WTI futures)	69.93	0.4%
Coal (coking)	176.50	0.9%
Coal (thermal)	102.00	1.6%
Iron Ore	102.90	1.1%
ACCU	35.38	-4.4%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.14	-0.01
90 day BBSY	4.16	0.00
180 day BBSY	4.32	0.00
1 year swap	3.81	0.01
2 year swap	3.70	0.00
3 year swap	3.70	-0.01
4 year swap	3.75	-0.01
5 year swap	3.83	0.00
6 year swap	3.92	0.00
7 year swap	4.01	0.00
8 year swap	4.10	0.00
9 year swap	4.17	0.01
10 year swap	4.38	0.01

Government Bond Yields	Close	Change
Australia		
3 year bond	3.80	0.01
10 year bond	4.50	0.03
United States		
3-month T Bill	4.19	0.00
2 year bond	3.99	-0.03
10 year bond	4.36	0.01
Other (10 year yields)		
Germany	2.77	-0.02
Japan	1.59	0.00
UK	4.78	0.06

Sydney Futures Exchange	Current	Change
10 yr bond	4.54	-0.01
3 yr bond	3.79	-0.01
3 mth bill rate	4.08	0.00
SPI 200	8,006	-0.1%

Data as at 8:00am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.



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Financial Markets:

Markets continue to continue to digest President Trump's recently announced 25% tariff on imported automobiles, slated to come into effect alongside other tariffs next week. An upward revision to recent growth estimates did little to shake the prevailing risk-off mood.

- Equities were generally in the red across the board, driven by significant sell-off across major automaker stocks, while megacaps were somewhat mixed. The S&P 500 fell -0.3%, the Dow Jones declined -0.4% and the NASDAQ slid -0.5% lower. European markets were hit equally hard, with declines across the Euro Stoxx 50 (-0.6%), Germany's DAX (-0.7%) and London's FTSE 100 (-0.3%). Chinese equities were broadly unscathed, with gains in the Hang Seng (0.4%) and CSI 300 (0.3%) supported by burgeoning sentiment around tech. Australian stocks were also caught in tariff crosswind, the ASX 200 finishing -0.4% lower yesterday to ultimately return to pre-budget levels seen earlier in the week. Futures are pointing to another soft open this morning.
- Treasuries were mixed across the curve, with the two-year falling 3 basis points (3.99%) and the ten-year rising 1 basis point (4.36%). European yields were more dynamic, with the ten-year Bund falling 2 basis points (2.77%) while the ten-year Gilt rose 6 basis points (4.78%). The Australian yield curve steepened slightly, with the three-year rising 1 basis points (3.80%) while the ten-year rose 3 basis points (4.50%). The market's view on monetary policy was broadly unchanged, with swaps markets pricing in only a 7% chance of a rate cut next week, and around 63 basis points of total easing through to year-end.
- With tariffs dominating market sentiment, most G10 currencies managed to appreciate against the USD. The DXY briefly fell below 104.10 intraday but ultimately finished -0.3% lower at 104.27. Of the major currencies, the Euro and Sterling were the major winners, appreciating 0.4% and 0.5% against the greenback respectively. The Aussie and Kiwi dollars managed to eke out 0.1% and 0.2% gains respectively. The Japanese Yen remains a stand-out, having depreciated -0.3% against the greenback. Implied volatility has eased back somewhat over recent weeks, but markets will surely be keeping a close eye on any announcements from President Trump prior to the April 2 start-date.
- Crude prices firmed overnight, with the market's attention firmly centred around a tight supply-demand balance following yesterday's weak inventories data, seeing WTI and Brent both lift 0.4%. Metals markets were more susceptible to sentiment around automobile tariffs, with weaker demand seeing copper and aluminium prices move -0.8% and -1.7% lower respectively. Meanwhile, spot gold prices climbed to yet another record high as safe-haven demand soars amid tariff announcements, up 1.3% to \$3060/oz.

Today's key data and events

Time	Event	Exp	Prev
8:00am	NZ ANZ Consumer Confidence Mar	-	96.6pts
10:30am	JP Tokyo Mar	2.7%	2.9%
6:00pm	GB GDP Q4 Final	0.1%	0.1%
6:00pm	GB Retail Sales Feb	-0.4%	1.7%
9:00pm	EZ Consumer Confidence Mar Final	-	-14.5pts
9:00pm	EZ Economic Confidence Mar	96.7pts	96.3pts
11:30pm	US Personal Income Feb	0.4%	0.9%
11:30pm	US Personal Spending Feb	0.5%	-0.2%
11:30pm	US PCE Deflator Feb	0.3%	0.3%
11:30pm	US Core PCE Deflator Feb	0.3%	0.3%
1:00am	US Uni. Of Michigan Sentiment Mar Final	57.9pts	57.9pts

Times are AEDT. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

Overnight data:

In the US, Q4 GDP was revised up slightly in its final estimate, with growth now reported at 2.4% annualised for the quarter versus 2.3% prior. Despite the downgrade to the estimate for personal consumption, from 4.2% to 4.0% annualised, adjustments to the deflators offered some offsetting support to real GDP, with the headline and core deflators having been revised down to 2.3% and 2.6% annualised respectively.

Other US data highlighted the impact of tariffs. While the advance goods trade deficit narrowed to \$148bn in February, it was by far less than initially anticipated, suggesting the front-running of tariffs was a dynamic that was still playing out. This came alongside continued growth in wholesale and retail inventories, up 0.3% and 0.1% in February.

Norway's central bank left policy unchanged at 4.50%. Given the recent upside surprises in inflation, policymakers are understandably hesitant to follow through on rate cuts that were previously telegraphed, and instead will hold to a wait-and-see approach for the time being.

Yesterday's data recap:

There were no major data releases in Australia or New Zealand yesterday.



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