



22 April 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

President Trump's criticisms of FOMC Chair Powell, together with a lack of constructive developments on trade policy, have left markets in an anxious state.

With markets across Europe and parts of Asia closed for Easter Monday, the focus was centred on a massive sell-off in US assets.

This drove another sharp move lower in equities, a considerable steepening in the yield curve, and a depreciation of the US dollar across all G10 currencies.

Amid heightened uncertainty, gold prices managed to reach another fresh record high.

Data snapshot

FX Last 24 hrs			AUS Interest Rate Swaps		
	Current	Change		Last	Change
TWI	59.4	-0.2%	30 day BBSY	4.12	0.00
AUD/USD	0.6415	0.6%	90 day BBSY	4.06	0.01
AUD/JPY	90.35	-0.3%	180 day BBSY	4.09	-0.01
AUD/GBP	0.4796	-0.1%	1 year swap	3.40	-0.01
AUD/NZD	1.0697	-0.4%	2 year swap	3.23	0.00
AUD/EUR	0.5573	-0.4%	3 year swap	3.26	-0.02
AUD/CNH	4.6790	0.5%	4 year swap	3.36	-0.04
AUD/SGD	0.8371	0.2%	5 year swap	3.48	-0.05
AUD/HKD	4.9775	0.6%	6 year swap	3.61	-0.05
AUD/CAD	0.8878	0.6%	7 year swap	3.73	-0.05
EUR/USD	1.1511	1.1%	8 year swap	3.84	-0.05
USD/JPY	140.84	-0.9%	9 year swap	3.93	-0.05
USD Index	98.35	-0.9%	10 year swap	4.15	0.02
Equities			Government Bond Yields		
	Close	Change		Close	Change
S&P/ASX 200	7,819	0.8%	Australia		
S&P 500	5,158	-2.4%	3 year bond	3.34	0.00
Japan Nikkei	34,280	-1.3%	10 year bond	4.28	0.00
Hang Seng	21,395	1.6%	United States		
Euro Stoxx 50	4,935	-0.6%	3-month T Bill	4.22	0.00
UK FTSE100	8,276	0.0%	2 year bond	3.76	-0.04
VIX Index	33.82	14.1%	10 year bond	4.41	0.09
Commodities			Other (10 year yields)		
	Current	Change			
CRB Index	293.41	-1.0%	Germany	2.47	0.00
Gold	3424.20	2.9%	Japan	1.29	-0.01
Copper	9188	-0.2%	UK	4.57	0.00
Oil (WTI futures)	63.08	-2.5%	Sydney Futures Exchange		
Coal (coking)	180.00	-2.2%		Current	Change
Coal (thermal)	97.05	0.0%	10 yr bond	4.35	-0.05
Iron Ore	99.10	1.9%	3 yr bond	3.33	-0.01
ACCU	35.38	-4.4%	3 mth bill rate	3.85	0.05
			SPI 200	7,785	0.1%

Data as at 8:00am AEST. 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:

US markets returned from the Easter break on Monday and moved straight into a major sell-off, from stocks, to treasuries, and the dollar. Markets have grown increasingly anxious at President Trump's persistent criticism of FOMC Chair Powell, and Trump's accompanying calls to try to remove Powell from the Federal Reserve's top job. Markets also remain broadly unconvinced of any constructive developments for tariff policy thus far, with reports that the Japan trade delegation left the White House "not close" to any deal being made.

- The US was among the few markets that returned from the Easter break on Monday, and it proved to be a tough day for stocks. Declines were bunched together across the key indices, with the S&P 500 (–2.4%), Dow Jones (–2.5%) and NASDAQ (–2.6%) all moving evenly lower. Monday's session was somewhat mixed in Asia, with a decline in Tokyo (–1.3%) reflecting the lack of progress on trade negotiations, while Shanghai (+0.3%) reported a modest uptick. Australia, Europe, the UK and Hong Kong will return to trading today, and will shed light on whether recent outcomes reflect a more lasting move away from the US, or is part of a broader global sell-off of riskier assets.
- Long-dated treasuries came under considerable selling pressure amid the broader tides in financial markets. This saw the yield curve steepen materially, with the 10-year treasury yield rising 9 basis points to 4.41%, while the 30-year treasury yield lifted 10 basis points to 4.90%. With uncertainty heightened, many investors instead moved into shorter duration bonds, seeing the 2-year treasury yield down 4 basis points to 3.76%. Overall, the 2-10 spread widened back to around 64 basis points, broadly in line with early-April levels which is roughly the widest spread in over three years. Other major bond markets will return to trading today.
- All G10 currencies appreciated against the US dollar at the start of the week, with the DXY index falling –0.9% to 98.35. Gains were surprisingly evenly spread across many currencies, with the Japanese Yen, the Swedish Kronor and the Swiss Franc all appreciating 0.9% versus the greenback. The Norwegian Krone was in the middle of the pack with a 1.0% gain, but the Euro (1.1%) and Kiwi dollar (1.1%) ended up outperforming among the G10 currencies. The Sterling and Aussie dollar had less appetite but still managed to lift 0.6% against the greenback. Given the persistent trade tensions and questions around growth, the Canadian dollar finished the session broadly unchanged.

Today's key data and events

Time	Event	Exp	Prev
8:45am	NZ Trade Balance Mar \$NZmn	-	510
-	US Building Permits Mar Final	-	1.6%
12:00am	EZ Consumer Confidence Apr Prel.	-15.1pts	-14.5pts
-	US FedSpeak – Various Speakers	-	-
12:00am	US Richmond Fed Apr	-6.5pts	-4pts

Times are AEST. 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.

- The lack of progress on trade negotiations, particularly between the US and China, continues to cast doubt on the health of global crude demand. Together with the broader headwinds sweeping financial markets, the first-generic futures contract for WTI fell –2.5% to US\$63.08/bbl, while Brent declined –2.1% to US\$66.50/bbl. Gold meanwhile surged to a fresh record high, rising 2.9% to US\$3424/oz. Trading in metals markets was limited due to the holiday break.

International Data:

In the US, the leading index fell by a touch more than expected in March, down –0.7% following a –0.2% fall in February. Weaker sentiment, equity prices and new orders were among the chief culprits behind the decline, and while the six-month rate ticked lower to –1.2%, it remains well above the 'recession' threshold.



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