



24 April 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

With a market that remains very sensitive to the news flow, back-and-forth headlines continue to see wide intraday ranges traded across many asset classes.

Equities bounced materially higher on reports of possible cuts to tariffs on Chinese imports, but gains were pared back after clarification that such actions were not going to be “unilateral”.

The USD appreciated against all G10 currencies, moves in the Japanese Yen were notable as Treasury Secretary Bessent stated the US were not looking for a “currency target” in trade talks.

Oil prices moved sharply lower as OPEC+ looks to lift production amid tensions with Kazakhstan.

The Federal Reserve's Beige Book and S&P Global PMIs highlighted the early impacts of tariffs on economic conditions.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	59.9	-0.2%
AUD/USD	0.6364	-0.1%
AUD/JPY	91.03	1.2%
AUD/GBP	0.4801	0.5%
AUD/NZD	1.0701	0.2%
AUD/EUR	0.5622	0.8%
AUD/CNH	4.6360	-0.5%
AUD/SGD	0.8375	0.2%
AUD/HKD	4.9375	-0.1%
AUD/CAD	0.8833	0.4%
EUR/USD	1.1318	-0.9%
USD/JPY	143.09	1.3%
USD Index	99.88	1.0%

Equities	Close	Change
S&P/ASX 200	7,921	1.3%
S&P 500	5,376	1.7%
Japan Nikkei	34,869	1.9%
Hang Seng	22,073	2.4%
Euro Stoxx 50	5,099	2.8%
UK FTSE100	8,403	0.9%
VIX Index	28.45	-6.9%

Commodities	Current	Change
CRB Index	295.62	-0.6%
Gold	3287.14	-2.8%
Copper	9382	0.1%
Oil (WTI futures)	62.27	-2.2%
Coal (coking)	182.50	-1.6%
Coal (thermal)	94.50	0.4%
Iron Ore	100.05	1.7%
ACCU	35.38	-4.4%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.10	0.00
90 day BBSY	3.99	-0.02
180 day BBSY	4.05	-0.01
1 year swap	3.43	0.07
2 year swap	3.29	0.10
3 year swap	3.37	0.14
4 year swap	3.45	0.11
5 year swap	3.56	0.09
6 year swap	3.69	0.11
7 year swap	3.80	0.09
8 year swap	3.90	0.08
9 year swap	3.99	0.07
10 year swap	4.20	0.06

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	3.33	0.07
10 year bond	4.27	0.01
<b>United States</b>		
3-month T Bill	4.21	0.00
2 year bond	3.87	0.05
10 year bond	4.38	-0.02
<b>Other (10 year yields)</b>		
Germany	2.50	0.05
Japan	1.34	0.02
UK	4.55	0.01

Sydney Futures Exchange	Current	Change
10 yr bond	4.30	0.04
3 yr bond	3.40	0.08
3 mth bill rate	3.87	0.03
SPI 200	7,946	0.2%

Data as at 7:45am 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:

Another day, another choppy news flow giving markets plenty of possibilities to mull over. The overnight session started with momentum following reports that the Trump administration is considering cutting tariffs on Chinese imports in the order of 50% to 65%. However, Treasury Secretary Bessent later clarified that there is no "unilateral" offer on the table, suggesting such outcomes would be conditional on mutual action from China, seeing markets slowly backtrack on earlier moves. Just after the session drew to a close, there were reports of a potential exemption of tariffs on auto parts ahead of the May 3, but this was seemingly rebuked by President Trump shortly after. The overall tone is more constructive, but any significant pivot in actual policy is yet to be delivered.

- In the US, equities stormed out the gate nearly 3.5% higher following constructive comments on trade policy, but as the news flow tempered expectations over the course of the session, gains on the S&P 500 (+1.7%), Dow Jones (+1.1%) and NASDAQ (+2.5%) moderated. Stocks were up a very solid leg elsewhere, particularly in Europe with the Euro Stoxx 50 (+2.8%), but also across Tokyo (+1.9%) and Hong Kong (+2.4%). The ASX 200 rose 1.3% as all sectors finished in the green, with gains led by energy. Futures markets are pointing to positive open this morning.
- Treasuries were mixed across the curve. The sell-off in the 2-year persisted, seeing yields rise 5bps to 3.87%; meanwhile, the 10-year yield moved 2bps lower to 4.38%. The 2-10 spread has since moderated to back around the 50bp mark. Yields also moved higher in Europe and the UK, particularly in the short end. In Australia, Tuesday's rally in the short-end mostly unwound, the 3-year yield rising 7bps to 3.33% while the 10-year yield inched just 1bp higher to 4.27%.
- The USD continued to forge ahead and appreciate against all G10 currencies, the DXY rising 1.0% to finish just under the 100 mark, currently 99.88 at the time of writing. The move in the Japanese Yen was particularly notable – following comments from Treasury Secretary Bessent that the US were not looking for a "currency target" in trade talks, the Yen moved from just north of the JPY141.50 mark up to JPY143.50, ultimately finishing 1.3% weaker at JPY145.09. Other currencies also traded some wide ranges, but the other 'havens' of the Euro (–0.9%) and Swiss Franc (–1.4%) were harder hit. Meanwhile, the Aussie dollar traded between USD0.6350 and USD0.6430 but finished at the lower end of the range, currently at USD0.6364.
- Crude prices were once again subject to supply pressure following reports that OPEC+ are considering a further expansion in oil production amid tensions with Kazakhstan. The first generic futures contract for WTI and Brent fell –2.0% and –2.2% to US\$62.27/bbl and US\$66.12/bbl respectively. Copper prices hit a three-week high intraday

## Today's key data and events

Time	Event	Exp	Prev
8:00am	NZ ANZ Consumer Confidence Apr	-	93.2pts
10:30pm	US Chicago Fed Activity Index Mar	0.1pts	0.2pts
10:30pm	US Durable Goods Orders Mar Prel.	2.0%	1.0%
10:30pm	US Initial Jobless Claims	221.5k	215k
12:00am	US Existing Home Sales Mar	-2.6%	4.2%
1:00am	US Kansas City Fed Apr	-5pts	-2pts

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.

but ultimately finished just 0.1% higher on the day as concerns over supply linger. Following the surge in risk sentiment overnight, gold prices finished the day –2.8% lower at US\$3287/oz

## International Data:

In the US, the **Federal Reserve's Beige Book** reported few material changes in overall economic activity since March but noted that uncertainty is heightened across several districts, especially as it relates to tariffs. Spending was mixed, with the 'front-running' of vehicle purchases ahead of tariffs able to offset declines in consumer spending elsewhere. Many businesses are adopting a cautious approach, pausing or slowing hiring until there is more clarity on economic conditions, with relatively few preparing for layoffs.

Also in the US, the **S&P Global PMIs** were somewhat mixed. Manufacturing beat expectations for a decline and instead lifted from 50.2 in March to 50.7 in April. Meanwhile, growth in services moderated by more than expected, falling from 54.4 to 51.4. The report noted that business expectations have dropped to their lowest level since the pandemic and that tariffs are the main contributor to recent price rises.

In Japan, April's **Jibun Bank PMIs** continued to report sluggish conditions in the manufacturing sector, with the report noting a sharp decline in new orders as a result of weakening foreign demand and growing uncertainty over tariffs. In contrast, the services sector reported a bounce in demand, seeing the index move into expansionary territory.

In the Eurozone, the **HCOB PMIs** were also mixed. Manufacturing fared better than consensus feared, holding broadly steady at 48.7 in April. Most manufacturers are reportedly "not too fazed" in the face of broad-sweeping tariffs of 10% and auto-specific tariffs of 25%. The services gauge meanwhile disappointed, falling from 51.0 to 49.7, with business confidence at its weakest level since 2020.

In the UK, April's **S&P Global PMIs** suggest that growth slowed considerably moving into the second quarter, with manufacturing conditions sliding further into deep contraction while services activity surprised materially to the downside, falling from 51.5 in March to 48.2 in April. Against a backdrop of aggressive job cutting and deep business pessimism, the report noted these results are consistent with GDP contracting at a quarterly rate of –0.3%.



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