Economics and Markets Research

What to Watch

Week of 27 October 2025

Week in Review (jump to section)

- Australia and the US signed a bilateral framework on critical minerals and rare earths. Both countries have committed to provide at least $US1bn towards projects over the next six months.
- The chances of a 25bp rate cut from the BOE (from 4.0% to 3.75%) on 6 November is now around 35% priced following lower-than-expected inflation in September (3.8% yoy vs consensus 4.0% yoy).

Week Ahead (jump to section)

- Q3 CPI data is released on Wednesday. We expect it to confirm a material surprise to the RBA's August forecast. We see trimmed mean at 0.9% qoq and headline at 1.1% qoq (Full Preview). Consensus is 0.8% qoq for trimmed mean.
- Central banks dominate the global calendar with the FOMC and BoC (Wednesday) and ECB and BoJ (Thursday).
- In NZ, data include filled jobs (Tuesday), ANZ business (Thursday) and consumer confidence (Friday). RBNZ Governor Hawkesby speaks Wednesday.
- Trump visits Asia and is set to mee China's Xi Thursday alongside the APEC Summit. The meeting comes ahead of the threatened 1 November 100ppt increase in US tariffs on China.
- The US Government shutdown continues. Advanced goods trade (Tuesday) and Personal Spending and Consumption (Friday) the next releases at risk.
- Earnings season continues and includes Meta, Alphabet and Microsoft (Wednesday) and Apple and Amazon (Thursday)
- Eurozone advance Q3 GDP is Wednesday, and preliminary October CPI is Friday.

Selected Events Preview (jump to section)

Contents

Key Markets

		% change	
	Latest	week	YTD
Cash rates			
RBA Cash Rate	3.60		
US Fed Funds	4.25		
RBNZ Cash Rate	2.50		
Rates		*bps*	*bps*
AU BBSY 3m	3.56	1.6	-90.3
AU 3y swap	3.37	0.1	-41.4
AU 3yr yield	3.37	5.8	-45.4
AU 10yr yield	4.14	4.4	-21.9
US 10yr yield	4.00	-1.4	-57.4
AU-US 10yr spread	14.8	5.8	35.5
Commodities		%	%
Iron ore	104	-0.2	7.1
Coal (thermal)	104.2	-0.4	-16.8
Brent oil	65.6	7.1	-8.6
Gold	4117.1	-3.2	56.9
FX			
AUD/USD	0.6503	0.1	5.1
USD (DXY)	99.01	0.6	-8.7
AUD/NZD	1.1308	-0.3	2.2
AUD crosses			
AUD/JPY	99.41	1.6	2.2
AUD/CNY	4.6329	0.0	2.7
AUD/EUR	0.5602	0.5	-6.3
AUD/GBP	0.4881	0.9	-1.3
Equities			
ASX 200	9022.8	0.3	10.6
ASX Resources	6220.8	-1.3	20.7
ASX Financials	9720.2	0.6	12.8
US S&P 500	6738.4	1.6	14.6

Source: Bloomberg

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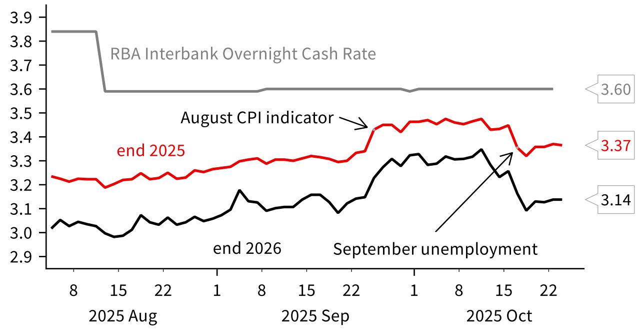
Week in Review

Locally, there has been no data flow of note over the past week. Markets await Q3 CPI on Wednesday ahead of the Cup Day (4 November) RBA meeting. Market pricing for cuts pared sharply on the back of the August CPI indicator, only to largely reverse after a surprise jump in the unemployment rate last Thursday. There was little new information during RBA Governor Bullocks speech and Q&A today at the Bradfield Oration, Monday evening's ABE dinner may be more elucidating.

RBA pricing (cash rate futures-implied)



Source: National Australia Bank, Bloomberg

A deal was signed between Australia and the US to increase supplies of rare earths and other critical minerals. The two countries have committed to each provide at least $US1bn towards a $US8.5bn pipeline of projects over the next six months. Critical minerals (including lithium, nickel and copper) account for 5% of Australia's resource exports (RBA 2025).

There was very little in the way of key data globally, save for UK CPI. The chances of a BoE rate cut before the end of the year have risen quite sharply following the lower than forecast inflation reading for September (3.8% yoy vs consensus 4.0%) and softer wage data in the prior week. The data suggests UK inflation may have peaked a little lower than the BoE had forecast back in August. Markets now price a 25bp cut to 3.7% on 6 November at around 35%, up from more-or-less nothing, with December priced at 75%. We have long maintained a November ease is a much closer call and a move will be seen by December.

The drumbeat of simmering US China trade tensions continued, injecting some caution into markets as we look towards the anticipated Trump Xi meeting expected alongside the APEC summit in Korea Thursday.

China's fourth plenary session ended on Thursday, with some high-level detail on priorities for the next 5 year plan. The key focus areas appear little changed, with continued efforts to achieve industrial modernisation, self-sufficiency in technology, as well as expand domestic demand and improve people's quality of life.

Week Ahead

Q3 CPI is Wednesday and is the key remaining data point ahead of the RBA's Cup Day (4 November) decision. We expect the CPI to confirm that inflation in Q3 was materially stronger than the RBA was anticipating back in their August SoMP and expect trimmed mean of 0.9% qoq and headline inflation of 1.1% qoq. Communication since the September meeting has confirmed that the RBA has noticed stronger housing and services components, which has given them some pause about their assessment of spare capacity in the economy.

In NZ, data include filled jobs (Tuesday), ANZ business (Thursday) and consumer (Friday) confidence. From the RBNZ, Governor Hawkesby and Director of Financial Markets Richardson speak Wednesday, followed by MPC external member Gai on Friday.

Central banks are back in focus with the US Federal Reserve, Bank of Canada, ECB and BoJ all holding policy meetings.

The FOMC is fully priced to deliver on another 25bp cut, with the assessment around the shifting balance of risks that motivated that September adjustment still intact.

The ECB will leave rates unchanged once again with the Deposit rate at 2%.

The Bank of Japan is widely seen on hold as political dynamics delay a hike that remains supported by the data backdrop. December or January are more likely for the next move.

The Bank of Canada's easing bias and heightened sensitivity to short term data flow given an uncertain outlook has been met with stronger than expected labour market and inflation updates since the last meeting, but a cut is 20bp priced.

In the eurozone, preliminary October HICP inflation data is on Friday, which should see the three main measures of inflation drop one-tenth, with headline to 2.1% y/y.

Globally, focus will also be on the Trump-Xi meeting alongside the APEC summit. The White House announced today that the meeting is set to take place on Thursday, ahead of the 1 November date for the threatened 100ppt increase in US tariffs on Chinese imports.

Elsewhere, earnings season continues, and includes Meta, Alphabet and Microsoft (Wednesday) and Apple and Amazon (Thursday).

The ongoing government shutdown means September CPI is set to remain an exception to the US data drought. In the absence of the shutdown, we would see Advanced goods trade Tuesday ahead of personal income and spending data, including the Fed's preferred PCE measure, Friday.

Key Event Previews

Australian events and a selection of key offshore data; full calendar below.

Monday

AU RBA Governor Bullock

Fireside chat with RBA Governor Bullock at the ABE annual dinner in Sydney. This event will have a subsequent Q&A. This is the last scheduled appearance from RBA officials ahead of the 4 November policy decision.

NZ Holiday, Labour Day

Tuesday

NZ Filled Jobs for September

Filled jobs could show another mild gain in the final month of the quarter, which would be most consistent with BNZ's forecast for a slight lift in Q3 HLFS employment. Revisions have tended to be downward recently and also need to be monitored.

US Conference Board Consumer Confidence

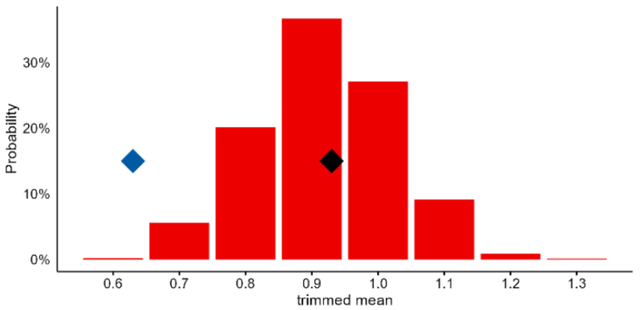
Wednesday

AU Q3 CPI

We expect Q3 trimmed mean inflation of 0.9% qoq (2.8% yoy), which is materially higher than the RBA's August SoMP forecast of 0.64% qoq. Consensus for 0.8% but reasonably finely balanced between 0.8% and 0.9%

NAB trimmed mean inflation forecast distribution

Blue diamond = RBA August forecast; Black diamond = NAB point forecast



Source: National Australia Bank, ABS
*Probability of each outcome when rounded to 1 decimal place
Calculated based on random forecast errors to remaining component level uncertainty.

Headline inflation could be around 1.1% qoq (3.0% yoy), driven by the anticipated unwind of electricity subsidies. Based on information in the Monthly CPI indicator and our forecasts, the main driver of trimmed mean inflation is the expected broad reacceleration in market services and rents inflation.

NZ RBNZ's Hawkesby and Richardson Speak

Governor Hawkesby is speaking on the importance of central bank operational independence at an RBNZ event with industry stakeholders in Auckland. The speech will be published on the RBNZ website at 4:30pm (NZT).

Director of Financial Markets Richardson is speaking at the 2025 Commonwealth Bank Global Markets Conference on the transmission of OCR cuts to domestic financial conditions. There will be no new information related to monetary policy decision-making in the speech, which will be published on the RBNZ website at 11:00am (NZT).

CA BoC October Meeting (Cut 25bps to 2.25%)

BoC is expected to cut interest rates by 25bps from 2.50% to 2.25% on Wednesday. Further policy easing is consistent with its changed risk assessment in Sept, but it indicated that it would move cautiously. Labour market data was stronger than expected and inflation surprised higher this month, so a cut may take until the December meeting, Markets are 20bp priced for an easing this month.

US FOMC October Meeting (Cut 25bps to 3.75-4.0%)

The September cut and accompanying projections suggested enough of the committee had seen evidence that the balance of risks had shifted sufficiently to reduce the level of restrictiveness. The shutdown has meant there is no new payrolls print since the September decision, but the picture from alternate data sources point to more of the same: low hiring, low firing, and a risk the unemployment rate bleeds higher from here. CPI tonight is the final hurdle but is unlikely to stand in the way of a cut. Markets are fully priced for a 25bp move.

US Advanced Goods Trade Balance

EZ Q3 Preliminary GDP

Thursday

NZ ANZ Business Confidence for October

Businesses remained firmly optimistic and had positive expectations for activity ahead, according to the September ANZ business confidence survey. It would not surprise if it was more of the same in October. Agriculture is likely to remain a standout but perhaps to a lesser degree from the recent softening in commodity prices.

JN BoJ October Meeting (Unch. at 0.5%)

Markets have slashed the pricing of a BoJ rate hike at its October meeting following the voting in of Sanae Takaichi as Japan's first female PM. While Takaichi has refrained from comments on the pace of monetary tightening, her support for fiscal expansion, with a just ordered fresh package of stimulus measures resulting in nothing now being priced for this meeting. This from over a 60% probability of an October rate rise in early October. December is priced at 18bps, with the terminal rate now seen at 1% from 1.25% previously.

EC ECB October Meeting (Unch. at 2.0%)

The ECB will leave rates unchanged once again with the Deposit rate at 2%, not least with respect to the slight rise in the headline rate to 2.2% in September. Despite weak EZ economic growth and the threat of a further hit from re-routed Chinese exports and US tariffs, EZ inflation looks set to hold at or just above 2% for the coming months. That leaves the ECB continuing to talk about policy settings being in a 'good place' and waiting on more data and new forecasts at the 18 December meeting. We continue to see the possibility of a further ECB easing from such headwinds and a stronger EUR, but this now looks more like a risk for well into 2026.

EZ Final Consumer, Econ, Ind and Service Confidence

Friday

NZ ANZ Consumer Confidence for October

ANZ's consumer confidence index nudged up from 92.0 to 94.6 in September. For October, it seems to be a case of assessing influences like higher headline and essential item price inflation and whether the latest 50 basis point OCR cut by the Reserve Bank has moved the dial for consumers or not.

NZ RBNZ MPC's Gai Speaks

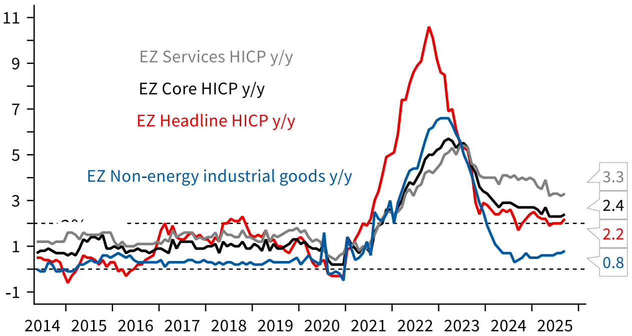
MPC external member Gai is speaking on a policy panel at the Melbourne Annual Macro Policy Meeting. Gai will be talking about monetary policy in the context of global uncertainty, and his remarks will be published on the RBNZ website at 3:30pm (NZT).

CH Manufacturing PMI

EZ October Preliminary HICP Inflation

After a rise from 2% to 2.2% in the headline rate in September, and a 0.1% rise in core HICP, we expect a temporary slip back in October on account of peaking energy prices and easier food, alcohol and tobacco prices. The headline should slip to 2.1%, the core to 2.3%, with services down to 3.2%.

Eurozone Inflation



Source: National Australia Bank, Bloomberg

US Personal Income and Spending

Weekly Ahead Calendar

Date	Time	Country	Event	Period	Consensus	Previous
Monday, 27 October	7:15 PM	AU	RBA's Bullock-Fireside Chat	--	--	--
	8:00 PM	GE	IFO Business Climate	Oct	88.00	87.70
	11:30 PM	US	Durable Goods Orders	Sep P	0.3%	2.9%
Tuesday, 28 October	8:45 AM	NZ	Filled Jobs SA MoM	Sep	--	0.2%
	1:00 AM	US	Conf. Board Consumer Confidence	Oct	93.75	94.2
	1:30 AM	US	Dallas Fed Services Activity	Oct	--	-5.6%
Wednesday, 29 October	11:30 AM	AU	CPI QoQ	3Q	1.1%	0.7%
	11:30 AM	AU	CPI YoY	3Q	3.0%	2.1%
	11:30 AM	AU	CPI Trimmed Mean QoQ	3Q	0.8%	0.6%
	11:30 AM	AU	CPI Trimmed Mean YoY	3Q	2.7%	2.7%
	8:30 PM	UK	Mortgage Approvals	Sep	--	64.7
	10:00 PM	US	MBA Mortgage Applications	Oct 24	--	-0.3%
	11:30 PM	US	Wholesale Inventories MoM	Sep P	-0.2%	-0.2%
	11:30 PM	US	Advance Goods Trade Balance	Sep	-90.00	-85.5
	12:45 AM	CA	Bank of Canada Rate Decision	Oct 29	2.25	2.5
	5:00 AM	US	FOMC Rate Decision (Upper Bound)	Oct 29	4.00	4.3
Thursday, 30 October	5:30 PM	FR	GDP QoQ	3Q P	--	0.3%
	7:55 PM	GE	Unemployment Change (000's)	Oct	--	14.0
	8:00 PM	GE	GDP SA QoQ	3Q P	--	-0.3%
	9:00 PM	EC	Consumer Confidence	Oct F	--	-14.2
	9:00 PM	EC	GDP SA QoQ	3Q A	0.1%	0.1%
	9:00 PM	EC	GDP SA YoY	3Q A	1.2%	1.5%
	9:00 PM	EC	Unemployment Rate	Sep	6.3%	6.3%
	11:30 PM	US	Initial Jobless Claims	Oct 25	--	218.0
	11:30 PM	US	GDP Annualized QoQ	3Q A	3.0%	3.8%
	11:30 PM	US	Personal Consumption	3Q A	--	2.5%
	--	JN	BOJ Target Rate	Oct 30	0.5	48.3
	--	UK	(30 Oct - 06 Nov) Nationwide House Px NSA YoY	Oct	--	2.2%
	12:00 AM	GE	CPI YoY	Oct P	2.2%	2.4%
	12:00 AM	GE	CPI EU Harmonized YoY	Oct P	2.2%	2.4%
	12:15 AM	EC	ECB Deposit Facility Rate	Oct 30	2.00	2.0
	12:45 AM	EC	ECB President Christine Lagarde Holds Press Conference	--	--	--
Friday, 31 October	10:30 AM	JN	Jobless Rate	Sep	2.5%	2.6%
	10:30 AM	JN	Job-To-Applicant Ratio	Sep	1.2%	1.2%
	10:30 AM	JN	Tokyo CPI Ex-Fresh Food YoY	Oct	2.6%	2.5%
	10:50 AM	JN	Industrial Production MoM	Sep P	1.4%	-1.5%
	11:30 AM	AU	Private Sector Credit MoM	Sep	0.6%	0.6%
	12:30 PM	CH	Manufacturing PMI	Oct	49.60	49.8
	6:45 PM	FR	CPI YoY	Oct P	--	1.2%
	9:00 PM	EC	CPI Estimate YoY	Oct P	2.2%	2.2%
	9:00 PM	EC	CPI MoM	Oct P	0.1%	0.1%
	11:30 PM	US	Personal Income	Sep	0.4%	0.4%
	11:30 PM	CA	GDP MoM	Aug	--	0.2%
	11:30 PM	US	Personal Spending	Sep	0.4%	0.6%
	11:30 PM	US	Core PCE Price Index MoM	Sep	0.3%	0.2%
	12:45 AM	US	MNI Chicago PMI	Oct	42.00	40.6

Upcoming Central Bank Interest Rate Announcements		**Current**
Nov 4	Australia, RBA	3.60
Nov 6	UK, BOE	4.00
Oct 29	US, Federal Reserve (Upper Bound)	4.25
Nov 26	New Zealand, RBNZ	4.00
Oct 29	Canada, BoC	2.50
Oct 30	Europe, ECB	2.00
Oct 30	Japan, BoJ	0.50

Sydney Time. Dates reflect 24 hours from 7am

Forecasts Tables

Australian Economic Forecasts

		2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP													
Household Consumption		0.5	-0.3	0.0	0.7	0.4	0.9	0.6	0.5	0.6	0.6	0.6	0.5
Dwelling Investment		0.7	0.5	1.6	0.7	2.1	0.4	0.5	0.5	0.8	0.8	0.8	0.8
Underlying Bus. Investment		-1.7	0.2	-0.8	0.3	0.1	-1.0	1.0	0.8	0.8	0.8	0.8	0.5
Public Final Demand		1.0	1.1	2.8	0.4	-0.2	0.0	0.4	0.4	0.4	0.4	0.4	0.4
Domestic Final Demand		0.5	0.3	0.8	0.6	0.3	0.5	0.6	0.6	0.6	0.6	0.6	0.6
	(% y/y)	2.3	1.6	1.8	2.3	2.0	2.2	2.0	1.9	2.3	2.4	2.4	2.4
Inventories	(contr)	0.5	-0.1	-0.3	0.1	0.3	-0.1	0.1	0.0	0.0	0.0	0.0	0.0
Net Exports	(contr)	-1.0	-0.1	0.1	0.0	-0.2	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Gross Domestic Product		0.2	0.1	0.3	0.6	0.3	0.6	0.6	0.5	0.6	0.6	0.6	0.5
	(% y/y)	1.2	0.9	0.8	1.3	1.4	1.8	2.1	2.0	2.3	2.3	2.2	2.3
Labour Market													
Employment		0.3	0.6	0.9	0.5	0.3	0.6	0.2	0.4	0.4	0.5	0.5	0.4
Unemployment Rate	(%)	3.9	4.0	4.1	4.0	4.1	4.2	4.3	4.3	4.4	4.3	4.3	4.2
WPI Wages		0.7	0.9	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
	(% y/y)	4.0	4.1	3.5	3.2	3.4	3.4	3.4	3.5	3.4	3.3	3.3	3.2
Inflation													
CPI Trimmed Mean		1.0	0.8	0.8	0.5	0.7	0.7	0.9	0.7	0.7	0.7	0.6	0.6
	(% y/y)	4.0	4.0	3.6	3.2	2.9	2.7	2.9	3.0	3.0	3.0	2.7	2.6
CPI Headline		1.0	1.0	0.2	0.2	0.9	0.8	1.2	0.6	1.1	0.7	0.6	0.6
	(% y/y)	3.6	3.8	2.8	2.4	2.4	2.2	3.1	3.5	3.7	3.5	3.0	3.0

Source: ABS, NAB Economics. Quarterly percent change unless specified

See: Global FX Strategist

Exchange Rate Forecasts

	23-Oct	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Majors						
AUD/USD	0.650	0.67	0.69	0.71	0.72	0.71
NZD/USD	0.58	0.59	0.60	0.62	0.63	0.63
USD/JPY	152.9	146	144	140	135	135
EUR/USD	1.16	1.19	1.20	1.21	1.23	1.22
GBP/USD	1.33	1.35	1.35	1.36	1.38	1.37
USD/CNY	7.12	7.08	7.05	6.95	6.90	6.85
USD/CAD	1.40	1.37	1.36	1.32	1.28	1.30
USD/CHF	0.80	0.78	0.77	0.76	0.75	0.76
Australian Cross Rates						
AUD/NZD	1.13	1.14	1.15	1.15	1.14	1.13
AUD/JPY	99.4	98	99	99	97	96
AUD/EUR	0.56	0.56	0.58	0.59	0.59	0.58
AUD/GBP	0.49	0.50	0.51	0.52	0.52	0.52
AUD/CNY	4.63	4.74	4.86	4.93	4.97	4.86
AUD/CAD	0.91	0.92	0.94	0.94	0.92	0.92
AUD/CHF	0.52	0.52	0.53	0.54	0.54	0.54

Interest Rate Forecasts

	23-Oct	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Australian Rates						
RBA cash rate	3.60	3.60	3.60	3.35	3.35	3.35
3 month bill rate	3.51	3.71	3.56	3.46	3.46	3.46
3 Year Swap Rate	3.37	3.35	3.25	3.25	3.25	3.35
10 Year Swap Rate	4.16	4.15	4.00	3.95	3.95	3.95
Offshore Policy Rates						
US Fed funds	4.25	3.75	3.75	3.50	3.25	3.25
RBNZ OCR	2.50	2.25	2.25	2.25	2.25	2.25
10-year Bond Yields						
Australia	4.14	4.25	4.10	4.05	4.05	4.05
United States	4.00	4.25	4.10	4.00	4.00	4.00
New Zealand	4.00	4.20	4.20	4.20	4.30	4.35

See: Global Forward View

Global GDP

	2024	2025	2026	2027
US	2.8	1.8	1.7	1.9
Euro-zone	0.8	1.3	1.1	1.3
Japan	0.1	1.4	0.7	0.7
UK	1.1	1.3	1.0	1.3
Canada	1.6	1.1	0.9	2.1
China	5.0	4.8	4.0	3.9
India	6.7	7.1	6.2	6.4
Latin America	2.4	2.2	1.8	2.0
Other East Asia	4.0	3.4	3.2	3.4
NZ	-0.6	0.6	2.8	2.5
Global	3.3	3.2	2.9	3.0
Major trading partners	3.5	3.5	3.1	3.1

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