

Market Alert

Wednesday 01 October 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5797	0.0040
NZD/AUD	0.8763	0.0046
NZD/JPY	85.710	-0.88
NZD/EUR	0.4938	-0.0014
NZD/GBP	0.4310	0.0031
NZD/CNH	4.1282	-0.0207
AUD/USD	0.6614	0.0009
AUD/EUR	0.5633	-0.0047
EUR/USD	1.1739	0.0113
USD/CNH	7.1274	-0.0827
GBP/USD	1.3447	-0.0007
EUR/GBP	0.8727	0.0087
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	2.80%	3.63%
2 year swap	2.61%	3.42%
10 year Govt	4.28%	4.42%

Pinch ... punch ...

And we've survived to the 1st of the month! In fact, we've survived all the way to the final quarter of 2025 ... but if you're the NZ government, you'd better hope for a last minute flurry of economic activity given there's an election in 2026! The sands of time are slipping through the hourglass ...

The RBA completely bamboozled me ...

Not with the decision ... but the fact I'd completely forgotten about the daylight saving time difference! Ultimately, the RBA left the cash rate unchanged at 3.60%, stating, *"The decline in underlying inflation has slowed. The recent data, while partial and volatile, suggest that inflation in Q3 may be higher than expected at the time of the August meeting. Private consumption*

is picking up as real household incomes rise. Labour market conditions remain a little tight. Uncertainty in the global economy remains elevated. Extreme outcomes on US tariffs are likely to be avoided."

While last weeks US releases were generally good, last night ...

- US consumer confidence fell in September to a five-month low from 97.8 to 94.2, while the JOLT job openings barely budged in August at 7.22m, up from 7.21m. Hiring was subdued, suggesting gradually ebbing demand for workers.

- Eurozone and German inflation continued to grind higher, printing at 0.2% on the month. Annually, Eurozone inflation firmed from 2.1% to 2.4%, while in Germany it went from 2.2% to 2.4%.

- The China Securities Journal has reported the PBoC will lower interest rates in the coming months as it seeks to maintain ample liquidity, lower financing costs, and support consumption and investment.

- Chinese official PMIs contracted for a 6th month in September, the longest slump since 2019, printing at 49.8. Non-manufacturing eased from 50.3 to 50.0.

- Australian building permits plummeted 6.0% in August, which was better than the prior months 8.2% contraction, while private credit grew at 0.6% in August, which was in line with expectations.

- New Zealand business confidence steadied in September at 49.6, from August's 49.7, while confidence in firms' own activity rose from 38.7% to 43.4% ... a 5-month high.

Fed member Michelle Collins announced, *"If the economy meets expectations, gradual cuts to follow (although) aggressive cuts court inflation risks,"* while Austin Goolsbee suggested, *"It's still a pretty steady labour market. The hope is that the tariffs are just a one-time price increase and that they are moderate. We're now in an unusual low-hiring, low-firing environment."*

The threat of a US shutdown continued to weigh on the USD, with the AUD and JPY the biggest beneficiaries with the AUD/USD back above 0.6600, while the USD/JPY fell through the 148.00 level. The NZD, while weaker against the AUD and JPY, made modest gains, although it is struggling to hold the 0.5800 level against the USD.

US Treasury yields continue to flatline with the 2-year yield 2bps lower at 3.61%, while the 10-year firmed a pip to 4.15%. US equity markets closed flat, although the European bourses were broadly higher, firming 0.3%-0.8%. Commodity markets were broadly weaker with oil futures 1.3% lower, while iron ore prices fell after China suspended BHP iron ore purchases amid a pricing dispute with BHP. Lumber futures were the outlier rallying 3.0% after Trump announced fresh tariffs on imported wood products.

If there is no funding agreement

The US government will shut-down later today. If that happens, it's been confirmed there will be no NFP report on Friday ... but the rumour on the street is that it's all part of President Trump's grand plan ... to permanently reduce the size of the Federal workforce!



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	66.70					CAD	0.8066 0.9205
NZD/USD	0.5797	0.0007	0.0021	0.0040	0.0071	CHF	0.4614 0.5266
NZD/AUD	0.8763	0.0006	0.0022	0.0046	0.0095	CNY	4.1250 4.7060
NZD/JPY	85.7100	-0.19	-0.51	-0.8811	-1.60	DKK	3.6849 4.2050
NZD/EUR	0.4938	-0.0004	-0.0009	-0.0014	-0.0026	FJD	1.2903 1.4724
NZD/GBP	0.4310	0.0004	0.0015	0.0031	0.0061	HKD	4.5103 5.1468
						KRW	813.93 928.80
AU TWI	61.30					MYR	2.4378 2.7818
AUD/USD	0.6614	0.0003	0.0007	0.0009	0.0008	NOK	5.7831 6.5993
AUD/NZD	1.1404	-0.0009	-0.0030	-0.0063	-0.0130	SEK	5.4535 6.2232
AUD/JPY	97.69	-0.30	-0.84	-1.53	-2.89	SGD	0.7475 0.8530
AUD/EUR	0.5633	-0.0008	-0.0024	-0.0047	-0.0093	TWD	17.65 20.14
AUD/GBP	0.4917	0.0001	0.0005	0.0009	0.0016	ZAR	10.01 11.42
USD Index	97.78					EQUITIES	
EUR/USD	1.1739	0.0023	0.0062	0.0113	0.0205		Index
USD/JPY	147.85	-0.51	-1.42	-2.52	-4.53	NZX50	13,292
GBP/USD	1.3447	0.0002	0.0000	-0.0007	-0.0031	ASX200	8,849
EUR/GBP	0.8727	0.0015	0.0045	0.0087	0.0167	Dow Jones	46,329
USD/CNY	7.119	-0.0141	-0.0391	-0.0706	-0.1323	S&P 500	6,670
						FTSE100	9,350
INTEREST		New Zealand		Australia		DAX 40	23,881
RATES		Mid		Mid		Nikkei	44,933
30 day bank bills			2.93%		3.59%	COMMODITIES	
90 day bank bills			2.80%		3.63%		USD
1 year swap			2.55%		3.42%	Brent Crude	67.06
2 year swap			2.61%		3.42%	Gold	3,850.13
3 year swap			2.76%		3.44%	Silver	46.54
5 year swap			3.08%		3.61%	Iron Ore	105.35
10 year swap			3.67%		4.04%	CRB Index	373.19
3 year Govt bond			3.03%		3.57%		
5 year Govt bond			3.48%		3.79%		NZD
10 year Govt bond			4.28%		4.42%	NZ Carbon	56.85

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