# Market Alert

Monday 20 October 2025

| CURRENCIES | Spot | 6mths |
|---|---|---|
| NZD/USD | 0.5737 | 0.0041 |
| NZD/AUD | 0.8845 | 0.0048 |
| NZD/JPY | 86.410 | -0.83 |
| NZD/EUR | 0.4917 | -0.0010 |
| NZD/GBP | 0.4273 | 0.0034 |
| NZD/CNH | 4.0772 | -0.0156 |
| AUD/USD | 0.6482 | 0.0009 |
| AUD/EUR | 0.5554 | -0.0043 |
| EUR/USD | 1.1666 | 0.0106 |
| USD/CNH | 7.1246 | -0.0780 |
| GBP/USD | 1.3422 | -0.0011 |
| EUR/GBP | 0.8677 | 0.0085 |
| **INT RATES** | **NZ** | **Australia** |
| OCR/Cash | 2.50% | 3.60% |
| 90 day bills | 2.53% | 3.55% |
| 2 year swap | 2.40% | 3.31% |
| 10 year Govt | 4.07% | 4.20% |

## Fears cool

Friday brought some positive sentiment to markets as last week's worries around a couple of US regional banks subsided as solid earnings from regional lenders calmed nerves. Furthermore, Trump stated that the high tariffs that he threatened on China were *"not sustainable"* before adding "*I think we'll be fine with China*". The Americans seem to appreciate that they do not hold all the cards in this negotiation as NEC Director, Kevin Hasset, stated that China holds some leverage with its rare-earth exports threat.

We remain light on data out of the US as we approach the fourth week of the US government shutdown. However, the weekend did include some Fed talk before the blackout period ahead of the upcoming FOMC meeting next week. Starting us off, St. Louis Fed President, Alberto Musalem, stated "*I could support a path with another cut if more risk to jobs emerge and inflation remains contained*" before adding to the growing number of Fed members advocating for caution, highlighting that it is "*important for the Fed to be cautious right now*" as "*we are in a particular uncertain moment*". The lack of key US economic data isn't helping, a result of the government shutdown.

Other central bankers from around the world were also on the wires with the Bank of Canada Governor, Tiff Macklem, sounding particularly dovish, stating, "*We're putting more emphasis on risk when it comes to the next rate decision*" and "*Growth is not going to feel very good and it's certainly not going to be enough to close the output gap*". The BoE's Megan Greene was worried about the inflation problem in the UK as indicators show disinflation slowing, she advocated for a slowing of the rate cutting cycle but did add that the rate cutting cycle is not over.

Markets are similar to when we left on Friday. With the improved sentiment US Treasuries bounced. The 2-year and the 10-year both firmed 3bps, to be at 3.46% and 4.01%, after the 10-year fell below 4.00% briefly last week for the first time since April. The US dollar index is up slightly, currently at 98.43, leaving the NZD/USD at 0.5735, while the AUD/USD has softened slightly, currently at 0.6490 which means the NZD/AUD has firmed to be at 0.8835. Gold stalled on its skyward trajectory and remains around 4250, while oil prices are slightly firmer.

## The week ahead

This morning starts us off strong for the week as we have the New Zealand CPI release, which could see annual inflation test the top of the RBNZ's 1.00%-3.00% target range - with some market participants expecting the release to breach through 3.00%. As usual, any release that strays too far from expectations can create volatility and re-adjust the OCR's projected track.

In the United States, the big release is the delayed inflation data later in the week. That print will shape expectations for the Federal Reserve's late-October meeting. Given the slowing US labour market, a Fed cut is fully priced (along with another in Dec.). We also have a suite of data out of China that includes Q3 GDP, retail sales and industrial production. Other key releases include updates on PMIs for the US euro area, UK and Japan, but as always, markets will be tuned to any tariff/trade developments, with US-China antagonism far from settled.

# Daily Rates

**Monday 20 October 2025**

| FX | Spot Mid | FECs (mid) 1mth | 3mths | 6mths | 12mths |
|---|---|---|---|---|---|
| NZ TWI | 66.40 | | | | |
| NZD/USD | 0.5737 | 0.0007 | 0.0022 | 0.0041 | 0.0071 |
| NZD/AUD | 0.8845 | 0.0007 | 0.0024 | 0.0048 | 0.0094 |
| NZD/JPY | 86.4100 | -0.16 | -0.46 | -0.8259 | -1.50 |
| NZD/EUR | 0.4917 | -0.0003 | -0.0006 | -0.0010 | -0.0020 |
| NZD/GBP | 0.4273 | 0.0005 | 0.0017 | 0.0034 | 0.0063 |
| | | | | | |
| AU TWI | 60.20 | | | | |
| AUD/USD | 0.6482 | 0.0003 | 0.0007 | 0.0009 | 0.0004 |
| AUD/NZD | 1.1339 | -0.0011 | -0.0032 | -0.0066 | -0.0138 |
| AUD/JPY | 96.70 | -0.27 | -0.79 | -1.49 | -2.83 |
| AUD/EUR | 0.5554 | -0.0008 | -0.0022 | -0.0043 | -0.0088 |
| AUD/GBP | 0.4827 | 0.0002 | 0.0006 | 0.0010 | 0.0014 |
| | | | | | |
| USD Index | 98.54 | | | | |
| EUR/USD | 1.1666 | 0.0020 | 0.0058 | 0.0106 | 0.0189 |
| USD/JPY | 150.62 | -0.48 | -1.38 | -2.51 | -4.46 |
| GBP/USD | 1.3422 | 0.0001 | -0.0002 | -0.0011 | -0.0040 |
| EUR/GBP | 0.8677 | 0.0015 | 0.0044 | 0.0085 | 0.0162 |
| USD/CNY | 7.1264 | -0.0143 | -0.0380 | -0.0691 | -0.1270 |

| | Spot Mid NZD/... | AUD/... |
|---|---|---|
| CAD | 0.8024 | 0.9085 |
| CHF | 0.4539 | 0.5112 |
| CNY | 4.0806 | 4.6279 |
| DKK | 3.6687 | 4.1538 |
| FJD | 1.2857 | 1.4556 |
| HKD | 4.4468 | 5.0348 |
| KRW | 813.85 | 921.47 |
| MYR | 2.4182 | 2.7380 |
| NOK | 5.7351 | 6.4935 |
| SEK | 5.3938 | 6.1070 |
| SGD | 0.7413 | 0.8394 |
| TWD | 17.54 | 19.86 |
| ZAR | 9.93 | 11.25 |

| EQUITIES | Index |
|---|---|
| NZX50 | 13,289 |
| ASX200 | 8,995 |
| Dow Jones | 46,191 |
| S&P 500 | 6,664 |
| FTSE100 | 9,355 |
| DAX 40 | 23,831 |
| Nikkei | 47,582 |

| INTEREST RATES | New Zealand Mid | Australia Mid |
|---|---|---|
| 30 day bank bills | 2.65% | 3.52% |
| 90 day bank bills | 2.53% | 3.55% |
| 1 year swap | 2.40% | 3.32% |
| 2 year swap | 2.40% | 3.31% |
| 3 year swap | 2.57% | 3.36% |
| 5 year swap | 2.88% | 3.48% |
| 10 year swap | 3.48% | 3.93% |
| 3 year Govt bond | 2.86% | 3.34% |
| 5 year Govt bond | 3.29% | 3.56% |
| 10 year Govt bond | 4.07% | 4.20% |

| COMMODITIES | USD |
|---|---|
| Brent Crude | 61.29 |
| Gold | 4,248.73 |
| Silver | 51.85 |
| Iron Ore | 105.35 |
| CRB Index | 364.86 |

| | NZD |
|---|---|
| NZ Carbon | 55.25 |