

Market Alert

Tuesday 21 October 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5747	0.0041
NZD/AUD	0.8822	0.0048
NZD/JPY	86.595	-0.83
NZD/EUR	0.4934	-0.0010
NZD/GBP	0.4286	0.0033
NZD/CNH	4.0938	-0.0159
AUD/USD	0.6513	0.0010
AUD/EUR	0.5592	-0.0043
EUR/USD	1.1646	0.0105
USD/CNH	7.1237	-0.0776
GBP/USD	1.3406	-0.0011
EUR/GBP	0.8683	0.0085
INT RATES	NZ	Australia
OCR/Cash	2.50%	3.60%
90 day bills	2.53%	3.54%
2 year swap	2.40%	3.26%
10 year Govt	4.10%	4.26%

Well ... I made it back ...

But not entirely in one piece! The plan was to get home, relax, and watch the cricket last night, but what's that saying, *"the best-laid plans of mice and men oft go astray!"* The less said about the cricket, the better ...

It would seem, the only good thing about NZ these days ...

Was that inflation printed roughly in line with expectations at 1.0% on the quarter and 3.0% on the year ... but don't worry, I've been out and about, summer is coming, and people are feeling a touch more optimistic.

The Chinese growth print also provided a degree of optimism after GDP slowed by less than expected in Q3 amid a boost from external demand. At this stage the optimistic outlook suggested China

will hit its 5.0% growth target for the year, although it's not a 'done deal' with confidence weak, and consumption and investment soft, while the property market still needs to be addressed. Summing it up, China's economy expanded 4.8% in the year to Q3, in line with expectations but down from Q2's 5.2%.

President Trump tweeted, *"China may pay a 155% tariff if no deal by 1-Nov,"* although, he then added, *"I think China will come to table because of the tariffs. I think China will make a deal with us. China has treated us with great respect."* And in the midst of the rare earths trade war, President Donald Trump and Australian PM Anthony Albanese have signed a rare earths and critical minerals agreement aimed at ensuring a steady supply of the materials.

The outlook isn't so optimistic in Europe after German producer prices fell 1.7% in the 12-months to September, following on from August's 2.2% decline. It was the 7th consecutive month of annual producer price declines. And to add to the pain, S&P downgraded France's credit rating by one notch, from 'AA-' to 'A+', warning that political instability threatens the government's efforts to repair its finances, adding, *"We expect policy uncertainty will affect the French economy by dragging on investment activity and private consumption, and therefore on economic growth."*

ECB Board member Isabel Schnabel announced, *"For sovereignty, we need a strong currency, and this is our responsibility here at the ECB. This is why we think it's so*

important to foster the international role of the EUR."

Amazon Web Services, the leading provider of cloud infrastructure technology, accounting for about a third of the market, suffered a major outage yesterday. The company is still working through the issues ... and my Disney+ channel still isn't working!

So ... at the end of the day ... what did it all mean?

Well ... just for a change ... equity markets are awash with positive green arrows. The standout performer was the Japanese Nikkei future which surged 4.4% after the ruling LDP and the Japan Innovation Party agreed to form a coalition government, paving the way for Sanae Takaichi to become Japan's first female PM. Beyond that, the European bourses closed 0.5%-1.5% higher while the US exchanges will likely close 1.1%-1.4% higher.

Commodity markets were mixed with oil prices 0.5% lower, although gold surged a further 2.6% on the prospect of further Fed rate cuts and ongoing safe-haven demand.

The USD-index inched up above the 98.50 level. The AUD was the strongest performer gaining 0.3% to be above the 0.6500 level, while the NZD continued to consolidate around the 0.5750 level. The NZD/AUD is back at 0.8820.

Finally, yield markets were pretty quiet. US yields were relatively stable with the 2-years flat at 2.47%, while the 10-years was 3bps lower at 3.98%.



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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	66.60					CAD	0.8064 0.9142
NZD/USD	0.5747	0.0008	0.0022	0.0041	0.0070	CHF	0.4550 0.5161
NZD/AUD	0.8822	0.0007	0.0024	0.0048	0.0095	CNY	4.0904 4.6373
NZD/JPY	86.5950	-0.18	-0.46	-0.8307	-1.57	DKK	3.6838 4.1763
NZD/EUR	0.4934	-0.0003	-0.0006	-0.0010	-0.0024	FJD	1.3096 1.4846
NZD/GBP	0.4286	0.0005	0.0017	0.0033	0.0060	HKD	4.4628 5.0594
						KRW	816.44 925.59
AU TWI	60.50					MYR	2.4267 2.7511
AUD/USD	0.6513	0.0003	0.0007	0.0010	0.0005	NOK	5.7725 6.5442
AUD/NZD	1.1329	-0.0010	-0.0032	-0.0065	-0.0131	SEK	5.4112 6.1346
AUD/JPY	97.76	-0.30	-0.79	-1.48	-2.75	SGD	0.7429 0.8423
AUD/EUR	0.5592	-0.0008	-0.0022	-0.0043	-0.0085	TWD	17.56 19.91
AUD/GBP	0.4855	0.0002	0.0006	0.0011	0.0018	ZAR	9.91 11.23
USD Index	98.56					EQUITIES	
EUR/USD	1.1646	0.0022	0.0058	0.0105	0.0188		Index
USD/JPY	150.67	-0.52	-1.39	-2.49	-4.42	NZX50	13,345
GBP/USD	1.3406	0.0001	-0.0002	-0.0011	-0.0037	ASX200	9,032
EUR/GBP	0.8683	0.0016	0.0045	0.0085	0.0161	Dow Jones	46,713
USD/CNY	7.1196	-0.0151	-0.0383	-0.0694	-0.1265	S&P 500	6,741
INTEREST		New Zealand		Australia		FTSE100	9,404
RATES		Mid		Mid		DAX 40	24,259
30 day bank bills			2.65%		3.51%	Nikkei	49,186
90 day bank bills			2.53%		3.54%	COMMODITIES	
1 year swap			2.36%		3.32%		USD
2 year swap			2.40%		3.26%	Brent Crude	60.80
3 year swap			2.59%		3.31%	Gold	4,365.91
5 year swap			2.89%		3.49%	Silver	52.34
10 year swap			3.54%		3.92%	Iron Ore	105.35
3 year Govt bond			2.88%		3.40%	CRB Index	368.88
5 year Govt bond			3.32%		3.62%		
10 year Govt bond			4.10%		4.26%	NZ Carbon	55.30

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