

Market Alert

Wednesday 8 October 2025

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.5799 | 0.0040 |
| NZD/AUD | 0.8807 | 0.0045 |
| NZD/JPY | 88.045 | -0.92 |
| NZD/EUR | 0.4975 | -0.0014 |
| NZD/GBP | 0.4318 | 0.0031 |
| NZD/CNH | 4.1439 | -0.0198 |
| AUD/USD | 0.6584 | 0.0009 |
| AUD/EUR | 0.5647 | -0.0046 |
| EUR/USD | 1.1657 | 0.0111 |
| USD/CNH | 7.1443 | -0.0806 |
| GBP/USD | 1.3428 | -0.0009 |
| EUR/GBP | 0.8678 | 0.0087 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 3.00% | 3.60% |
| 90 day bills | 2.70% | 3.64% |
| 2 year swap | 2.59% | 3.42% |
| 10 year Govt | 4.33% | 4.50% |

Commodity prices ...

Firmed overnight, with gold prices the key driver spiking above the USD4,000 an ounce level for the first time, which will make China very happy given that as at the end of September the value of their gold reserves had lifted to USD283.3bn from August's valuation at USD253.8bn.

Goldman, as they like to do, posted a research paper suggesting the price could rally to the USD4,900 level, while Ken Griffin referenced the move against a "substantial de-dollarization" trade, stating, "We're seeing substantial asset inflation away from the US-dollar as people are looking for ways to effectively de-risk their portfolios vis-a-vis US sovereign risk."

That wasn't really the case last night after treasury yields eased a touch lower, with the 2 and 10-years falling 2bps to yield 3.58% and 4.13% respectively, while the

USD-index posted a modest 0.5% gain for a 2nd consecutive 'up' session. There was little in the way of news, but the JPY and EUR continued to weaken on political concerns with USD/JPY closing in on the 152.00 handle while EUR/USD is down to 1.1660. The NZD also came under selling pressure ahead of today's RBNZ meeting falling 0.7%, although it is managing to hold onto the 0.5800 level, having failed to break through key level resistance at 0.5848.

Equity markets, for a change, were lower, easing 0.25%-0.50%.

What little news there was ...

... was a little depressing ...

US consumer inflation expectations for the year ahead rose to 3.4% in September, its highest level in 5 months, with higher prices for food, gas, medical care, and rent. Meanwhile, consumer confidence also fell to a 5-month low at 48.3 in October, below market expectations of 49.3. It was the 2nd consecutive month the index has printed below the neutral 50 mark signalling ongoing consumer pessimism.

The NZIER QSBO report painted a subdued picture, with business confidence falling from 22% to 18%. Business sentiment fell from 26% to 15%, while 14% of firms reported weaker trading conditions, although 9% expect demand to improve in Q4. Capacity utilisation eased from 89.4% to 89.1%.

Global dairy prices continued their 'managed' pullback from their elevated levels with the main index falling 1.6%

overnight. This follows falls of 0.8%, 4.3% and 0.3% at the 3 prior auctions! This fall can be largely attributed to the falls in WMP and SMP, which fell 2.3% and 0.5% respectively, amid an increase in volumes.

Australian job advertisements recorded their sharpest decline since February 2024, falling 3.3% in September, to be down 4.3% on the year. Australian consumer confidence also continued its rapid retracement, falling to a 6-month low after dropping 3.5% in October, following on from September's 3.1% decline.

Japan household spending increased 2.3% in the year to August, surging from July's 1.4% increase an above forecasts at 1.2%. Etsuro Honda, an advisor to new Japanese PM Sanae Takaichi, stated, "A rate hike in October is probably difficult in my view."

Kansas City Fed President Jeff Schmid stating, "We're seeing a pause in labour conditions. Businesses are trying to delay hiring to get through the current situation. It's hard to understand how the US dollar would not be the world's reserve currency for a long, long time." Colleague Mary Daly stated, "The AI bubble is not a threat to financial stability."

A word of warning ...

Billionaire investor Paul Tudor Jones suggested stocks could stage a "massive rally" before a sharp correction reminiscent of the October 1999 to March 2000 dot-com bubble/correction. Meanwhile, Evercore suggest there is a 30% possibility the S&P500 could surge to 9,000 by 2026 in a "bubble scenario."



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Daily Rates

Wednesday 8 October 2025

| FX | Spot | FECs (mid) | | | | Spot Mid | |
|-------------------|---------|-------------|---------|-----------|---------|-------------|---------------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... |
| NZ TWI | 67.30 | | | | | CAD | 0.8086 0.9182 |
| NZD/USD | 0.5799 | 0.0007 | 0.0021 | 0.0040 | 0.0070 | CHF | 0.4625 0.5254 |
| NZD/AUD | 0.8807 | 0.0007 | 0.0023 | 0.0045 | 0.0094 | CNY | 4.1504 4.7014 |
| NZD/JPY | 88.0450 | -0.18 | -0.49 | -0.9151 | -1.68 | DKK | 3.7127 4.2161 |
| NZD/EUR | 0.4975 | -0.0003 | -0.0008 | -0.0014 | -0.0026 | FJD | 1.2940 1.4694 |
| NZD/GBP | 0.4318 | 0.0005 | 0.0016 | 0.0031 | 0.0060 | HKD | 4.5116 5.1233 |
| | | | | | | KRW | 820.43 931.67 |
| AU TWI | 61.40 | | | | | MYR | 2.4417 2.7728 |
| AUD/USD | 0.6584 | 0.0003 | 0.0007 | 0.0009 | 0.0007 | NOK | 5.7794 6.5630 |
| AUD/NZD | 1.1348 | -0.0010 | -0.0031 | -0.0063 | -0.0134 | SEK | 5.4534 6.1928 |
| AUD/JPY | 99.33 | -0.29 | -0.82 | -1.55 | -2.94 | SGD | 0.7493 0.8509 |
| AUD/EUR | 0.5647 | -0.0008 | -0.0024 | -0.0046 | -0.0090 | TWD | 17.70 20.10 |
| AUD/GBP | 0.4901 | 0.0001 | 0.0005 | 0.0009 | 0.0017 | ZAR | 9.97 11.32 |
| USD Index | 98.57 | | | | | EQUITIES | |
| EUR/USD | 1.1657 | 0.0022 | 0.0060 | 0.0111 | 0.0199 | | Index |
| USD/JPY | 151.82 | -0.50 | -1.40 | -2.57 | -4.63 | NZX50 | 13,531 |
| GBP/USD | 1.3428 | 0.0002 | -0.0001 | -0.0009 | -0.0037 | ASX200 | 8,957 |
| EUR/GBP | 0.8678 | 0.0015 | 0.0045 | 0.0087 | 0.0168 | Dow Jones | 46,545 |
| USD/CNY | 7.119 | -0.0146 | -0.0398 | -0.0711 | -0.1340 | S&P 500 | 6,711 |
| | | | | | | FTSE100 | 9,484 |
| INTEREST | | New Zealand | | Australia | | DAX 40 | 24,386 |
| RATES | | Mid | | Mid | | Nikkei | 47,951 |
| 30 day bank bills | | 2.82% | | 3.58% | | COMMODITIES | |
| 90 day bank bills | | 2.70% | | 3.64% | | | USD |
| 1 year swap | | 2.51% | | 3.42% | | Brent Crude | 65.64 |
| 2 year swap | | 2.59% | | 3.42% | | Gold | 3,982.93 |
| 3 year swap | | 2.76% | | 3.51% | | Silver | 47.74 |
| 5 year swap | | 3.09% | | 3.66% | | Iron Ore | 104.48 |
| 10 year swap | | 3.70% | | 4.11% | | CRB Index | 374.06 |
| 3 year Govt bond | | 3.06% | | 3.60% | | | NZD |
| 5 year Govt bond | | 3.51% | | 3.83% | | NZ Carbon | 55.75 |
| 10 year Govt bond | | 4.33% | | 4.50% | | | |

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