

Market Alert

Wednesday 05 November 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5657	0.0042
NZD/AUD	0.8717	0.0055
NZD/JPY	86.860	-0.86
NZD/EUR	0.4925	-0.0011
NZD/GBP	0.4343	0.0031
NZD/CNH	4.0354	-0.0165
AUD/USD	0.6488	0.0006
AUD/EUR	0.5649	-0.0048
EUR/USD	1.1485	0.0107
USD/CNH	7.1331	-0.0791
GBP/USD	1.3025	-0.0001
EUR/GBP	0.8815	0.0081
INT RATES	NZ	Australia
OCR/Cash	2.50%	3.60%
90 day bills	2.53%	3.69%
2 year swap	2.54%	3.54%
10 year Govt	4.21%	4.43%

Well ... I may have lost all my money on the Melbourne Cup ...

But I celebrated like I'd won it ... in fact ... I celebrated like I'd ridden the winner!

The RBA left its cash rate ...

unchanged at 3.60%, as was expected. It was a unanimous decision, judging it "appropriate to remain cautious." The statement noted that domestic activity is recovering but warned that the overall outlook "remains uncertain."

RBA Governor, Michele Bullock confirmed, "We discussed holding and the outlook for policy, being cautious. We did not consider cutting rates. It's possible that there's no more rate cuts but it's also possible that there will be some more. We didn't go up as high (on rates) so we don't have to come down as far. We have judged

that things are restrictive but the closer we get to neutral, the less we know. We still have a little bit of tightness that will take a little bit of heat out of the economy to bring inflation back down."

Looking at the overnight releases ...

- US economic sentiment fell from 48.3 to 43.9 in November, its lowest level since June 2024 and below expectations of 48.1.

- Japanese manufacturing PMI eased from 48.5 to 48.2 in October.

Overnight the wider trends remained in play ... the USD-index continued its recovery to be treading above the 100.00 level for the first time since August, with the key level at 100.40. The NZD/USD extended its current bout of weakness below the 0.5700 level, weakening 0.9% to its lowest level since April, as it approaches key support at 0.5635. The AUD held up slightly better, falling 0.8%, which saw the NZD/AUD plummet to 0.8715. On the crosses the JPY found some support, rallying 0.4%, rebounding from its 9-month low after Finance Minister Satsuki Katayama reiterated that authorities are monitoring rising volatility in FX markets with a "strong sense of urgency."

The US Treasury announced it now expects to borrow USD569bn in Q4, USD21bn less than projected in July, primarily because it began the period with a higher cash balance. US Treasury yields were little changed with the 2 and 10-years both 3bps lower at 3.58% and 4.09%.

Equity markets were 0.5%-1.0% lower amid concerns the recent AI-driven rally showed signs of fatigue, while several Wall Street executives have been warning that markets may be due for a significant correction. Commodities were mixed, while bitcoin fell below the USD100k level for the first time since June.

The GDT auction saw strong support once again from Chinese buyers, although it wasn't enough to turn the recent trend as the index fell 2.4%, which is basically the same level as September 2024. Cheese was the biggest loser plummeting 6.6%, butter fell 4.3%, while WMP eased 2.7%. The one positive was that SMP was flat.

In the political corner ...

It's election day in the US with various Mayoral and Governor votes. These are the first elections of Trump's second term amid the US governments shutdown, which is about to enter its 36th day, a new record!

And speaking of China ... well, we weren't, but it makes a nice segway ... China has created world's first 2D micro-chip ... which can still function when exposed to high levels of gamma radiation ... while China has also begun trial production with the world's first flying car factory!

Last of all, the PBoC announced it will strengthen policy support for the economy and accelerate efforts to promote the international use of the CNY as part of Beijing's long-term goal to reduce reliance on the USD in trade and finance.



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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	66.30					CAD	0.7970 0.9144
NZD/USD	0.5657	0.0007	0.0023	0.0042	0.0075	CHF	0.4577 0.5254
NZD/AUD	0.8717	0.0007	0.0028	0.0055	0.0110	CNY	4.0314 4.6260
NZD/JPY	86.8600	-0.17	-0.47	-0.8569	-1.55	DKK	3.6754 4.2167
NZD/EUR	0.4925	-0.0003	-0.0006	-0.0011	-0.0023	FJD	1.2754 1.4632
NZD/GBP	0.4343	0.0005	0.0017	0.0031	0.0057	HKD	4.3963 5.0439
						KRW	816.02 936.22
AU TWI	61.20					MYR	2.3723 2.7217
AUD/USD	0.6488	0.0002	0.0005	0.0006	0.0003	NOK	5.7792 6.6305
AUD/NZD	1.1469	-0.0011	-0.0038	-0.0074	-0.0149	SEK	5.4192 6.2175
AUD/JPY	99.96	-0.29	-0.83	-1.59	-2.97	SGD	0.7392 0.8480
AUD/EUR	0.5649	-0.0008	-0.0024	-0.0048	-0.0095	TWD	17.48 20.05
AUD/GBP	0.4981	0.0001	0.0004	0.0005	0.0004	ZAR	9.90 11.36
USD Index	100.19					EQUITIES	
EUR/USD	1.1485	0.0021	0.0057	0.0107	0.0197		Index
USD/JPY	153.53	-0.50	-1.40	-2.59	-4.63	NZX50	13,606
GBP/USD	1.3025	0.0001	0.0000	-0.0001	-0.0010	ASX200	8,814
EUR/GBP	0.8815	0.0015	0.0044	0.0081	0.0153	Dow Jones	47,041
USD/CNY	7.1295	-0.0148	-0.0395	-0.0735	-0.1334	S&P 500	6,771
						FTSE100	9,715
INTEREST		New Zealand		Australia		DAX 40	23,949
RATES		Mid		Mid		Nikkei	51,497
30 day bank bills			2.58%		3.59%	COMMODITIES	
90 day bank bills			2.53%		3.69%		USD
1 year swap			2.41%		3.53%	Brent Crude	64.41
2 year swap			2.54%		3.54%	Gold	3,939.88
3 year swap			2.73%		3.57%	Silver	47.42
5 year swap			3.06%		3.73%	Iron Ore	105.84
10 year swap			3.67%		4.15%	CRB Index	381.39
3 year Govt bond			3.00%		3.68%		
5 year Govt bond			3.43%		3.88%		NZD
10 year Govt bond			4.21%		4.43%	NZ Carbon	51.70

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