

Market Alert

Friday 07 November 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5640	0.0043
NZD/AUD	0.8696	0.0057
NZD/JPY	86.315	-0.79
NZD/EUR	0.4884	-0.0008
NZD/GBP	0.4292	0.0033
NZD/CNH	4.0157	-0.0145
AUD/USD	0.6483	0.0005
AUD/EUR	0.5613	-0.0047
EUR/USD	1.1548	0.0106
USD/CNH	7.1206	-0.0791
GBP/USD	1.3137	-0.0004
EUR/GBP	0.8786	0.0083
INT RATES	NZ	Australia
OCR/Cash	2.50%	3.60%
90 day bills	2.48%	3.69%
2 year swap	2.54%	3.56%
10 year Govt	4.24%	4.47%

Happy Friday!

Because ... the sun is shining, the Black Caps are on fire, and K-pop sensations BTS are making a comeback after completing their mandatory military service! Life can't get any better than this ... and young Sid is buzzing about the BTS reunion tour!

The big news overnight ...

Was that the BoE MPC voted 5-4 to keep the UK Bank Rate at 4.00%. This was in line with forecasts, but with 4-members voting for a 25bps cut to 3.75% does heighten the possibility of a rate cut in December. BoE Governor Andrew Bailey had the deciding vote, and stated later, "The latest inflation data is good, but we need more evidence."

After yesterday's positive ADP hiring numbers, this morning's Challenger

job cuts number provided the ying to the ADP's yang after US companies announced the most job cuts for any October in 22-years as employers announced 153k job cuts in October! This was the highest monthly lay-off number since 2003, and a lot higher than September's 54k of redundancies, with the supporting statement, highlighting, "October's pace of job cutting was much higher than average for the month. Those laid off now are finding it harder to quickly secure new roles, which could further loosen the labour market."

The Mexican central bank cut its overnight rate from 7.50% to 7.25%.

Somewhat intriguingly, the USD-index fell below the 100.00 level, dropping 0.5% on the session, although the NZD and AUD also weakened 0.4%, potentially on the US-China rare earth news and weaker equity sentiment. The NZD/USD is sitting on key support at 0.5635, while the AUD/USD fell below the 0.6500 level. The NZD/AUD is flatlining just below 0.8700. But the biggest beneficiaries of the USD's weakness were the JPY, GBP and EUR, which saw the NZD/JPY fall to 86.25, the NZD/GBP fall below 0.4300, and the NZD/EUR eased through the 0.4900 level.

The USD-weakness was also reflected in US Treasury markets with bond markets recovering from yesterday's weakness. This saw the 2 and 10-years yields fall 7bps to 3.57% and 4.09%.

Equity markets slid lower as tech jitters returned. Most bourses are trading within the range of, or close to, 0.5% to 1.5% lower. Commodity markets were

broadly positive, although oil prices eased 0.4%.

The Nikkei is reporting discrepancies on the US-China rare earth export agreement. Washington has announced that the pass through controls will also be eliminated, while China has not confirmed that will be the case.

We also had a few Fed speakers out overnight ...

which clouded the outlook, even more so than usual!

The Fed's Stephen Miran confirmed, "I expect we will cut in December; I want to get to neutral in 50bps increments. A lot of my colleagues want to do it in 25bps increments. we don't need 75bps cuts; we don't need to make up for lost ground."

Conversely, colleague Beth Hammack stated she was, "A little bit nervous' about current policy given inflation; I would not want to cut rates into accommodative territory" while Michael Barr added, "Progress has been made on inflation, but there is still work to do." Austin Goolsbee suggested, "I am more uneasy about rate cuts without inflation data. I may be reluctant to continue the rate cutting cycle."

Sitting on the fence, John Williams added, "The neutral rate of interest is hard to pin down."

Surely not ... US homebuilders are reviving buyer interest by heavily subsidizing mortgages, in some cases offering introductory rates below 1.0% with the average rate around 6.0% ... doesn't anyone remember the GFC?



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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	66.00					CAD	0.7955 0.9147
NZD/USD	0.5640	0.0007	0.0022	0.0043	0.0072	CHF	0.4547 0.5231
NZD/AUD	0.8696	0.0008	0.0028	0.0057	0.0105	CNY	4.0142 4.6151
NZD/JPY	86.3150	-0.15	-0.43	-0.7912	-1.47	DKK	3.6445 4.1907
NZD/EUR	0.4884	-0.0002	-0.0005	-0.0008	-0.0018	FJD	1.2718 1.4624
NZD/GBP	0.4292	0.0005	0.0017	0.0033	0.0060	HKD	4.3834 5.0403
						KRW	815.69 937.94
AU TWI	61.10					MYR	2.3572 2.7105
AUD/USD	0.6483	0.0002	0.0004	0.0005	0.0001	NOK	5.7527 6.6149
AUD/NZD	1.1489	-0.0012	-0.0038	-0.0078	-0.0158	SEK	5.3924 6.2005
AUD/JPY	100.04	-0.27	-0.82	-1.57	-2.99	SGD	0.7348 0.8449
AUD/EUR	0.5613	-0.0008	-0.0024	-0.0047	-0.0095	TWD	17.45 20.06
AUD/GBP	0.4932	0.0001	0.0004	0.0005	0.0004	ZAR	9.79 11.25
USD Index	99.69					EQUITIES	
EUR/USD	1.1548	0.0019	0.0057	0.0106	0.0195		Index
USD/JPY	153.05	-0.46	-1.37	-2.54	-4.60	NZX50	13,577
GBP/USD	1.3137	0.0000	-0.0002	-0.0004	-0.0019	ASX200	8,828
EUR/GBP	0.8786	0.0014	0.0044	0.0083	0.0153	Dow Jones	47,036
USD/CNY	7.1187	-0.0138	-0.0391	-0.0736	-0.1333	S&P 500	6,739
						FTSE100	9,736
INTEREST		New Zealand		Australia		DAX 40	23,734
RATES		Mid		Mid		Nikkei	50,884
30 day bank bills			2.54%		3.60%	COMMODITIES	
90 day bank bills			2.48%		3.69%		USD
1 year swap			2.39%		3.55%	Brent Crude	63.33
2 year swap			2.54%		3.56%	Gold	3,987.89
3 year swap			2.72%		3.58%	Silver	48.17
5 year swap			3.05%		3.75%	Iron Ore	104.73
10 year swap			3.66%		4.17%	CRB Index	376.72
3 year Govt bond			3.00%		3.68%		
5 year Govt bond			3.45%		3.89%		NZD
10 year Govt bond			4.24%		4.47%	NZ Carbon	45.75

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