

# Market Alert

Thursday 04 December 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5776	0.0039
NZD/AUD	0.8750	0.0059
NZD/JPY	89.575	-0.84
NZD/EUR	0.4947	-0.0010
NZD/GBP	0.4326	0.0030
NZD/CNH	4.0754	-0.0157
AUD/USD	0.6599	0.0000
AUD/EUR	0.5651	-0.0050
EUR/USD	1.1676	0.0101
USD/CNH	7.0563	-0.0745
GBP/USD	1.3350	-0.0004
EUR/GBP	0.8743	0.0077
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.47%	3.72%
2 year swap	2.79%	3.80%
10 year Govt	4.42%	4.76%

## Well ... that was a shocker ...

... and I'm not talking about my dress sense! US private businesses shed 32k jobs in November, following on from October's upwardly revised 47k gain. It was the sharpest drop in private employment since March 2023 and well below expectations for a 10k increase. Increasing US labour market concerns mean a Fed hike next week is now almost fully priced by markets.

The key release from yesterday was Australian Q3 GDP, which saw the Australian economy expand for the 16th consecutive quarter, growing 0.4% and following on from Q2's 0.7%. On an annual basis, the economy expanded from Q2's revised 2.0% to 2.1%.

Looking at the other releases ...

- US services PMI edged up to 52.6 in November, from 52.4 in October.

- US industrial production rose 0.1% in September, following on from August's downwardly revised 0.3% drop.
- Eurozone industrial producer prices increased 0.1% in October after two months of consecutive declines.
- Australian November construction activity remained in contractionary territory, easing to -12.5 from October's -11.9.
- Australian November S&P services PMI 52.8, slightly better than the preliminary 52.7.

After a couple of day treading water, financial markets 'sprung' into life after the US labour report. The USD-index fell 0.5% with the NZD the stand-out performer, the NZD/USD rallying to the 0.5775 level. On the crosses, the NZD made modest gains. The weak US labour market data also supported lower interest rates, with Treasury yields easing 2bps in the 2-years to 3.50%, while the 10-years fell 3bps to 4.07%. Equity markets were broadly positive on hopes of another Fed cut, gaining between 0.25% and 0.75%, while commodity markets enjoyed similar momentum.

RBA Governor Michelle Bullock confirmed, "Inflation has surprised on the upside. The output gap has probably closed, but it is uncertain. We are likely already at the potential growth limit. The labour market is still a bit tight."

ECB President Christine Lagarde confirmed, "We expect inflation to stay around our 2% target in the coming months. The risks continue to be two-sided, (but the) outlook is more balanced." Meanwhile, back in Brussels, the EU has floated the possibility of using 'emergency' powers

to raise EUR210bn from Russian assets.

US Treasury Secretary Scott Bessent reportedly stated, "The White House may 'veto' Federal Reserve Presidential nominees" before adding, "The administration will be able to replicate tariffs even if it loses the Supreme Court decision."

The WSJ has reported that President Trump has cancelled interviews with VP JD Vance for the Fed Chair vacancy. No reason was given for the cancelation, although on Tuesday the President stated he had narrowed the list down to one, and later in the day he mentioned National Economic Council chief Kevin Hassett as a potential Chair.

Republicans have won a hotly contested congressional election in Tennessee in a race that was viewed as a test-case for next year's mid-terms. I'm not sure whether Trump's tweet that the democrat nominee, "Hates Christianity, wants to take away your guns, and hates country music" helped or hindered the Republican victory.

## Has it crashed and burned, or withered and died?

I'm not sure which one it is, but no one wants any NZ carbon units after the government's final sale of NZU carbon credits for 2025 failed to attract any bids, meaning all NZUs from this year's auction volume will now be wiped from the system. Market pricing of NZU's has dropped sharply over recent week's (to the lowest level since July 2023), following recent government policy shifts that have undermined market confidence.



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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	0.8053 0.9202
NZD/USD	0.5776	0.0007	0.0021	0.0039	0.0061	CHF	0.4615 0.5275
NZD/AUD	0.8750	0.0010	0.0029	0.0059	0.0117	CNY	4.0689 4.6589
NZD/JPY	89.5750	-0.17	-0.43	-0.8371	-1.69	DKK	3.6936 4.2207
NZD/EUR	0.4947	-0.0002	-0.0005	-0.0010	-0.0026	FJD	1.2928 1.4773
NZD/GBP	0.4326	0.0006	0.0016	0.0030	0.0050	HKD	4.4948 5.1361
						KRW	846.30 967.06
AU TWI	61.50					MYR	2.3799 2.7194
AUD/USD	0.6599	0.0001	0.0002	0.0000	-0.0020	NOK	5.8089 6.6377
AUD/NZD	1.1423	-0.0013	-0.0038	-0.0079	-0.0173	SEK	5.4082 6.1798
AUD/JPY	102.41	-0.32	-0.83	-1.65	-3.28	SGD	0.7467 0.8533
AUD/EUR	0.5651	-0.0009	-0.0024	-0.0050	-0.0105	TWD	18.04 20.61
AUD/GBP	0.4942	0.0001	0.0002	0.0001	-0.0010	ZAR	9.84 11.24
USD Index	98.85					EQUITIES	
EUR/USD	1.1676	0.0020	0.0053	0.0101	0.0184		Index
USD/JPY	155.09	-0.50	-1.30	-2.49	-4.52	NZX50	13,583
GBP/USD	1.3350	0.0000	-0.0002	-0.0004	-0.0017	ASX200	8,595
EUR/GBP	0.8743	0.0015	0.0041	0.0077	0.0146	Dow Jones	47,914
USD/CNY	7.0636	-0.0146	-0.0383	-0.0731	-0.1316	S&P 500	6,856
						FTSE100	9,692
						DAX 40	23,694
						Nikkei	49,865
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		2.41%		3.60%		Brent Crude	62.76
90 day bank bills		2.47%		3.72%		Gold	4,202.27
1 year swap		2.51%		3.69%		Silver	58.46
2 year swap		2.79%		3.80%		Iron Ore	107.35
3 year swap		3.05%		3.89%		CRB Index	376.03
5 year swap		3.41%		4.08%			
10 year swap		3.95%		4.46%			NZD
3 year Govt bond		3.30%		4.03%		NZ Carbon	40.95
5 year Govt bond		3.76%		4.24%			
10 year Govt bond		4.42%		4.76%			

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