

# Research Markets Today

5 December 2025

## Events Round-Up

NZ: Volume building work (q/q%), Q3: 1.5 vs. 0.2 exp.

AU: Trade balance (\$b), Oct: 4.4 vs. 4.5 exp.

AU: Household spending (m/m%), Oct: 1.3 vs. 0.6

US: Initial jobless claims (k), wk to 29 Nov: 191 vs. 220 exp.

## Good Morning

Market movements continue to show only modest changes in the absence of a fresh narrative to drive big moves. US equities show little net change and global rates are mostly higher. Net currency moves have been modest and the NZD is flat, hovering around 0.5775.

US initial jobless claims plunged 27k to 191k last week to a three-year low but the drop was likely distorted by seasonal adjustment factors related to the Thanksgiving holiday. The data should show a sharp reversal in next week's reading. Challenger and Co. data showed layoffs fell to 71k in November, from 153k in October, but the figure was still up 23.5% y/y and was the highest November total in three years. Revelio Labs estimate non-farm payrolls fell 9k in November after a 15k fall in October, but the data should be treated with caution after large revisions.

The US 10-year rate has been drifting higher since the NZ close. There was a bit of volatility following the sticker shock of the jobless claims report, and the rate peaked at 4.11%, while it currently sits at 4.10%, up a couple of basis points from the NZ close.

Higher global yields have been a theme, with rates modestly higher across the euro area and Japan's 10-year rate rising 4bps to 1.93%, continuing the upward trend to reach its highest level since 2007. Japan's bond yields are getting to levels where investors are wondering when Japanese bond investors will repatriate funds back to their home market, particularly against the backdrop of an historically cheap yen. A move of this nature on a large scale would apply upward pressure to global rates and result in a stronger yen.

UK rates went against the grain, with modest falls in rates across the gilts curve. Supporting the move, UK's construction PMI plunged almost 5pts to a fresh multi-year

low of 39.4 in November, with negative reports leading up to the Budget probably not helping sentiment.

Currency movements have been well contained. Yesterday the PBoC set the daily CNY reference rate significantly weaker than estimates, a sign that it was aiming to ease gains in the managed currency. Both Bloomberg and Reuters reported China's major state-owned banks have been buying dollars in the onshore spot market recently and holding onto them in an unusually strong effort to rein in yuan strength. USD/CNY rose modestly from its lowest level this year and sits at 7.07.

The USD DXY is relatively flat but could be on track to break its eight-day losing streak if it can hold onto its small gain for the day. The NZD is flat, hovering around 0.5775. Sentiment for the AUD improved after Australian household spending rose 1.3% m/m in October, much stronger than consensus of 0.6%. Gains were broadly based across spending categories. The data added to the picture of solid domestic demand, boosting the odds that the RBA might need to raise rates from early next year.

The AUD is trading at 0.6615 and NZD/AUD has nudged down to 0.8725. If the RBA is going to be hiking rates well before the RBNZ next year, then that keeps downward pressure on NZ-Australian rate spreads, and we'd expect the November low in NZD/AUD just below 0.86 to be threatened.

NZD crosses against EUR and GBP are little changed overnight while NZD/JPY has nudged down to 89.4.

In the domestic rates market, curves were flatter, with modest upside pressure to rates at the short end and long-term rates lower. There was solid demand at the weekly NZGB tender and ultra-long bonds fell 4bps. The 10year NZGB fell 1bp to 4.29%. The swaps market remained jittery, with the 2-year rate up 3bps to 2.87%, with a sharp lift into the close while the 10-year rate fell 4bps to 3.95%.

NZ building work volumes rose 1.5% q/q in Q3, stronger than widely expected. The data follows stronger retail sales and net exports, supporting the case that the economy bounced back stronger than expected in Q3, especially relative to the RBNZ's 0.4% q/q estimate in the November MPS.

On the calendar today, delayed US PCE deflators for September are released tonight, with the core figure

expected to show a lift of 0.2% m/m, seeing annual inflation tick down to 2.8%. The University of Michigan consumer survey and Canada's employment report are also released.

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## Coming Up

		Period	Cons.	Prev.	NZT
GE	Factory orders (m/m%)	Oct	0.3	1.1	20:00
CA	Unemployment rate (%)	Nov	7.0	6.9	02:30
US	Personal income (m/m%)	Sep	0.3	0.4	04:00
US	Real personal spending (m/m%)	Sep	0.1	0.4	04:00
US	Core PCE deflator (m/m%)	Sep	0.2	0.2	04:00
US	Core PCE deflator (y/y%)	Sep	2.8	2.9	04:00
US	U. of Mich. consumer sentiment	Dec	52	51	04:00
US	U. of Mich. 5-10y inflation exp.	Dec	3.4	3.4	04:00

Currencies							Equities					Commodities			
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day		Last	% Day	% Year		Last	Net Day	
NZD	0.5774	+0.0	0.5758	0.5779	CHF	0.8025	+0.4	S&P 500	6,854	+0.1	12.6	Oil (Brent)	63.41	+1.2	
AUD	0.6616	+0.2	0.6604	0.6624	SEK	9.414	+0.4	Dow	47,876	-0.0	6.4	Oil (WTI)	59.81	+1.5	
EUR	1.1656	-0.1	1.1652	1.1682	NOK	10.101	+0.4	Nasdaq	23,483	+0.1	19.0	Gold	4211.0	+0.3	
GBP	1.3344	-0.1	1.3323	1.3385	HKD	7.782	-0.0	Stoxx 50	5,718	+0.4	16.2	HRC steel	906.0	+0.6	
JPY	154.94	-0.2	154.51	155.45	CNY	7.072	+0.1	FTSE	9,711	+0.2	16.5	CRB	302.3	+0.5	
CAD	1.3947	-0.0			SGD	1.296	+0.2	DAX	23,882	+0.8	18.0	Wheat Chic.	540.3	+0.4	
NZD/AUD	0.8727	-0.2			IDR	16,653	+0.2	CAC 40	8,122	+0.4	11.2	Sugar	14.88	-0.3	
NZD/EUR	0.4954	+0.1			THB	32.00	+0.3	Nikkei	51,028	+2.3	29.5	Cotton	62.66	-0.2	
NZD/GBP	0.4327	+0.1			KRW	1,473	+0.5	Shanghai	3,876	-0.1	15.2	Coffee	379.8	+2.0	
NZD/JPY	89.46	-0.2			TWD	31.31	-0.0	ASX 200	8,618	+0.3	1.7	WM powder	3205	-1.8	
NZD/CAD	0.8053	-0.0			PHP	59.02	+0.2	NZX 50	13,516	-0.5	4.8	Australian Futures			
NZ TWI	66.86	-0.0						VIX Index	16.06	-0.1	+19.4	3 year bond	95.92	-0.07	
Interest Rates											10 year bond			95.30	-0.06
Rates		Swap Yields			Benchmark 10 Yr Bonds			NZ Government Bonds			NZ BKBM and Swap Yields				
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg		
USD	4.00	4.85	3.32	3.69	USD	4.10	0.03	15-Apr-27	2.71	0.01	BKBM 1-mth	2.41	0.00		
AUD	3.60	3.68	3.95	4.74	AUD	4.70	0.06	15-May-28	3.13	-0.02	BKBM 3-mth	2.47	-0.01		
NZD	2.25	2.47	2.87	3.95	NZD	4.29	-0.01	20-Apr-29	3.36	-0.01	1 year	2.55	0.01		
EUR	2.00	2.03	2.20	2.80	GER	2.77	0.02	15-May-30	3.58	-0.01	2 year	2.87	0.03		
GBP	4.00	4.11	3.49	3.96	GBP	4.44	-0.01	15-May-31	3.80	-0.01	3 year	3.11	0.02		
JPY	0.48	-0.03	1.01	1.75	JPY	1.94	0.05	15-May-32	3.97	-0.01	5 year	3.44	0.00		
CAD	2.25	4.97	2.32	3.01	CAD	3.25	0.03	14-Apr-33	4.08	-0.01	7 year	3.69	-0.02		
								15-May-34	4.20	-0.01	10 year	3.95	-0.04		
								15-May-35	4.29	-0.01	15 year	4.26	-0.04		
								15-May-36	4.38	-0.01					
								15-May-37	4.48	-0.03					
								15-May-41	4.79	-0.04					
								15-May-51	5.07	-0.04					
								15-May-54	5.07	-0.04					
Carbon Price							Policy Meeting Run								
	Level	% Day	% Year		NZD	AUD	USD								
NZU	40.99	+0.1	-36.4		1st	2.23	3.61	3.67							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer								2nd	2.23	3.63	3.59				
Rates are as of: NZT 06:51								3rd	2.22	3.66	3.51				
Source: Bloomberg								4th	2.27	3.71	3.44				
								5th	2.34	3.77	3.31				

**NZD exchange rates**

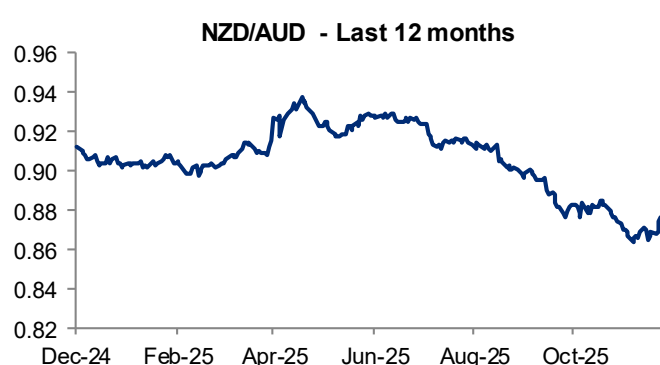
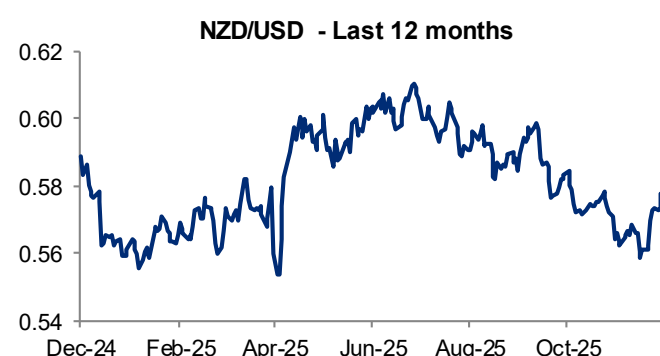
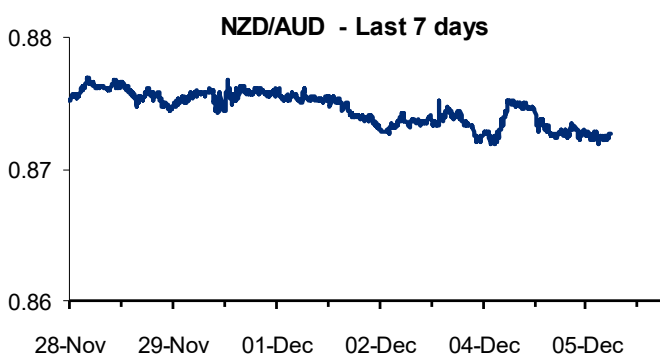
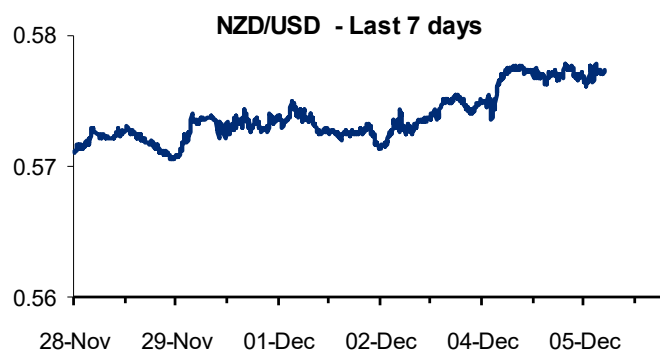
<b>5/12/2025</b>	<b>6:51 am</b>	<b>Prev. NY close</b>
USD	0.5774	0.5774
GBP	0.4327	0.4324
AUD	0.8727	0.8747
EUR	0.4954	0.4947
JPY	89.46	89.64
CAD	0.8053	0.8055
CHF	0.4629	0.4617
DKK	3.6988	3.6948
FJD	1.3165	1.3165
HKD	4.4934	4.4947
INR	51.95	52.08
NOK	5.8267	5.8073
PKR	161.93	161.93
PHP	34.09	34.01
PGK	2.4476	2.4781
SEK	5.4297	5.4113
SGD	0.7478	0.7470
CNY	4.0831	4.0788
THB	18.50	18.43
TOP	1.3790	1.3807
VUV	70.51	70.56
WST	1.6052	1.6144
XPF	59.27	59.24
ZAR	9.8033	9.8385

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	7.30	7.50
3 Months	20.67	21.13
6 Months	39.11	40.09
9 Months	53.94	55.78
1 Year	64.82	66.96

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	9.43	9.92
3 Months	28.88	30.01
6 Months	60.12	62.66
9 Months	92.69	97.44
1 Year	125.76	131.52



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