

Research Markets Today

5 November 2025

Events Round-Up

AU: RBA cash rate target (%), Nov: 3.6 vs. 3.6 exp.

Good Morning

A risk-off tone has pervaded markets, driving down global equities and supporting bond markets. JPY has outperformed and the USD is broadly stronger, with the NZD probing a fresh seven-month of 0.5655 and Bitcoin has fallen to its lowest level since June, trading around the USD101k mark.

Global equity markets are lower, with the S&P500 down 1% in early afternoon trading. Europe's Stoxx 600 index fell as much as 1.6%, before recovering to post a modest 0.4% fall at the close. Japan's Nikkei index fell 1.7% from a record high. Of note, the NZX50 traded above its 2021 intraday high at long last, joining other markets which have recently posted record highs, before closing up 0.4% yesterday. A win is a win, even if the index includes gross dividends, unlike most other markets.

On a down day, it's always easy to find reasons for a selloff, such as investors taking a breather from the record run higher. Also getting some attention, Goldman Sachs and Morgan Stanley CEOs and others have been speaking at a Global Financial Leaders Investment Summit, warning of high stock valuations and likelihood of some retrenchment in markets. Chair Powell's more hawkish than expected post-FOMC press conference last week, alongside Fed speakers backing that cautious view on further policy easing in recent days, are another factor.

The risk off vibe has supported bond markets, with global rates pushing lower, although net movements have been small. Treasury yields are down 2-3bps for the day across the curve and European rates showed even smaller moves. The US 10-year rate is currently trading at 4.08%.

JPY has been the strongest currency, reflecting its safe-haven characteristics rather than any reaction to Finance Minister Katayama's repeated warning about "one-sided and rapid" moves in the yen to the downside. USD/JPY is trading at 153.55, falling from just under 154.50 yesterday afternoon.

The USD is stronger as well, with some broader US indices trading at their highest level since May. The DXY index has broken back above 100. Against that backdrop, the NZD

continues to struggle and has fallen to as low as 0.5655, its lowest level since April.

GBP has also been struggling. In a pre-Budget speech, Chancellor Reeves said she would prioritise bringing down borrowing costs and inflation while not giving much away in terms of specifics. She needs to fill a fiscal hole potentially as large as £30b and further tax increases will be unavoidable, breaking Labour's manifesto against broad-based tax hikes. The highly anticipated Budget is due 26 November. Market reaction to the speech was muted, although GBP continues to push down towards 1.30. NZD/GBP is up slightly overnight to 0.4340.

Yesterday, the RBA left its cash rate at 3.6%, as expected, and after the shocking Q3 CPI report the bank noted "there could be a little more underlying inflation pressure than previously thought" and one of the uncertainties noted was "regarding the assessment that monetary policy remains a little restrictive". In terms of forward guidance, the Bank didn't give much away with its comment that "the Board remains alert to the heightened level of uncertainty about the outlook in both directions". Governor Bullock conveyed a neutral policy outlook at her press conference saying, "we don't have a bias".

Market reaction to the RBA was muted. The USD leg has been the biggest driver of the AUD and it currently sits back below 0.65. NZD/AUD fell to an overnight low of 0.8704, just 1 pip higher than the 2022 low, which hitherto has been a key support level, although it just seems a matter of time before a break below 0.87, with large negative NZ-Australian rate spreads a massive headwind over the short-term.

Australian rates nudged lower post the RBA and with many in the market believing that the RBA rate cutting cycle is over, with only 20bps of cuts priced into the curve deep into 2026.

The domestic rates market closed just ahead of the RBA announcement and there were only small movements across the curve. NZGB yields were flat to 2bps higher, while the 10-year swap rate fell 1bp to 3.68%. The combination of the post RBA move and global risk off vibe sees the Australian 10-year bond future down a few basis points in yield since the NZ close.

In the day ahead the domestic focus will be on the labour market reports, where the consensus sees another quarter

of weak employment growth and the unemployment rate ticking up to 5.3%, which would be the highest level in almost nine years, and softer wage inflation. Tonight sees the release of the ADP private payrolls report and ISM services index for the US.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Unemployment rate (%)	Q3	5.3	5.2	10:45
NZ	Employment (q/q%)	Q3	0.1	-0.1	10:45
NZ	Employment (y/y%)	Q3	-0.2	-0.9	10:45
NZ	LCI pvt wages x overtime (q/q%)	Q3	0.5	0.6	10:45
CH	RatingDog PMI services	Oct	52.5	52.9	14:45
GE	Factory orders (m/m%)	Sep	0.9	-0.8	20:00
US	ADP employment change	Oct	35	-32	02:15
US	ISM services index	Oct	50.7	50	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	0.5656	-0.9	0.5655	0.5689	CHF	0.8095	+0.2	S&P 500	6,789	-0.9	18.8	Oil (Brent)	64.48	-0.6
AUD	0.6492	-0.7	0.6481	0.6520	SEK	9.578	+1.0	Dow	47,089	-0.5	12.7	Oil (WTI)	60.62	-0.7
EUR	1.1485	-0.3	1.1473	1.1534	NOK	10.213	+0.9	Nasdaq	23,463	-1.5	29.1	Gold	3970.7	-1.1
GBP	1.3029	-0.8	1.3027	1.3139	HKD	7.774	+0.0	Stoxx 50	5,660	-0.3	16.7	HRC steel	848.0	+0.6
JPY	153.58	-0.4	153.32	153.79	CNY	7.130	+0.1	FTSE	9,715	+0.1	18.7	CRB	306.1	+1.2
CAD	1.4096	+0.3			SGD	1.307	+0.2	DAX	23,949	-0.8	25.1	Wheat Chic.	559.3	+0.3
NZD/AUD	0.8712	-0.2			IDR	16,708	+0.2	CAC 40	8,068	-0.5	9.4	Sugar	14.24	-2.8
NZD/EUR	0.4925	-0.6			THB	32.56	+0.2	Nikkei	51,497	-1.7	33.8	Cotton	65.38	-0.5
NZD/GBP	0.4341	-0.0			KRW	1,440	+0.7	Shanghai	3,960	-0.4	19.6	Coffee	404.1	-0.6
NZD/JPY	86.86	-1.3			TWD	30.88	+0.2	ASX 200	8,814	-0.9	8.4	WM powder	3495	+1.2
NZD/CAD	0.7973	-0.6			PHP	58.53	-0.4	NZX 50	13,606	+0.4	7.5	Australian Futures		
NZ TWI	65.95	-0.6						VIX Index	18.53	+7.9	-15.7	3 year bond	96.31	-0.03
Interest Rates												10 year bond		
	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	3.37	3.66	USD	4.09	-0.03	15-Apr-27		2.61	0.01	BKBM 1-mth	2.58	-0.00
AUD	3.60	3.64	3.55	4.34	AUD	4.35	0.01	15-May-28		2.87	0.01	BKBM 3-mth	2.53	0.00
NZD	2.50	2.53	2.56	3.68	NZD	4.10	0.02	20-Apr-29		3.06	0.01	1 year	2.44	-0.00
EUR	2.00	2.02	2.14	2.66	GER	2.65	-0.01	15-May-30		3.28	0.01	2 year	2.56	0.00
GBP	4.00	4.11	3.54	3.93	GBP	4.43	-0.01	15-May-31		3.51	0.00	3 year	2.74	0.00
JPY	0.48	-0.03	0.93	1.51	JPY	1.67	0.00	15-May-32		3.70	0.00	5 year	3.07	0.00
CAD	2.25	4.97	2.28	2.88	CAD	3.15	0.00	14-Apr-33		3.84	0.01	7 year	3.36	-0.00
								15-May-34		3.98	0.02	10 year	3.68	-0.01
								15-May-35		4.10	0.02	15 year	3.99	-0.01
								15-May-36		4.22	0.02	NZ Inflation-Indexed Bonds		
								15-May-37		4.34	0.02	Sept-30	1.33	0.02
								15-May-41		4.69	0.02	Sept-35	2.20	0.01
								15-May-51		4.98	0.02	Sept-40	2.65	0.01
								15-May-54		4.98	0.02			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:46														
Source: Bloomberg														

NZD exchange rates

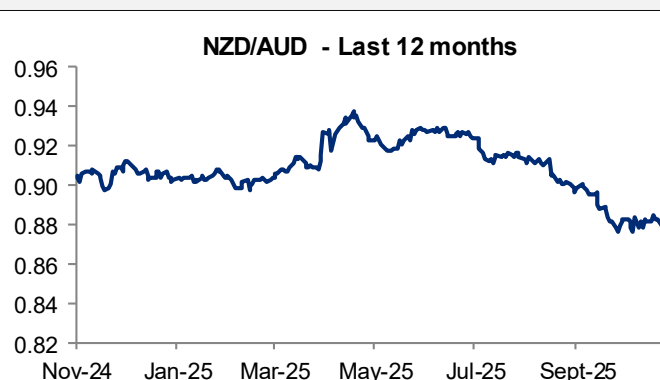
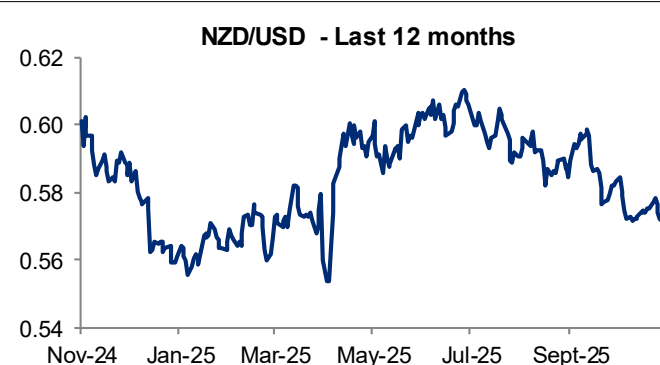
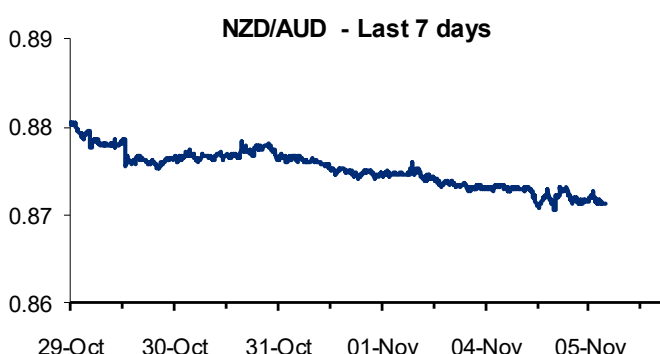
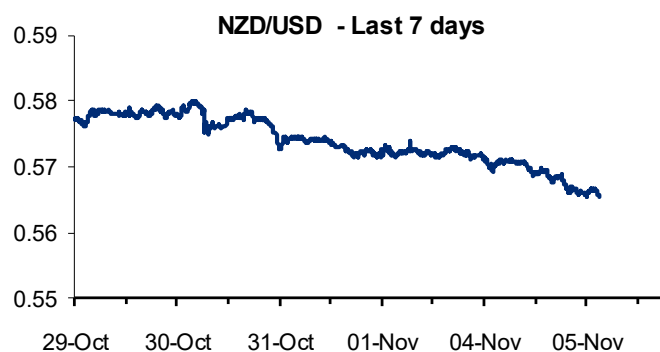
5/11/2025	6:47 am	Prev. NY close
USD	0.5656	0.5707
GBP	0.4341	0.4343
AUD	0.8712	0.8730
EUR	0.4925	0.4954
JPY	86.86	88.01
CAD	0.7973	0.8022
CHF	0.4582	0.4612
DKK	3.6790	3.6985
FJD	1.2952	1.3051
HKD	4.4041	4.4356
INR	50.23	50.67
NOK	5.7742	5.7793
PKR	159.09	160.35
PHP	33.16	33.56
PGK	2.3783	2.3612
SEK	5.4159	5.4120
SGD	0.7402	0.7446
CNY	4.0389	4.0641
THB	18.44	18.53
TOP	1.3314	1.3598
VUV	69.04	69.54
WST	1.5756	1.5807
XPF	58.60	58.97
ZAR	9.8977	9.8840

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.56	7.76
3 Months	22.59	23.09
6 Months	41.47	42.47
9 Months	59.51	61.47
1 Year	74.17	76.83

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	8.18	8.63
3 Months	27.63	28.78
6 Months	54.26	56.83
9 Months	82.07	87.06
1 Year	109.30	115.99



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