Markets Today

5 November 2026

Events round-up

NZ: Employment (q/q%), Q3: -0.1 vs. 0.4 exp.

NZ: Employment (y/y%), Q3: 0.7 vs. 1.6 exp.

NZ: Unemployment rate (%), Q3: 5.7 vs. 5.5 exp.

NZ: LCI pvt wages incl. overtime (q/q%), Q3: 0.5 vs. 0.5 exp.

AU: Household spending (m/m%), Sep: 0.6 vs. 0.2 exp.

CH: RatingDog PMI services, Oct: 50.8 vs. 51.7 exp.

EA: CPI (y/y%), Oct: 4.0 vs. 4.0 exp.

EA: CPI Core (y/y%), Oct: 2.5 vs. 2.5 exp.

US: ADP employment change (k), Oct: 86 vs. 67 exp.

US: Trade balance ($b), Sep: 105 vs. -108 exp.

US: ISM services index, Oct: 54.5 vs. 54.8 exp.

Good morning

As widely anticipated, the Democrats will regain control of both the House and the Senate following the US mid-term elections, winning clear majorities in both chambers. The only real surprise was the extent of the margin of victory.

In a nutshell, a Democratic sweep reduces the risk of further large-scale fiscal expansion but increases the risk of budgetary confrontation, investigations and unilateral executive policymaking. President Trump retains substantial authority over trade, immigration and foreign policy.

According to perceived wisdom and AI, a gridlocked government (Democrats controlling Congress and a Republican President) is bullish for Treasuries, negative for the USD and positive for equities. That has been precisely the market reaction, although as the results were coming in yesterday, US equity futures initially tumbled before reversing. One key concern is that increased Democratic power could act as a brake on the progress of AI and the building of data centres. Furthermore, if the Democrats win the Presidential race in two years, they will be able to push through major policy changes, such as higher taxes, many of which would be unlikely to be perceived as market-friendly. That is a risk the market isn't willing to price today, but it is something to think about further down the track.

President Trump told the FT he has no immediate plans to launch strikes on Iran following the mid-term elections. VP Vance said, "the reason we lost is the war". A Democratic Congress cannot block Trump's foreign policy but has leverage through its control of war funding. Iran's parliament speaker said the election result showed that Americans have voted "NO TO WAR". Oil prices fell steadily overnight, culminating in a 10% tumble for Brent crude that took the price around USD93 per barrel.

The combination of the US election result and lower oil prices has pushed US Treasury yields lower across the curve. The 10-year rate is currently 4.89%, down 7bps for the day, although much of the fall occurred during NZ trading hours. There was little further progress overnight, and the session has been choppy, with a temporary reversal to as high as 4.96%. The US Treasury tweaked its guidance on debt issuance, maintaining nominal coupon and floating rate note auction sizes for the next several quarters but dropping the prefix "at least" before "several quarters". This raises the possibility of reduced issuance of long-dated debt and higher sales of short-term securities.

European yields have fallen substantially. Germany's 10-year rate is down 6bps, but the falls have been much larger for France, the peripheral markets and the UK. This largely reflects higher risk sentiment and bond markets being supported by the chunky fall in oil and gas prices. France's 10-year rate fell 17bps, while the UK's 10-year rate fell 13bps.

US ADP private payrolls rose 86k in October, above the 67k consensus, following a solid gain in September. The key non-farm payrolls report is due at the end of the week. The ISM services index slipped a little to 54.5, while the prices paid index slipped a point to 73.0, remaining well above average.

Euro area CPI inflation data were in line with consensus, with the annual headline rate rising two-tenths to 4.0% and the core rate steady at 2.5%. The data had little impact on near-term policy expectations, with another hike in December remaining well priced at +21bps. Sweden's Riksbank added to the number of central banks in a tightening cycle, kicking off the process with a well-anticipated 25bps hike and a bias to tighten further.

After S&P500 futures were down as much as 1.4%, US equities staged a significant rebound, and the cash index shows a gain of 1.8% in early afternoon trading. There has been wide dispersion in returns as the market absorbs the implications of the election result. Elon Musk-related

companies SpaceX and Tesla are down around 3%, while big tech stocks have posted strong gains, with Apple, Amazon and Microsoft currently up 6-7%.

In the currency market, the USD is broadly weaker, with the fall in oil prices, higher risk sentiment and the mid-term election result all contributing. USD indices are down about 0.4% for the day. In overnight moves, the NZD and AUD have shown the strongest gains, reflecting higher risk sentiment. NZD/USD fell about 30pips to just above 0.5580 following softer NZ labour market data (see below), but the recovery in risk appetite has seen it trade as high as 0.5645 overnight. It currently sits at 0.5630.

The AUD has recovered to 0.7020. The weaker NZD/AUD cross that followed the labour market data has largely been sustained, with the cross at around 0.8020. The stronger risk backdrop has seen other NZD crosses recover from their post-labour market data losses.

NZ labour market data were weaker than expected, with a surprising 0.1% fall in employment in Q3 alongside downward revisions. Annual growth of 0.7% fell well short of the consensus estimate of 1.6%. The outcome defied a number of leading indicators that showed improved employment growth. Weaker employment fed through into the unemployment rate, which surprisingly ticked higher to 5.7%, a fresh cycle high. Wage data were mixed, with some indicators showing weaker annual inflation and others showing flat to slightly higher annual wage inflation.

The data complicated the monetary policy outlook. The dovish take is that extra labour market slack suggests less need for tighter policy. The hawkish take is that if core inflation is already rising and is at 3%, what will happen to inflation as the recovery gains traction and the unemployment rate begins to fall? The labour market isn't contributing to higher underlying inflation but could easily do so once higher inflation expectations (notably cost of living adjustments) begin to feed through.

The market took on board the dovish interpretation, sending rates lower, driven by the short end of the curve, with global forces working in the same direction for mid to longer-term rates. At the close, the 2-year swap rate was down a chunky 13bps for the day to 3.75%, a fresh eight-week low. The 5-year and 10-year swap rates fell by 12bps and 9bps respectively. The swaps market outperformed NZGBs, which showed more moderate falls across the curve. The market still sees more chance than not of the RBNZ hiking by 25bps in December, but pricing for the meeting pared 5bps to +15bps, implying a slower pace of tightening through 2027.

On the event calendar, the Bank of England meets tonight and is widely expected to hike rates for the first time this cycle, lifting its policy rate by 25bps to 4.0%. Ahead of that, RBA Deputy Governor Hauser will speak tonight. The economic calendar is light, with US productivity data of some interest.

Coming up

		Period	Cons.	Prev.	NZT
AU	Trade balance ($m)	Sep	1000	495	13:30
AU	RBA's Hauser-Speech				19:45
GE	Factory orders (m/m%)	Sep	4.5	-10.6	20:00
UK	Bank of England Bank Rate (%)	Nov	4.0	3.75	01:00
US	Nonfarm productivity (ann'lsd q/q%)	Q3	2.7	1.4	02:30
US	Initial jobless claims (k)	31-Oct	196	194	02:30

Source: Bloomberg

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5630	+0.8	0.5599	0.5646
AUD	0.7017	+0.7	0.6978	0.7022
EUR	1.1237	+0.4	1.1213	1.1273
GBP	1.3473	+0.4	1.3452	1.3503
JPY	158.27	-0.3	157.97	158.67
CAD	1.3965	-0.3		
NZD/AUD	0.8023	+0.1		
NZD/EUR	0.5010	+0.4		
NZD/GBP	0.4179	+0.3		
NZD/JPY	89.11	+0.5		
NZD/CAD	0.7862	+0.4		
NZ TWI	63.94	+0.5		

Other FX

	Last	% Day
CHF	0.8168	-0.5
SEK	9.725	-0.7
NOK	9.301	+0.2
HKD	7.846	-0.0
CNY	6.674	+0.1
SGD	1.278	-0.2
IDR	18,168	+0.0
THB	33.60	-0.5
KRW	1,340	-0.4
TWD	32.83	+0.1
PHP	63.54	+0.1

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,704	+1.8	13.8
Dow	53,299	+2.9	13.2
Nasdaq	25,922	+2.1	11.0
Stoxx 50	6,266	+2.0	10.7
FTSE	10,829	+1.8	11.5
DAX	26,438	+2.2	10.4
CAC 40	8,178	+2.0	1.4
Nikkei	62,189	-1.4	23.9
Shanghai	3,686	+2.2	-6.9
ASX 200	8,834	-0.6	0.4
NZX 50	13,783	+0.5	1.2
VIX Index	17.08	-18.0	-10.1

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	94.09	-9.1
Oil (WTI)	87.67	-8.7
Gold	4080.4	+3.5
HRC steel	1355.0	-0.4
CRB	398.3	-0.7
SGX Iron Ore	91.80	-0.1
NZ Milk '27	10.55	+1.3
NZ Milk '28	10.40	+1.0
NZ Milk '29	9.92	+0.0
WM powder	4100	+3.3

Australian Futures

3 year bond	95.26	0.00
10 year bond	94.96	0.06

Interest Rates

Rates / Swap Yields

	Cash	3Mth	2 Yr	10 Yr
USD	4.00	4.85	4.44	4.51
AUD	4.85	4.93	4.81	5.17
NZD	2.75	3.14	3.75	4.41
EUR	2.50	2.77	3.28	3.36
GBP	3.75	3.87	4.58	4.71
JPY	1.25	1.35	1.89	2.72
CAD	2.50	2.60	3.12	3.50

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.90	-0.07
AUD	5.08	-0.00
NZD	4.71	-0.08
GER	3.27	-0.06
GBP	5.13	-0.13
JPY	2.82	0.04
CAD	3.71	-0.07

NZ Government Bonds

	Last	Chg
15-May-28	3.60	-0.11
20-Apr-29	3.83	-0.12
15-May-30	4.01	-0.11
15-May-31	4.17	-0.10
15-May-32	4.30	-0.10
14-Apr-33	4.41	-0.09
15-May-34	4.51	-0.09
15-May-35	4.62	-0.08
15-May-36	4.71	-0.09
15-May-37	4.81	-0.08
15-May-38	4.86	-0.08
15-May-41	5.09	-0.07
15-May-51	5.30	-0.07
15-May-54	5.32	-0.06

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.91	0.00
BKBM 3-mth	3.14	0.00
1 year	3.49	-0.10
2 year	3.75	-0.13
3 year	3.88	-0.13
5 year	4.06	-0.12
7 year	4.22	-0.10
10 year	4.41	-0.09
15 year	4.62	-0.08

NZ Inflation-Indexed Bonds

Sept-30	1.64	-0.05
Sept-35	2.43	-0.05
Sept-40	2.87	-0.04

Carbon Price

	Level	% Day	% Year
NZU	48.80	+0.0	-5.6

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:54

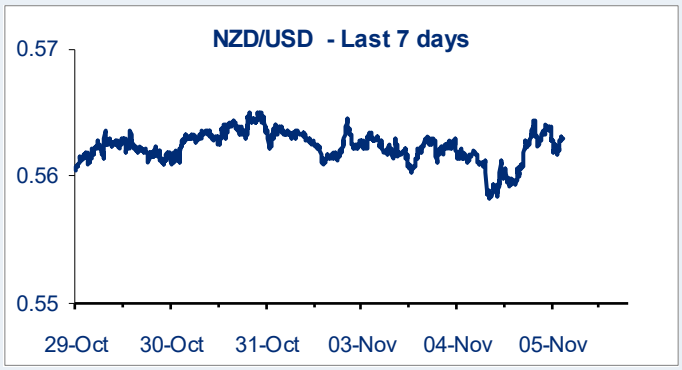
Source: Bloomberg

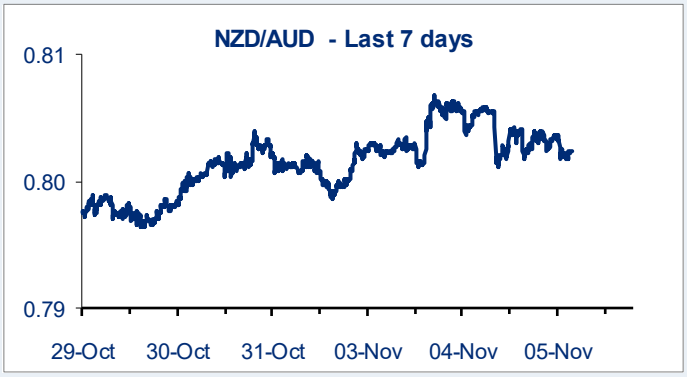
Policy Meeting Run

	NZD	AUD	USD
1st	2.90	4.89	4.09
2nd	3.04	4.94	4.15
3rd	3.16	4.94	4.28
4th	3.27	4.92	4.35
5th	3.38	4.88	4.43

NZD exchange rates

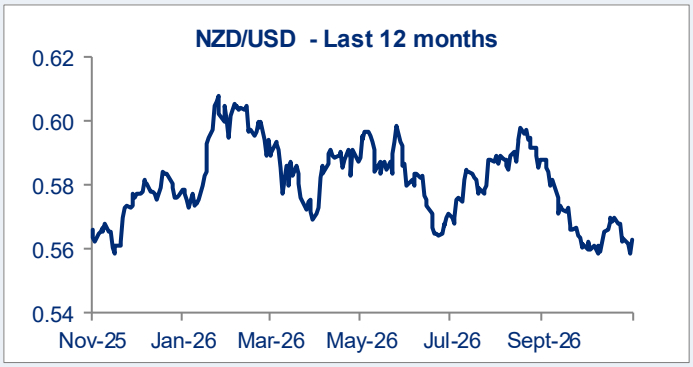
5/11/2026	6:55 am	Prev. NY close
USD	0.5630	0.5587
GBP	0.4179	0.4165
AUD	0.8023	0.8019
EUR	0.5010	0.4992
JPY	89.11	88.66
CAD	0.7862	0.7827
CHF	0.4599	0.4586
DKK	3.7450	3.7306
FJD	1.2669	1.2552
HKD	4.4170	4.3840
INR	53.29	52.94
NOK	5.2365	5.1859
PKR	155.76	154.60
PHP	35.77	35.46
PGK	2.5281	2.4920
SEK	5.4753	5.4711
SGD	0.7197	0.7160
CNY	3.7580	3.7270
THB	18.94	18.85
TOP	1.3263	1.3302
VUV	67.42	66.97
WST	1.5571	1.5436
XPF	59.78	59.64
ZAR	9.2261	9.2851





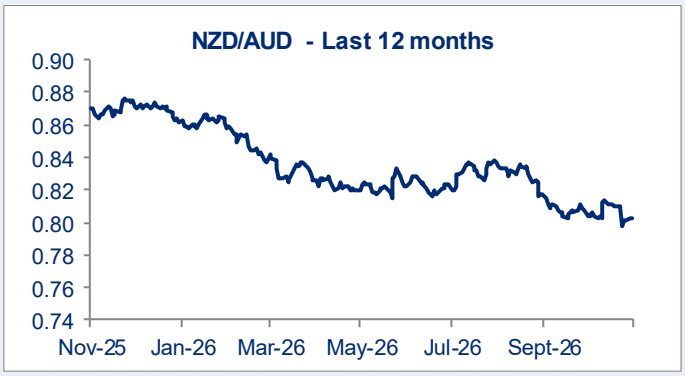
NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.16	6.36
3 Months	18.89	19.41
6 Months	34.48	35.57
9 Months	49.84	51.83
1 Year	63.03	66.87



NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	14.34	14.85
3 Months	41.66	42.75
6 Months	74.83	77.33
9 Months	105.19	109.54
1 Year	129.33	136.90



Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

India Power
Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Mike Jones
BNZ Chief Economist

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.