

Research Markets Today

6 November 2025

Events Round-Up

NZ: Unemployment rate (%), Q3: 5.3 vs. 5.3 exp.
 NZ: Employment (q/q%), Q3: 0.0 vs. 0.1 exp.
 NZ: LCI pvt wages x overtime (q/q%), Q3: 0.5 vs. 0.5 exp.
 CH: RatingDog PMI services, Oct: 52.6 vs. 52.9 prev.
 GE: Factory orders (m/m%), Sep: 1.1 vs. 0.9 exp.
 US: ADP employment change, Oct: 42 vs. 30 exp.
 US: ISM services index, Oct: 52.4 vs. 50.8 exp.

Good Morning

There has been a decent selloff in US Treasuries overnight following stronger than expected US economic data and the US Treasury's quarterly refunding announcement. The 5-7bps lift in yields hasn't perturbed the US equity market, with a decent rebound after yesterday's hefty loss. Currency markets show little response to higher US rates. The NZD is a touch stronger overnight and over the past 24 hours.

During the US government shutdown the market has been starved of official US economic data, which has resulted in an unusually large reaction to the ADP payrolls report, an indicator that has a poor record for forecasting monthly non-farm payrolls, worse than simple time series techniques, and the ISM services report, which has been a poor indicator of gyrations in economic activity.

ADP private payrolls rose by 42k in October, slightly higher than the consensus estimate of 30k while wage inflation remained steady for the past year, consistent with a balanced market. The ISM services index bounced back more strongly than expected in October, rising 2.4pts to an eight-month high of 52.4. New orders jumped even more, rising 5.8pts to a one-year high of 56.2. The prices paid index rose to a three-year high of 70.0. Going against the grain, the final reading of the S&P Global Services PMI – which has been tracking much higher than the ISM services index – was revised down 0.4pts to 54.8.

Despite the misgivings that these indicators tell us anything new, US rates rose after the ADP print and rose further after the ISM report. The 2-year Treasury yield is currently up 5bps to 3.62% while the 10-year rate is up 7bps to 4.15%. The market has further pared the scope for easier Fed policy, with 16bps of cuts priced for December, about 1-2bps shaved off, while about 7bps has been

shaved off through the end of next year, close to three rate cuts in aggregate now priced.

At the US Treasury's quarterly refunding announcement, the total was set at \$125b, in line with estimates. The Treasury said it continued to anticipate no changes to note and bond auction sizes "for at least the next few quarters" but added they'd begun "to preliminarily consider future increases". The latter comment got the market's attention and might have been a factor in the upside pressure on yields.

Equity investors have been unperturbed by the lift in yields, with yesterday's hefty falls (1.2% for the S&P500 and 2% for the Nasdaq) attracting the buy-the-dip brigade. In early afternoon trading, the S&P500 is up 0.8% and the Nasdaq is up 1%.

The outcome of the US elections showed a strong swing towards Democratic candidates, a warning sign for Republicans ahead of next year's mid-term elections. There was particular focus on the races for Governor in Virginia and New Jersey, and these showed strong wins for the Democrats. Self-described democratic-socialist Mamdani cruised to victory in the race for the New York mayoralty. Even President Trump said "I don't think it was good for Republicans" and he blamed the government shutdown and urged Republicans to get the government back open soon. The government has been shut down for 36 days, breaking the 35-day record during Trump's first term. Polymarket gives a 59% chance of the shutdown ending by 15 November and a 90% chance of it ending by 30 November.

The Supreme Court heard arguments in two cases challenging Trump's use of emergency laws to impose country-specific tariffs. As the hearing began, PredictIt odds jumped from 60% to 93% that the Supreme Court will rule against Trump, following the lines of questioning by three conservative judges. A decision is still likely 2-3 weeks away and a negative ruling would likely see Trump pursuing other avenues, like using different laws, to keep the tariffs running.

In the currency market, net movements have been modest. Despite the decent lift in US Treasury yields, more than seen across Europe, the USD has tracked sideways. The yen has been the weakest, eroding some of its safe-haven gains seen yesterday. USD/JPY is trading above 154, after falling below 153 yesterday.

The NZD is trading at 0.5660, slightly higher than this time yesterday and at the NZ close. There was little reaction to NZ's in-line labour market reports yesterday, although we did see some price action in the NZD/AUD cross. The cross broke below the 0.8703 low of 2022 and traded down to 0.8687, a 12year low. While the cross soon recovered, overnight it has drifted back to around 0.87.

The NZD is flat against GBP but is stronger against EUR and JPY, up to 0.4930 and 87.2 respectively.

As noted, NZ labour market data were broadly in line with expectations, with flat employment growth driving a tick up in the unemployment rate to 5.3%, its highest rate in nearly nine years. Soft labour market conditions supported further moderation in wage inflation, with LCI private sector ordinary time earnings up 0.5% q/q, taking the annual figure down to a four-year low of 2.1% y/y, consistent with the 2% midpoint CPI inflation target.

Positive take-outs from the report included a second successive quarterly lift in full time employment and a 0.9% q/q jump in hours worked, following six quarterly declines. Combined with other data showing a positive turnaround in job ads, the message was one of a labour market at a turning point.

NZ rates ended the day lower, but this was more a reflection of global forces, and there was underperformance on a cross-market basis. NZGB yields closed down 1-2bps. The 2-year swap rate fell 1bp to 2.55% while the 10-year rate fell 3bps to 3.65%. The Australian 10-year bond future is up 5bps in yield terms overnight, setting the scene for trading on the NZ open.

On the calendar today, the key focus will be on the BoE policy meeting where most see policy unchanged, ahead of the Budget later this month. But given the split committee, it wouldn't take much to tip the balance towards a 25bps rate cut, with much riding on how Governor Bailey votes and influences others. The market prices 6bps of cuts for the meeting.

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Coming Up

		Period	Cons.	Prev.	NZT
JN	Schd. FT pay - same base (y/y%)	Sep	2.5	2.4	12:30
AU	Trade balance (\$b)	Sep	4.0	1.8	13:30
GE	Industrial production (m/m%)	Sep	3.0	-4.3	20:00
UK	Bank of England Bank Rate (%)	Nov	4.0	4.0	01:00

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	0.5660	+0.3	0.5639	0.5664	CHF	0.8110	+0.1	S&P 500	6,827	+0.8	18.1	Oil (Brent)	63.71	-1.1
AUD	0.6506	+0.2	0.6474	0.6513	SEK	9.567	-0.1	Dow	47,380	+0.6	12.2	Oil (WTI)	59.80	-1.2
EUR	1.1480	-0.0	1.1469	1.1496	NOK	10.216	-0.1	Nasdaq	23,584	+1.0	27.9	Gold	3992.5	+0.8
GBP	1.3039	+0.1	1.3012	1.3053	HKD	7.775	+0.0	Stoxx 50	5,669	+0.2	16.4	HRC steel	845.0	-0.4
JPY	154.08	+0.3	153.42	154.36	CNY	7.127	-0.0	FTSE	9,777	+0.6	19.6	CRB	304.2	-0.6
CAD	1.4116	+0.1			SGD	1.307	-0.1	DAX	24,050	+0.4	24.9	Wheat Chic.	567.3	+0.8
NZD/AUD	0.8700	+0.0			IDR	16,717	+0.1	CAC 40	8,074	+0.1	9.0	Sugar	14.12	-0.7
NZD/EUR	0.4930	+0.3			THB	32.47	-0.3	Nikkei	50,212	-2.5	27.2	Cotton	65.30	+0.2
NZD/GBP	0.4341	+0.2			KRW	1,441	+0.1	Shanghai	3,969	+0.2	17.2	Coffee	396.4	+2.9
NZD/JPY	87.21	+0.6			TWD	30.93	+0.2	ASX 200	8,802	-0.1	7.3	WM powder	3430	-1.9
NZD/CAD	0.7990	+0.4			PHP	58.84	+0.5	NZX 50	13,621	+0.1	7.7	Australian Futures		
NZ TWI	65.96	+0.2						VIX Index	17.38	-8.5	-15.2	3 year bond	96.36	0.05
Interest Rates												3 year bond		
												10 year bond		
												95.63		
												-0.05		
	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	3.42	3.71	USD	4.15	0.07	15-Apr-27	2.58	-0.02	BKBM 1-mth	2.57	-0.01	
AUD	3.60	3.64	3.57	4.38	AUD	4.31	-0.04	15-May-28	2.86	-0.01	BKBM 3-mth	2.51	-0.02	
NZD	2.50	2.51	2.55	3.65	NZD	4.09	-0.02	20-Apr-29	3.05	-0.01	1 year	2.41	-0.04	
EUR	2.00	2.01	2.15	2.68	GER	2.67	0.02	15-May-30	3.27	-0.01	2 year	2.55	-0.01	
GBP	4.00	4.11	3.57	3.97	GBP	4.46	0.04	15-May-31	3.49	-0.01	3 year	2.73	-0.01	
JPY	0.48	-0.03	0.92	1.51	JPY	1.66	-0.01	15-May-32	3.68	-0.02	5 year	3.06	-0.02	
CAD	2.25	4.97	2.28	2.90	CAD	3.16	0.03	14-Apr-33	3.82	-0.02	7 year	3.33	-0.02	
									15-May-34	3.97	-0.02	10 year	3.65	-0.03
									15-May-35	4.09	-0.02	15 year	3.96	-0.03
									15-May-36	4.20	-0.02			
									15-May-37	4.32	-0.02			
									15-May-41	4.67	-0.01			
									15-May-51	4.96	-0.01			
									15-May-54	4.97	-0.02			

* These are indicative ranges from 5pm NZT;

please confirm rates with your BNZ dealer

Rates are as of: NZT 06:57

Source: Bloomberg

NZD exchange rates

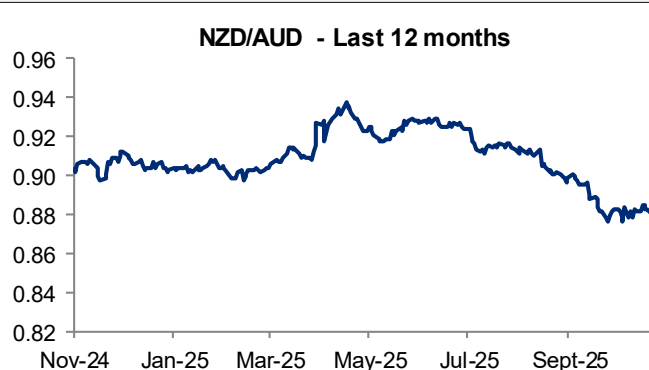
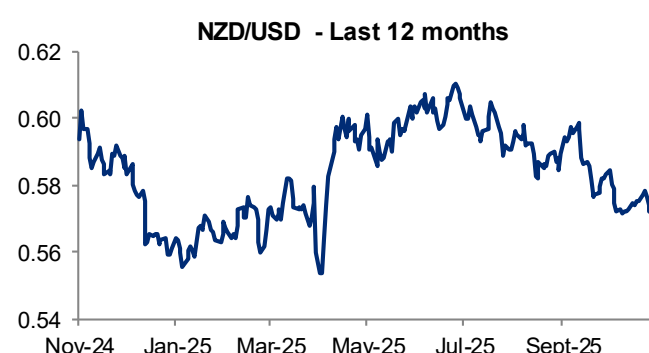
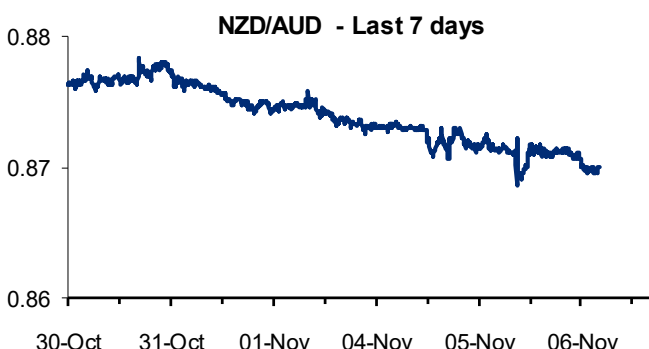
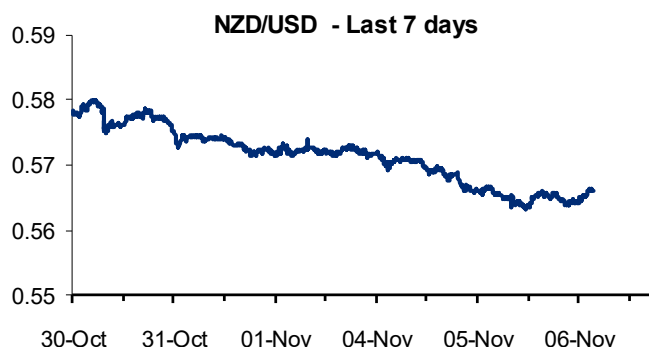
6/11/2025	6:58 am	Prev. NY close
USD	0.5660	0.5644
GBP	0.4341	0.4335
AUD	0.8700	0.8696
EUR	0.4930	0.4916
JPY	87.21	86.73
CAD	0.7990	0.7960
CHF	0.4590	0.4573
DKK	3.6801	3.6693
FJD	1.2919	1.2951
HKD	4.4007	4.3879
INR	50.18	50.11
NOK	5.7806	5.7696
PKR	158.95	158.58
PHP	33.30	33.03
PGK	2.3792	2.3724
SEK	5.4150	5.4067
SGD	0.7398	0.7382
CNY	4.0337	4.0239
THB	18.41	18.37
TOP	1.3178	1.3264
VUV	69.01	68.79
WST	1.5669	1.5696
XPF	58.58	58.41
ZAR	9.8530	9.8836

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.35	7.56
3 Months	22.62	23.11
6 Months	43.06	44.06
9 Months	62.20	64.19
1 Year	78.63	81.30

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	8.08	8.55
3 Months	27.80	29.04
6 Months	55.75	58.46
9 Months	84.44	89.58
1 Year	113.34	120.59



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