

# Research Markets Today

6 October 2025

## Events Round-Up

US: ISM services index, Sep: 50.0 vs. 51.7 exp.

## Good Morning

Last week ended on an uneventful note, not helped by the US government shutdown that resulted in delay in publishing the key US employment reports. US equities were little changed, and US Treasury yields pushed higher, partially reversing the fall in rates earlier in the week. The USD was broadly weaker in overnight trading, but moves were modest. The NZD pushed a little higher, closing the week around 0.5830.

In another vote in the Senate on Friday, not enough Democrats switched sides, ensuring that the US government shutdown carries into this week. Meanwhile, the White House continued to freeze funding previously allocated to Democratic priorities, keeping the heat on the party to eventually concede.

The key US employment reports were a casualty of the shutdown. Chicago Fed President Goolsbee said that his economic team estimated that the unemployment rate would have remained steady at 4.3% in September, had the data been available.

The ISM services survey was weaker than expected, with the headline index falling 2pts to a four-month low of 50.0, driven by more than 5pt drops in new orders and business activity. The employment index nudged up less than a point to 47.2. This survey hasn't had a great correlation with key activity indicators of late and contrasts with the healthier readings from the PMI services survey, which was revised up slightly to 54.2. Of note, the ISM price paid index rose slightly to 69.4, consistent with core inflation remaining well above target.

Fed President Logan said the Fed is further away from its inflation target than it is from the maximum employment goal. Regarding the labour market, she is primarily focused on the unemployment rate, which is close to its long-run natural level, rather than payrolls figures. On policy she said, "we really need to be cautious about further rate cuts from here".

Fed Governor Miran, the White House employee who stands out from the rest of the FOMC with his dovish views, said he'd amend his inflation view if housing costs

unexpectedly jumped. He claimed that his projections for the Fed's policy path are not that different from those of his colleagues, but he wants to get there a little bit faster.

US Treasury yields pushed higher in the last few hours of the trading session, possibly in response to the sticky inflation index of the ISM survey and the more hawkish Fed commentary, or it could have just been a case of profit-taking ahead of the week, following the fall in rates earlier this week. Treasury yields between 2 and 10-year maturity closed the day up 3-4bps, seeing the 10-year rates close at 4.12%.

Currencies showed modest moves on Friday, with a broadly weaker USD evident during the overnight session. The NZD traded a tight range and pushed up slightly, closing around 0.5830, culminating in decent 1% recovery for the week following significant underperformance over the past few weeks. NZD cross movements were small. NZD/AUD nudged up to 0.8830, ensuring that its weekly gain was only barely positive, but well up from the three-year low traded earlier in the week of 0.8758, in the wake of the slightly more hawkish RBA post-meeting commentary.

NZD/JPY closed the week close to 86. BoJ Governor Ueda looked to keep his options open on policy for the late-October meeting, in a speech to business leaders. During the weekend, there was a surprise win for Takaichi for the LDP leadership battle, and she is now set to before Japan's first female Prime Minister later this month in a parliamentary vote. For the market, she is known to be pro stimulus on both monetary and fiscal policy, and all eyes will be on the reaction to JGB yields and the yen when Asian markets open. Investors will be worried about the chance of higher long-term JGB yields and a weaker yen. At the end of last week, market pricing for whether the BoJ tightens at the late-October meeting was slightly in favour of a 25bps hike versus remaining on-hold.

Overnight, bitcoin reached a fresh record high just over USD125.5k, above its previous record high in August, before meeting some resistance and it has retreated to USD123k.

During the weekend, OPEC+ agreed to only a modest lift in oil production of 137,000 barrels per day from November, smaller than some estimates that feared an increase of as large as 500,000. Brent crude rose modestly on Friday, but

still fell 8% for the week, ahead of further production increases.

The domestic rates market had a quiet end to the week., with NZGB yields closing up 2-3bps across the curve while swap rates were little changed.

The economic calendar over the next 24 hours is void of any notable releases. Domestically, the focus this week will be the RBNZ's Monetary Policy Review on Wednesday, where the bank will cut the OCR, the only uncertainty being by how much, 25bps or 50bps. A small majority of economists surveyed by Bloomberg expect a 25bps cut, which is where BNZ sides, while the OIS market prices 33bps, also suggesting more leaning towards 25bps than

50bps. Tomorrow, the QSBO release will provide a wealth of data on activity indicators, expectations, and pricing indicators. Based on last week's ANZ survey, there should be some improvement in activity indicators.

Elsewhere, the global calendar is light this week and it would have been so even without the US government shutdown.

[jason.k.wong@bnz.co.nz](mailto:jason.k.wong@bnz.co.nz)

## Coming Up

Nothing of note

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	0.5832	+0.2	0.5820	0.5838	CHF	0.7958	-0.3	S&P 500	6,716	+0.0	17.8	Oil (Brent)	64.53	+0.7
AUD	0.6603	+0.1	0.6595	0.6614	SEK	9.372	-0.3	Dow	46,758	+0.5	11.3	Oil (WTI)	60.88	+0.7
EUR	1.1742	+0.2	1.1721	1.1759	NOK	9.965	-0.2	Nasdaq	22,781	-0.3	27.1	Gold	3880.8	+1.1
GBP	1.3479	+0.3	1.3435	1.3486	HKD	7.782	-0.0	Stoxx 50	5,652	+0.1	14.8	HRC steel	804.0	-0.1
JPY	147.49	+0.1	147.10	147.68	CNY	7.121	-0.0	FTSE	9,491	+0.7	14.6	CRB	299.4	+0.3
CAD	1.3951	-0.1			SGD	1.289	-0.0	DAX	24,379	-0.2	28.2	Wheat Chic.	532.5	+0.0
NZD/AUD	0.8832	+0.1			IDR	16,563	-0.2	CAC 40	8,082	+0.3	8.1	Sugar	16.47	+0.4
NZD/EUR	0.4967	+0.0			THB	32.34	-0.3	Nikkei	45,770	+1.9	18.5	Cotton	62.86	+0.3
NZD/GBP	0.4327	-0.1			KRW	1,407	+0.1	Shanghai	3,883	+0.5	19.1	Coffee	390.8	+3.3
NZD/JPY	86.01	+0.4			TWD	30.38	-0.1	ASX 200	8,987	+0.5	10.3	WM powder	3580	-1.0
NZD/CAD	0.8135	+0.1			PHP	57.87	-0.4	NZX 50	13,514	+0.5	7.1	Australian Futures		
NZ TWI	67.21	+0.2						VIX Index	16.65	+0.1	-18.7	3 year bond	96.43	0.00
Interest Rates														
	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	4.25	4.85	3.36	3.63	USD	4.12	0.04	15-Apr-27	2.73	0.02	BKBM 1-mth	2.88	-0.02	
AUD	3.60	3.59	3.45	4.28	AUD	4.33	-0.00	15-May-28	2.95	0.02	BKBM 3-mth	2.74	-0.03	
NZD	3.00	2.74	2.64	3.72	NZD	4.21	0.02	20-Apr-29	3.16	0.02	1 year	2.55	-0.01	
EUR	2.00	2.00	2.15	2.68	GER	2.70	-0.00	15-May-30	3.38	0.02	2 year	2.64	0.00	
GBP	4.00	4.20	3.74	4.15	GBP	4.69	-0.02	15-May-31	3.61	0.02	3 year	2.80	0.01	
JPY	0.51	-0.03	0.94	1.51	JPY	1.66	0.00	15-May-32	3.80	0.02	5 year	3.13	0.00	
CAD	2.50	4.97	2.31	2.89	CAD	3.19	0.01	14-Apr-33	3.95	0.02	7 year	3.41	0.01	
								15-May-34	4.10	0.02	10 year	3.72	0.00	
								15-May-35	4.21	0.02	15 year	4.02	0.00	
								15-May-36	4.33	0.02	NZ Inflation-Indexed Bonds			
								15-May-37	4.46	0.02	Sept-30	1.59	0.02	
								15-May-41	4.80	0.03	Sept-35	2.42	0.02	
								15-May-51	5.08	0.03	Sept-40	2.85	0.02	
								15-May-54	5.09	0.03				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates at NY close														
Source: Bloomberg														

**NZD exchange rates**

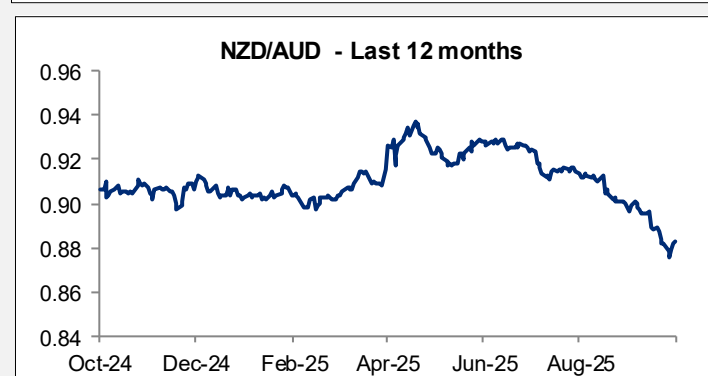
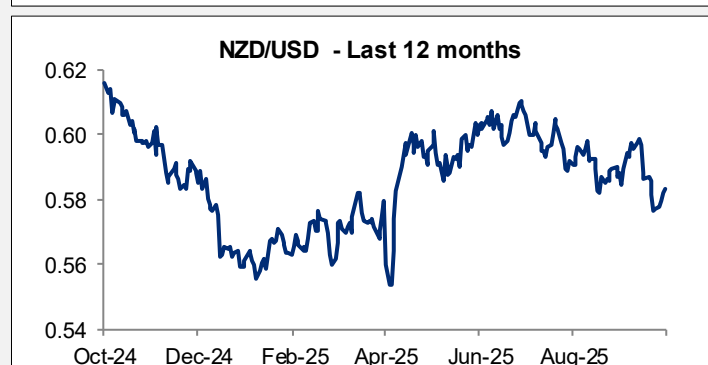
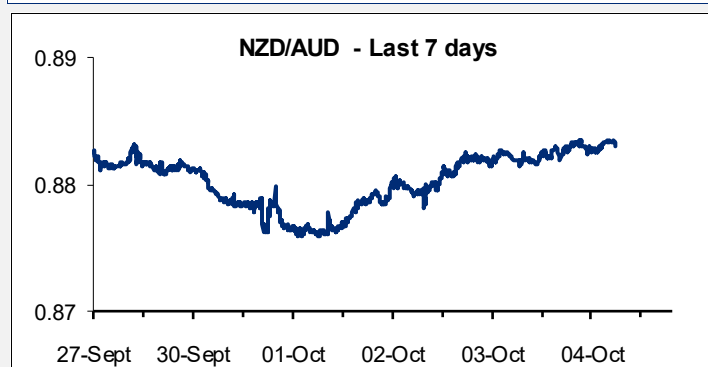
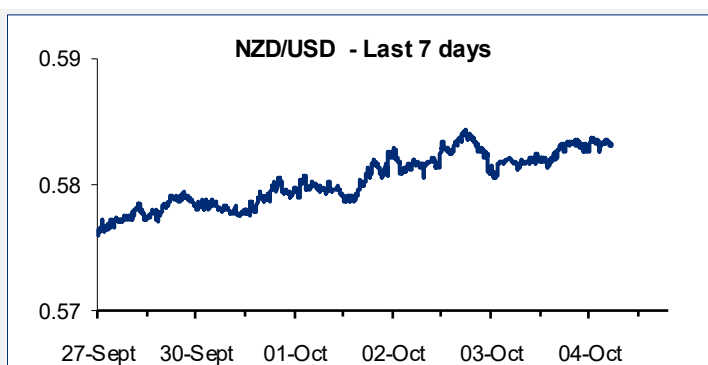
4/10/2025	NY close	Prev. NY close
USD	0.5832	0.5817
GBP	0.4327	0.4328
AUD	0.8832	0.8819
EUR	0.4967	0.4965
JPY	86.01	85.66
CAD	0.8135	0.8125
CHF	0.4640	0.4641
DKK	3.7081	3.7071
FJD	1.3136	1.3161
HKD	4.5376	4.5274
INR	51.77	51.59
NOK	5.8108	5.8088
PKR	164.08	163.70
PHP	33.75	33.80
PGK	2.4428	2.4319
SEK	5.4650	5.4709
SGD	0.7515	0.7499
CNY	4.1531	4.1431
THB	18.89	18.83
TOP	1.3697	1.3671
VUV	70.25	69.65
WST	1.5944	1.5981
XPF	59.25	59.17
ZAR	10.0497	10.0587

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	7.15	7.35
3 Months	20.55	21.05
6 Months	38.86	39.87
9 Months	55.43	57.43
1 Year	68.86	71.81

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	7.48	7.84
3 Months	22.01	22.92
6 Months	45.76	48.24
9 Months	69.72	73.65
1 Year	92.70	99.33



# Contact Details

## BNZ Research

**Stephen Toplis**  
Head of Research

**Doug Steel**  
Senior Economist

**Jason Wong**  
Senior Markets Strategist

**Stuart Ritson**  
Senior Interest Rate Strategist

**Matt Brunt**  
Economist

**Mike Jones**  
BNZ Chief Economist  
+64 9-956 0795

## Main Offices

**Wellington**  
Level 2, BNZ Place  
1 Whitmore Street  
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

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