

Research Markets Today

10 December 2025

Events Round-Up

AU: NAB business conditions, Nov: 7 vs. 10 prev.

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

US: NFIB small business optimism, Nov: 99.0 vs. 98.3 exp.

US: JOLTS job openings (k), Oct: 7658 vs. 7198 exp.

Good Morning

Market movements have been modest, with US equities slightly higher and little change in the US 10-year rate since the NZ close. Australian rates and the AUD increased after the RBA opened the door to tightening policy from early next year. NZD/AUD has nudged lower but NZD/USD traded at a fresh six-week high just under 0.58, while the yen continues to underperform.

US job openings as measured by the JOLTS report were about 460k stronger than consensus for October, coming in at a five-month high of 7658k. The strong lift over the past couple of months goes against other measures, such as Indeed job postings. Furthermore, other metrics in the JOLTS report painted a less positive view of the labour market, with the quits rate falling to 1.8%, the lowest in over five years, suggesting workers were more reluctant to leave their current jobs, a sign of a weaker labour market. Also, the job layoff rate rose to 1.2%, the highest in over a year.

US Treasury yields jumped to the top of their trading range overnight following the JOLTS report but moves have been modest. The 10-year rate currently trades at 4.17%, from an overnight high of 4.18%, little changed from the NZ close. At an event hosted by the WSJ, Hasset, the front runner to become the next Fed Chair, said there is "plenty of room" to cut rates. "If the data suggests that we could do it, then—like right now—I think there's plenty of room to do it". Pressed over whether that meant the Fed could cut rates by more than the quarter-point that is currently expected, Hasset said, "Correct." Hasset also said that he would not bow to political pressure to decide whether to cut interest rates, if he becomes the next chair, "You just do the right thing".

Yesterday the RBA kept policy on hold but forward guidance suggested a bias to tighten policy from here. The Statement noted the stronger economic backdrop and tight labour market conditions and "data do suggest some

signs of a more broadly based pick-up in inflation, part of which may be persistent and will bear close monitoring". Governor Bullock ruled out further rate cuts and said "the question is, is it just an extended hold from here or is it the possibility of a rate rise", adding that the Board will be looking closely coming into the new year.

This language opened the door to a possible rate hike as soon as the next meeting in February, with labour market and inflation data leading up to that point key to whether the bank pulls the trigger. The market priced in a growing chance of rate hikes through next year with almost two full hikes priced by the end of 2026. The 3-year bond future is up about 8bps in yield terms since meeting while the 10-year rate is up about 5bps.

Higher rates supported the AUD, albeit gains have been modest and the currency is currently up only 0.2% from this time yesterday at 0.6640. The NZD has traded at a fresh six-week high overnight, and saw some resistance around the 0.5795 mark before falling back to 0.5780. NZD/AUD has nudged down towards 0.87.

Elsewhere, currency movements have been insignificant apart from some clear JPY underperformance, with USD/JPY up 0.7% to 156.90. Rising expectations of a BoJ rate hike next week since Governor Ueda's speech at the beginning of the month has done little to support the yen, as the bank is likely to thereafter return to a "do nothing" mode, against a backdrop of high inflation, keeping real rates suppressed. NZD/JPY has made a more decisive break of 90 and traded at a fresh 2025 high of 90.9. Apart from a slightly weaker NZD/AUD cross rate, other NZD crosses are modestly higher.

It was another wild session in the domestic rates market, with some obvious capitulation in received swaps positions, with the 2-year rate climbing to as high as 3.08% before some two-way price action followed. It still closed the day up 6bps at 3.06%, taking the cumulative rise since the RBNZ's late-November rate cut to 47bps. The curve flattened, with the 10-year rate up 4bps to 4.17%. All this continued to spill over into the NZGB market, with rates up 2-6bps across the curve and the curve flattening. The 10-year NZGB rose 5bps to 4.49%, its highest level since August. The move higher in Australian rates since the RBA meeting noted above, which came after the NZ close, will set the tone for early trading today.

This morning RBNZ Governor Breman is having a closed-door session with local journalists, so expect some media coverage of this today and in coming days. On the economic calendar, China inflation data are released, followed by the US employment cost index for Q3 tonight. The Bank of Canada is universally expected to keep policy unchanged and on hold for some time, after an extended easing cycle.

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Coming Up

| | | Period | Cons. | Prev. | NZT |
|----|--------------------------------|--------|-------|-------|-------|
| CH | PPI (y/y%) | Nov | -2.0 | -2.1 | 14:30 |
| CH | CPI (y/y%) | Nov | 0.7 | 0.2 | 14:30 |
| EC | ECB's Lagarde speaks in London | | | | 23:55 |
| US | Employment cost index (q/q%) | Q3 | 0.9 | 0.9 | 02:30 |
| CA | Bank of Canada policy rate (%) | Dec | 2.25 | 2.25 | 03:45 |

| 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 | 0.5779 | +0.1 | 0.5773 | 0.5795 | CHF | 0.8065 | -0.0 | S&P 500 | 6,852 | +0.1 | 13.2 | Oil (Brent) | 61.91 | -0.9 | |
| AUD | 0.6638 | +0.2 | 0.6631 | 0.6654 | SEK | 9.367 | -0.4 | Dow | 47,638 | -0.2 | 7.3 | Oil (WTI) | 58.21 | -1.2 | |
| EUR | 1.1622 | -0.1 | 1.1615 | 1.1657 | NOK | 10.167 | +0.3 | Nasdaq | 23,587 | +0.2 | 19.5 | Gold | 4207.8 | +0.5 | |
| GBP | 1.3298 | -0.2 | 1.3288 | 1.3356 | HKD | 7.782 | +0.0 | Stoxx 50 | 5,718 | -0.1 | 14.7 | HRC steel | 910.0 | +0.2 | |
| JPY | 156.91 | +0.6 | 155.96 | 156.92 | CNY | 7.064 | -0.1 | FTSE | 9,642 | -0.0 | 15.4 | CRB | 301.5 | -1.5 | |
| CAD | 1.3857 | +0.0 | | | SGD | 1.298 | +0.0 | DAX | 24,163 | +0.5 | 18.8 | Wheat Chic. | 533.0 | -0.3 | |
| NZD/AUD | 0.8706 | -0.2 | | | IDR | 16,676 | -0.1 | CAC 40 | 8,053 | -0.7 | 7.7 | Sugar | 14.68 | -0.8 | |
| NZD/EUR | 0.4972 | +0.2 | | | THB | 31.86 | -0.1 | Nikkei | 50,655 | +0.1 | 28.7 | Cotton | 63.77 | +0.1 | |
| NZD/GBP | 0.4346 | +0.2 | | | KRW | 1,470 | +0.0 | Shanghai | 3,910 | -0.4 | 14.9 | Coffee | 368.3 | +0.6 | |
| NZD/JPY | 90.68 | +0.7 | | | TWD | 31.18 | +0.0 | ASX 200 | 8,586 | -0.4 | 2.3 | WM powder | 3205 | -0.6 | |
| NZD/CAD | 0.8008 | +0.0 | | | PHP | 59.21 | +0.4 | NZX 50 | 13,455 | -0.2 | 5.7 | Australian Futures | | | |
| NZ TWI | 66.92 | +0.2 | | | | | | VIX Index | 16.67 | +0.1 | +17.5 | 3 year bond | 95.83 | -0.10 | |
| Interest Rates | | | | | | | | | | | | 10 year bond 95.21 -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 | 3.41 | 3.76 | USD | 4.17 | 0.01 | 15-Apr-27 | 2.82 | 0.06 | BKBM 1-mth | 2.41 | 0.00 | | |
| AUD | 3.60 | 3.70 | 4.10 | 4.84 | AUD | 4.76 | 0.05 | 15-May-28 | 3.30 | 0.05 | BKBM 3-mth | 2.49 | 0.02 | | |
| NZD | 2.25 | 2.49 | 3.06 | 4.17 | NZD | 4.49 | 0.05 | 20-Apr-29 | 3.54 | 0.06 | 1 year | 2.70 | 0.06 | | |
| EUR | 2.00 | 2.07 | 2.30 | 2.90 | GER | 2.85 | -0.01 | 15-May-30 | 3.79 | 0.06 | 2 year | 3.06 | 0.06 | | |
| GBP | 4.00 | 4.11 | 3.57 | 4.03 | GBP | 4.51 | -0.02 | 15-May-31 | 4.02 | 0.06 | 3 year | 3.32 | 0.07 | | |
| JPY | 0.48 | -0.03 | 1.05 | 1.76 | JPY | 1.97 | -0.01 | 15-May-32 | 4.18 | 0.06 | 5 year | 3.67 | 0.06 | | |
| CAD | 2.25 | 4.97 | 2.57 | 3.23 | CAD | 3.46 | 0.04 | 14-Apr-33 | 4.29 | 0.06 | 7 year | 3.91 | 0.05 | | |
| Carbon Price | | | | | | Policy Meeting Run | | | 15-May-34 | 4.40 | 0.06 | 10 year | 4.17 | 0.04 | |
| | Level | % Day | % Year | | | | NZD | AUD | USD | 15-May-35 | 4.49 | 0.05 | 15 year | 4.47 | 0.03 |
| NZU | 40.25 | -0.2 | -32.9 | 1st | 2.25 | 3.61 | 3.67 | 15-May-36 | 4.58 | 0.04 | NZ Inflation-Indexed Bonds | | | | |
| * These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer | | | | | | 2nd | 2.27 | 3.69 | 3.60 | 15-May-37 | 4.67 | 0.04 | Sept-30 | 1.69 | 0.09 |
| Rates are as of: NZT 06:55 | | | | | | 3rd | 2.33 | 3.74 | 3.53 | 15-May-41 | 4.96 | 0.03 | Sept-35 | 2.50 | 0.08 |
| Source: Bloomberg | | | | | | 4th | 2.44 | 3.86 | 3.49 | 15-May-54 | 5.23 | 0.02 | Sept-40 | 2.92 | 0.08 |
| | | | | | | 5th | 2.55 | 3.92 | 3.37 | | | | | | |

NZD exchange rates

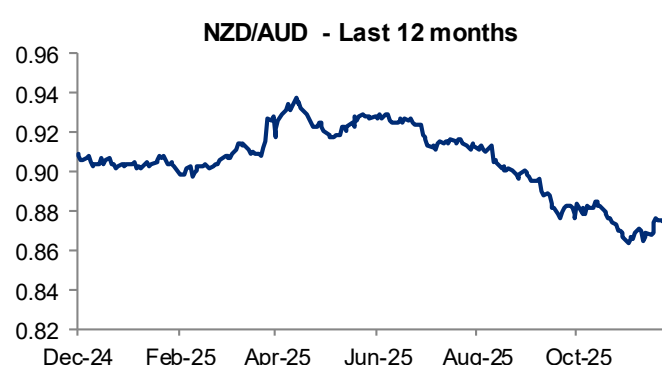
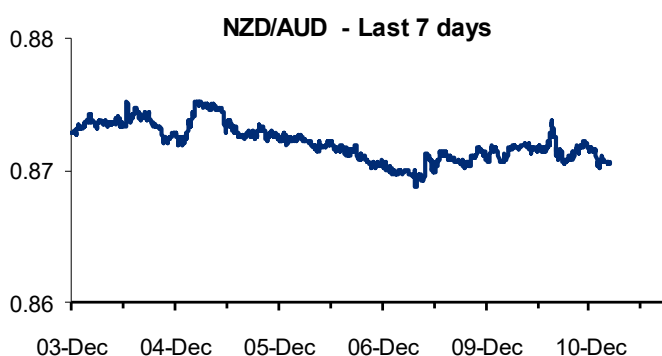
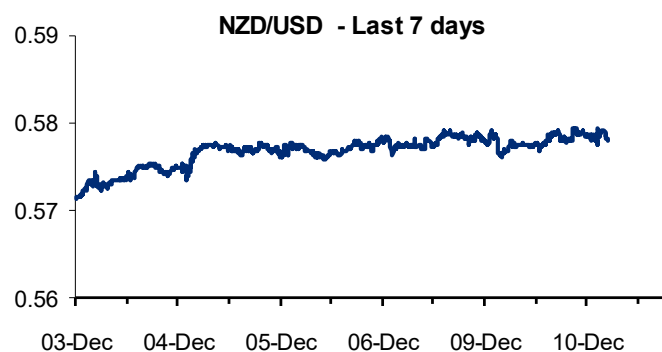
| 10/12/2025 6:55 am | | Prev. NY close |
|---------------------------|--------|-----------------------|
| USD | 0.5779 | 0.5776 |
| GBP | 0.4346 | 0.4336 |
| AUD | 0.8706 | 0.8720 |
| EUR | 0.4972 | 0.4963 |
| JPY | 90.68 | 90.06 |
| CAD | 0.8008 | 0.8004 |
| CHF | 0.4668 | 0.4660 |
| DKK | 3.7163 | 3.7070 |
| FJD | 1.3204 | 1.3175 |
| HKD | 4.5058 | 4.4941 |
| INR | 52.04 | 52.04 |
| NOK | 5.8707 | 5.8529 |
| PKR | 162.34 | 161.99 |
| PHP | 34.28 | 34.04 |
| PGK | 2.4576 | 2.4454 |
| SEK | 5.4127 | 5.4315 |
| SGD | 0.7508 | 0.7494 |
| CNY | 4.0898 | 4.0848 |
| THB | 18.42 | 18.40 |
| TOP | 1.3822 | 1.3915 |
| VUV | 70.45 | 70.27 |
| WST | 1.6155 | 1.6068 |
| XPF | 59.50 | 59.40 |
| ZAR | 9.8660 | 9.8435 |

NZD/USD Forward Points

| | BNZ buys NZD | BNZ sells NZD |
|----------|---------------------|----------------------|
| 1 Month | 7.34 | 7.56 |
| 3 Months | 20.14 | 20.56 |
| 6 Months | 38.31 | 39.31 |
| 9 Months | 51.31 | 53.17 |
| 1 Year | 59.46 | 61.74 |

NZD/AUD Forward Points

| | BNZ buys NZD | BNZ sells NZD |
|----------|---------------------|----------------------|
| 1 Month | 9.78 | 10.29 |
| 3 Months | 28.77 | 29.81 |
| 6 Months | 60.80 | 63.30 |
| 9 Months | 92.98 | 97.71 |
| 1 Year | 123.61 | 129.60 |



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