

Research Markets Today

12 December 2025

Events Round-Up

US: Fed Funds rate (upper bd %), Dec: 3.75 vs. 3.75 exp.
 AU: Employment change (k), Nov: -21 vs. 20 exp.
 AU: Unemployment rate (%), Nov: 4.3 vs. 4.4 exp.
 US: Initial jobless claims (k), 6 Dec: 236 vs. 220 exp.
 US: Trade balance (USDbn), Sep: -53 vs. -63 exp.

Good morning

The rally in US equities after the Federal Reserve's interest-rate cut has lost momentum following disappointing results from Oracle which weighed on technology shares. The Nasdaq has fallen close to 1% in afternoon trading and the S&P is also in negative territory. However, The Dow industrials index has bucked the trend, rising nearly 1% and hitting an intraday record above 48500. US treasury yields are modestly lower, and the US dollar has extended its post-FOMC decline. Copper prices reached a fresh record high and other industrial metals gained. Copper has rallied almost 35% this year with supply constrained by a series of mine disruptions.

US initial jobless claims increased 236k which was above consensus estimate for a 220k increase. There was a plunge in continuing claims, but this relates to the impact of seasonal adjustments around Thanksgiving week and can be looked through. Delayed data showed an unexpectedly sharp drop in the US trade deficit for September. However, the decline was almost entirely due to a large increase in gold bullion exports, which is expected to unwind in Q4.

Global government bond markets are modestly lower in yield. US treasury yields are 3-4bp lower across the curve, in an extension of the rally after the FOMC, with the economic data having limited impact on price action.

The US dollar is broadly weaker against G10 currencies, continuing the move lower from after the FOMC. The dollar index has declined closed to 0.5% in offshore trade and is at the weakest level in almost two months. The Swiss franc was the best performing currency after the Swiss National Bank kept its interest rates at zero and said the weakening inflation outlook doesn't yet support a return to negative rates. The NZD gained against the US dollar and was little changed on the key crosses.

Monthly jobs growth in Australia undershot expectations. Employment fell 21k in November driven by a fall in full-time positions. The unemployment rate was steady at 4.3% compared with the consensus estimate of an increase to 4.4% as the participation rate fell. After a one-way selloff during December, Australian rates retraced off multi-month highs. The gradual easing in the labour market is seen as decreasing the pressure for a near-term hike by the Reserve Bank of Australia.

NZ business financial and energy data released yesterday provided the inputs required to finetune our forecast for Q3 GDP which is released next Thursday. As a result of the data, we have upgraded our estimate to +0.9 q/q. This would represent strong quarterly growth. However, we caution it will probably overstate the trend just as the 0.9% contraction in Q2 overstated the underlying extent of weakness. The RBNZ forecast a 0.4% quarterly expansion for Q3 at the November Monetary Policy Statement.

There was a relief rally across NZ fixed income in the local session yesterday. The better tone across offshore markets and soft labour market data in Australia supported the move lower. Swap rates closed 4-5bp lower across the curve. The government curve largely matched the move in swaps. There was marginal further outperformance in the ultras. The 10y/30y NZGB curve flattened to +66bp having traded close to +90bp in late November.

The weekly NZGB tender, which was the last for the calendar year, attracted decent demand from investors with the higher yields contributing to demand. There was a total of NZ\$1.8 billion of bids for the NZ\$450 million bonds offered. Each of the three lines cleared more than 1bp below the prevailing mid-market levels. Demand for the shortest offered line – the May 2030 maturity – was particularly strong with bid-cover ratio above 5.

The domestic focus in the day ahead will centre on the manufacturing PMI which has edged higher in recent months and alongside a decent rebound in the new orders component. Electronic card transactions for November are also scheduled. Monthly GDP and industrial production for October are released in the UK. The Bank of England is widely expected to cut rates by 25bp to 3.75% at its meeting next week.

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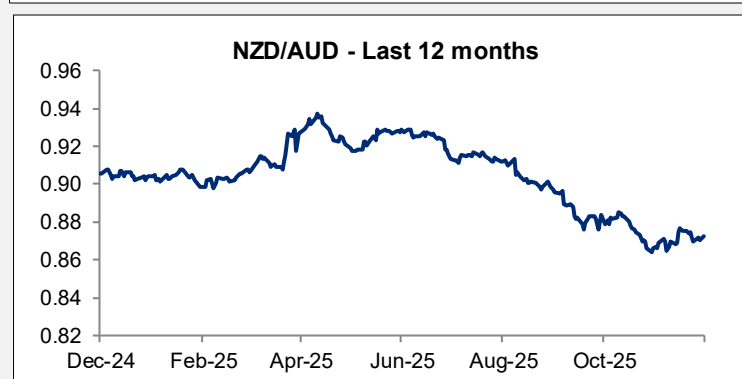
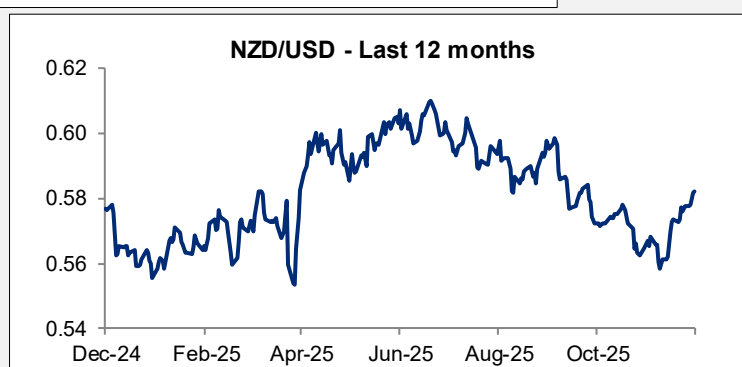
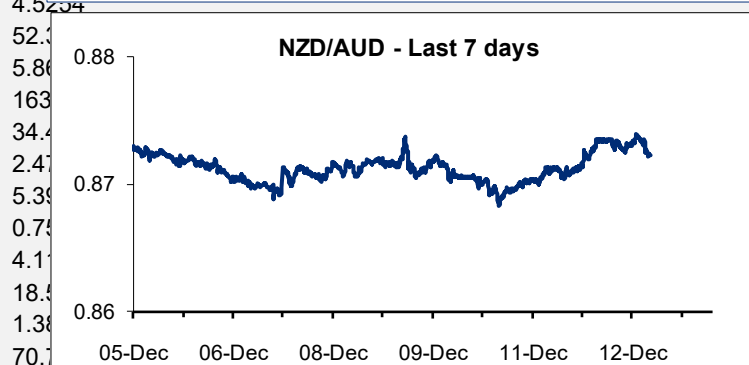
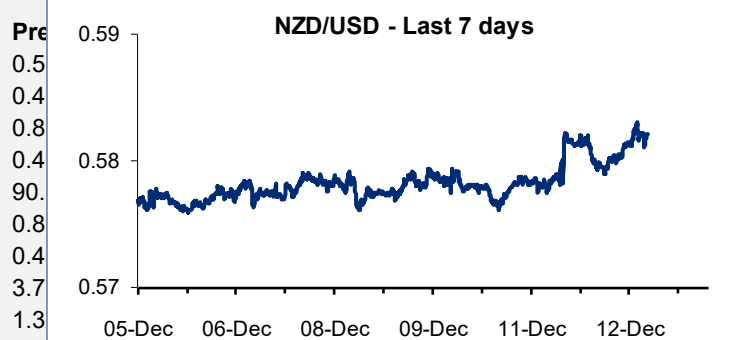
Coming Up

| | | Period | Cons. | Prev. | NZT |
|----|------------------------------|--------|-------|-------|-------|
| NZ | BusinessNZ Manufacturing PMI | Nov | 51.4 | 10:30 | |
| NZ | Card Spending Total MoM | Nov | 0 | 10:45 | |
| UK | Monthly GDP (m/m%) | Oct | 0.1 | -0.1 | 20:00 |
| UK | Industrial Production (m/m%) | Oct | 1 | -2 | 20:00 |

| 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 | 0.5821 | +0.1 | 0.5788 | 0.5831 | CHF | 0.7928 | -0.9 | S&P 500 | 6,864 | -0.3 | 12.8 | Oil (Brent) | 60.94 | -2.0 | | |
| AUD | 0.6673 | -0.1 | 0.6627 | 0.6676 | SEK | 9.234 | -0.4 | Dow | 48,666 | +1.2 | 10.2 | Oil (WTI) | 57.23 | -2.1 | | |
| EUR | 1.1760 | +0.5 | 1.1682 | 1.1763 | NOK | 10.060 | -0.3 | Nasdaq | 23,483 | -0.7 | 17.2 | Gold | 4281.0 | +2.0 | | |
| GBP | 1.3426 | +0.3 | 1.3355 | 1.3438 | HKD | 7.782 | +0.0 | Stoxx 50 | 5,754 | +0.8 | 16.0 | HRC steel | 907.0 | +0.1 | | |
| JPY | 155.10 | -0.6 | 154.95 | 156.16 | CNY | 7.057 | -0.2 | FTSE | 9,703 | +0.5 | 16.9 | CRB | 301.4 | +0.6 | | |
| CAD | 1.3769 | -0.2 | | | SGD | 1.291 | -0.2 | DAX | 24,295 | +0.7 | 19.1 | Wheat Chic. | 529.5 | +0.0 | | |
| NZD/AUD | 0.8723 | +0.1 | | | IDR | 16,676 | -0.1 | CAC 40 | 8,086 | +0.8 | 8.9 | Sugar | 14.90 | -0.1 | | |
| NZD/EUR | 0.4950 | -0.4 | | | THB | 31.61 | -0.6 | Nikkei | 50,149 | -0.9 | 25.8 | Cotton | 64.09 | -0.1 | | |
| NZD/GBP | 0.4336 | -0.3 | | | KRW | 1,472 | +0.1 | Shanghai | 3,873 | -0.7 | 12.8 | Coffee | 376.0 | +1.0 | | |
| NZD/JPY | 90.28 | -0.4 | | | TWD | 31.26 | +0.2 | ASX 200 | 8,592 | +0.1 | 3.1 | WM powder | 3180 | +0.0 | | |
| NZD/CAD | 0.8015 | -0.1 | | | PHP | 59.00 | -0.4 | NZX 50 | 13,396 | +0.2 | 5.5 | Australian Futures | | | | |
| NZ TWI | 67.15 | -0.1 | | | | | | VIX Index | 15.82 | +0.3 | +16.5 | 3 year bond | 95.87 | 0.09 | | |
| | | | | | | | | | | 10 year bond | | | | | 95.30 | 0.08 |
| Interest Rates | | | | | NZ Government Bonds | | | | | NZ BKBM and Swap Yields | | | | | | |
| Rates | | Swap Yields | | | Benchmark 10 Yr Bonds | | | | | | | | | | | |
| | Cash | 3Mth | 2 Yr | 10 Yr | | Last | Net Day | | Last | Chg | | Last | Chg | | | |
| USD | 3.75 | 4.85 | 3.34 | 3.71 | USD | 4.11 | -0.04 | 15-Apr-27 | 2.85 | -0.02 | BKBM 1-mth | 2.41 | 0.00 | | | |
| AUD | 3.60 | 3.71 | 4.02 | 4.76 | AUD | 4.72 | -0.09 | 15-May-28 | 3.33 | -0.03 | BKBM 3-mth | 2.49 | -0.01 | | | |
| NZD | 2.25 | 2.49 | 3.08 | 4.17 | NZD | 4.49 | -0.04 | 20-Apr-29 | 3.58 | -0.03 | 1 year | 2.72 | -0.03 | | | |
| EUR | 2.00 | 2.08 | 2.30 | 2.89 | GER | 2.84 | -0.01 | 15-May-30 | 3.82 | -0.03 | 2 year | 3.08 | -0.04 | | | |
| GBP | 4.00 | 4.11 | 3.56 | 4.00 | GBP | 4.48 | -0.02 | 15-May-31 | 4.05 | -0.03 | 3 year | 3.36 | -0.04 | | | |
| JPY | 0.48 | -0.03 | 1.04 | 1.75 | JPY | 1.93 | -0.03 | 15-May-32 | 4.19 | -0.04 | 5 year | 3.71 | -0.04 | | | |
| CAD | 2.25 | 4.97 | 2.52 | 3.18 | CAD | 3.41 | -0.02 | 14-Apr-33 | 4.29 | -0.04 | 7 year | 3.94 | -0.04 | | | |
| | | | | | | | | | | 10 year | | | | | 4.17 | -0.05 |
| | | | | | | | | | | 15-May-34 | | | | | 4.40 | -0.05 |
| | | | | | | | | | | 15-May-35 | | | | | 4.49 | -0.04 |
| | | | | | | | | | | 15-May-36 | | | | | 4.57 | -0.04 |
| | | | | | | | | | | 15-May-37 | | | | | 4.65 | -0.04 |
| | | | | | | | | | | 15-May-41 | | | | | 4.93 | -0.06 |
| | | | | | | | | | | 15-May-51 | | | | | 5.15 | -0.05 |
| | | | | | | | | | | 15-May-54 | | | | | 5.15 | -0.05 |
| Carbon Price | | | | | Policy Meeting Run | | | | | | | | | | | |
| | Level | % Day | % Year | | | NZD | AUD | USD | | | | | | | | |
| NZU | 39.25 | -1.9 | -35.0 | | 1st | 2.26 | 3.66 | 3.60 | | | | | | | | |
| | | | | | 2nd | 2.29 | 3.68 | 3.51 | | | | | | | | |
| | | | | | 3rd | 2.35 | 3.76 | 3.45 | | | | | | | | |
| | | | | | 4th | 2.46 | 3.83 | 3.32 | | | | | | | | |
| | | | | | 5th | 2.58 | 3.93 | 3.24 | | | | | | | | |
| * These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer | | | | | | | | | | | | | | | | |
| Rates are as of: NZT | | 06:15 | | | | | | | | | | | | | | |
| Source: Bloomberg | | | | | | | | | | | | | | | | |

NZD exchange rates**12/12/2025 6:15 am**

| | | |
|-----|--------|--------|
| USD | 0.5821 | Pre |
| GBP | 0.4336 | 0.5 |
| AUD | 0.8723 | 0.4 |
| EUR | 0.4950 | 0.8 |
| JPY | 90.28 | 90. |
| CAD | 0.8015 | 0.8 |
| CHF | 0.4615 | 0.4 |
| DKK | 3.6973 | 3.7 |
| FJD | 1.3239 | 1.3 |
| HKD | 4.5298 | 4.5 |
| INR | 52.60 | 52.3 |
| NOK | 5.8557 | 5.86 |
| PKR | 163.20 | 163 |
| PHP | 34.34 | 34.4 |
| PGK | 2.4707 | 2.47 |
| SEK | 5.3751 | 5.39 |
| SGD | 0.7513 | 0.75 |
| CNY | 4.1079 | 4.1 |
| THB | 18.48 | 18.5 |
| TOP | 1.3886 | 1.38 |
| VUV | 70.73 | 70.7 |
| WST | 1.6178 | 1.6228 |
| XPF | 59.50 | 59.61 |
| ZAR | 9.7972 | 9.8483 |

**NZD/USD Forward Points**

| | BNZ buys NZD | BNZ sells NZD |
|----------|---------------------|----------------------|
| 1 Month | 6.99 | 7.22 |
| 3 Months | 20.15 | 20.55 |
| 6 Months | 37.30 | 38.30 |
| 9 Months | 48.96 | 50.84 |
| 1 Year | 54.51 | 57.02 |

NZD/AUD Forward Points

| | BNZ buys NZD | BNZ sells NZD |
|----------|---------------------|----------------------|
| 1 Month | 9.42 | 9.96 |
| 3 Months | 28.92 | 30.00 |
| 6 Months | 58.77 | 61.50 |
| 9 Months | 88.72 | 93.53 |
| 1 Year | 115.30 | 122.50 |

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