

Research Markets Today

16 October 2025

Events Round-Up

CH: PPI (y/y%), Sep: -2.3 vs. -2.3 exp.

CH: CPI (y/y%), Sep: -0.3 vs. -0.2 exp.

EA: Industrial production (m/m%), Aug: -1.2 vs. -1.6 exp.

US: Empire manufacturing, Oct: 10.7 vs. -1.8 exp.

Good Morning

Newsflow has been light. US equities are up slightly, paring strong gains after the open. The US 10-year rate took another peak below 4% but yields are now modestly higher. Currency movements have been modest and the NZD is down a touch around 0.5710.

There have been slim pickings for the market to trade on. A late selloff in US equities yesterday was triggered by President Trump saying China not buying US soybeans was an economically hostile act and he threatened to retributions. US equities bounced back on today's open, rising as much as 1.2%, before paring gains and the index now only shows a small gain.

US Treasury Secretary Bessent gave wide ranging remarks at a CNBC forum in Washington. His comments around the trade war were both positive and negative. On the negative side, he called out one of the lower-level China trade negotiators as "unhinged" and "disrespectful" and he said the US had lots of levers to pull that could damage China. On the positive side, he was optimistic on China, he believed the Xi-Trump meeting will still go ahead and he suggested a longer US-China trade truce in return for China putting off its plans to tighten limits on critical rare earths. On his other trade comments, US-Canada is "back on track" and the US is on the brink of finalising new terms on a trade deal with South Korea.

Fed Governor Miran, on temporary leave from his White House role, has used the US-China trade war as a pretext to advocate his dovish view on policy. He said, "there's now more downside risks than there was a week ago, and I think it's incumbent upon us as policymakers to lower interest rates quickly". He wasn't necessarily arguing for lower rates than previously, but a case that new tail risks make it "more urgent that we get to a more neutral place quickly".

The first Fed regional manufacturing survey for October showed a strong rebound for New York state (the Empire survey), supported by a surge in new orders and shipments. Inflation pressures intensified, with both the prices paid and received indexes rising by six points, the latter hitting its highest level since April.

US Treasuries have traded a tight range. For the 10-year rate there has been a couple of peeks just below 4% but no follow-through and the yield is currently 4.03%, little changed for the day and up slightly from the NZ close.

Political uncertainty continues to overhang Japan. LDP leader Takaichi is lobbying opposition parties to support her bid to become the next PM a day after news that the DPP's Tamaki was gaining the upper hand and had a chance of winning the vote. Despite the uncertain backdrop there was some relief yesterday when Japan's first sale of ultra-long (20-year) bonds since the political turmoil attracted solid demand, after the recent lift in yields.

Currency markets show modest movements. Since the NZ close, the NZD hasn't traded a range of much more than 25 pips and it is down slightly around 0.5710. The AUD is hovering around 0.65. European currencies are slightly stronger, leaving NZD/EUR probing fresh 15-year lows around 0.4910 and NZD/GBP probing fresh 10-year lows around 0.4265.

Against a backdrop of lower global yields, NZ rates were pushed down to fresh cycle lows yesterday. Hedge funds still have a penchant for receiving NZ short end swaps, without much pushback from the payside such as the mortgage books. The 2-year swap rate closed down 5bps to 2.49%, with the same fall in the 10-year rate to 3.59%. NZGB yields were down 5-7bps across the curve, with the ultra-long bonds losing their 5% handle for the first time since April.

In the day ahead, RBA Governor Bullock will be speaking this morning, ahead of NZ monthly CPI data which will help us finalise our Q3 CPI estimate (due Monday). Australia's employment report is expected to show a modest lift in employment, not strong enough to prevent a tick up in the unemployment rate to 4.3%. Tonight sees the release of monthly UK GDP data and second-tier US data.

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Coming Up

		Period	Cons.	Prev.	NZT
AU	RBA's Bullock-Fireside Chat				08:45
NZ	Monthly CPI indicators	Sep	0.3		10:45
AU	Employment change (k)	Sep	20	-5.4	13:30
AU	Unemployment rate (%)	Sep	4.3	4.2	13:30
UK	GDP (m/m%)	Aug	0.1	0.0	19:00
UK	Industrial production (m/m%)	Aug	0.2	-0.9	19:00
US	Philly Fed business outlook	Oct	10.0	23.2	01:30
US	NAHB housing market index	Oct	33	32	03:00

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	0.5712	-0.1	0.5706	0.5732	CHF	0.7977	-0.4	S&P 500	6,646	+0.0	14.3	Oil (Brent)	62.05	-0.5
AUD	0.6501	+0.2	0.6489	0.6523	SEK	9.486	-0.5	Dow	46,308	+0.1	8.3	Oil (WTI)	58.44	-0.4
EUR	1.1628	+0.2	1.1611	1.1647	NOK	10.113	-0.5	Nasdaq	22,627	+0.5	23.5	Gold	4176.9	+1.1
GBP	1.3374	+0.4	1.3335	1.3403	HKD	7.775	+0.0	Stoxx 50	5,605	+1.0	13.3	HRC steel	813.0	-0.1
JPY	151.32	-0.3	150.90	151.74	CNY	7.127	-0.1	FTSE	9,425	-0.3	14.2	CRB	294.5	-0.3
CAD	1.4053	+0.1			SGD	1.297	-0.1	DAX	24,181	-0.2	24.1	Wheat Chic.	515.5	-0.2
NZD/AUD	0.8786	-0.3			IDR	16,576	-0.2	CAC 40	8,077	+2.0	7.4	Sugar	15.69	-1.3
NZD/EUR	0.4912	-0.2			THB	32.59	-0.4	Nikkei	47,673	+1.8	21.7	Cotton	63.95	+0.6
NZD/GBP	0.4271	-0.5			KRW	1,422	-0.4	Shanghai	3,912	+1.2	22.2	Coffee	394.9	-2.3
NZD/JPY	86.43	-0.4			TWD	30.56	-0.7	ASX 200	8,991	+1.0	8.5	WM powder	3585	-0.4
NZD/CAD	0.8027	+0.0			PHP	58.05	-0.3	NZX 50	13,307	+0.2	5.3	Australian Futures		
NZ TWI	66.29	-0.2						VIX Index	21.28	+2.3	+3.1	3 year bond	96.52	-0.01
Interest Rates												10 year bond		
		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	3.27	3.58	USD	4.04	0.01	15-Apr-27	2.57	-0.05	BKBM 1-mth	2.65	0.00
AUD		3.60	3.56	3.43	4.23	AUD	4.22	-0.02	15-May-28	2.81	-0.05	BKBM 3-mth	2.55	0.00
NZD		2.50	2.55	2.49	3.59	NZD	4.04	-0.06	20-Apr-29	3.02	-0.05	1 year	2.40	-0.02
EUR		2.00	2.02	2.08	2.58	GER	2.57	-0.04	15-May-30	3.22	-0.05	2 year	2.49	-0.05
GBP		4.00	4.17	3.65	4.04	GBP	4.54	-0.05	15-May-31	3.46	-0.05	3 year	2.67	-0.05
JPY		0.48	-0.03	0.88	1.46	JPY	1.65	0.00	15-May-32	3.64	-0.05	5 year	3.00	-0.04
CAD		2.50	4.97	2.27	2.84	CAD	3.11	-0.04	14-Apr-33	3.78	-0.05	7 year	3.28	-0.05
						Policy Meeting Run			15-May-34	3.93	-0.05	10 year	3.59	-0.05
									15-May-35	4.04	-0.06	15 year	3.91	-0.05
									15-May-36	4.15	-0.06	NZ Inflation-Indexed Bonds		
									15-May-37	4.28	-0.07	Sept-30	1.42	-0.07
									15-May-41	4.64	-0.07	Sept-35	2.25	-0.07
									15-May-51	4.94	-0.07	Sept-40	2.68	-0.07
									15-May-54	4.95	-0.07			

NZD exchange rates

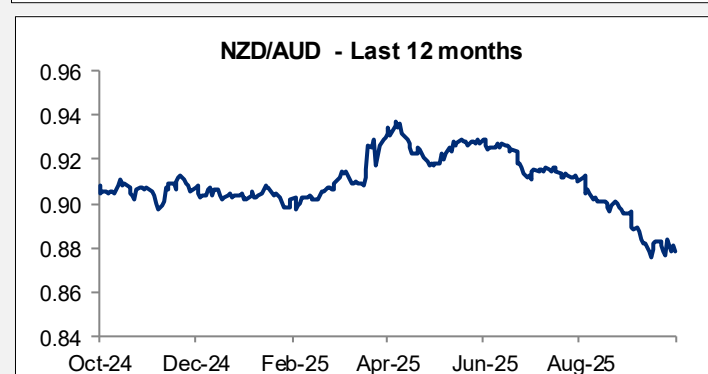
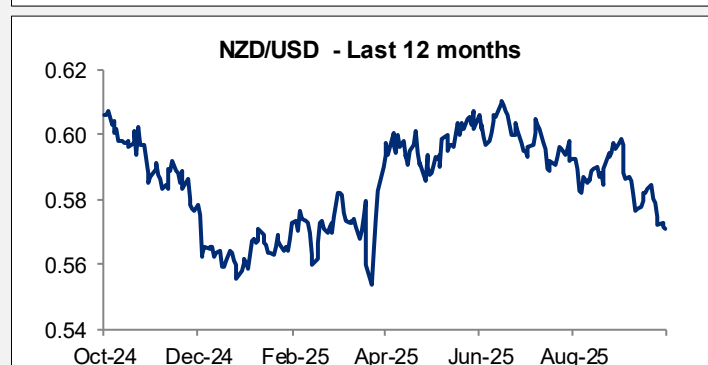
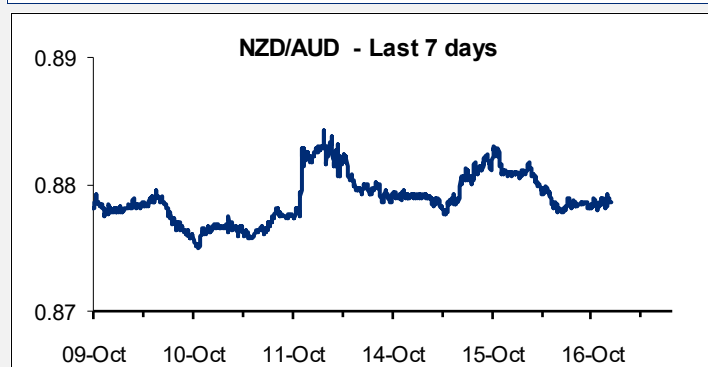
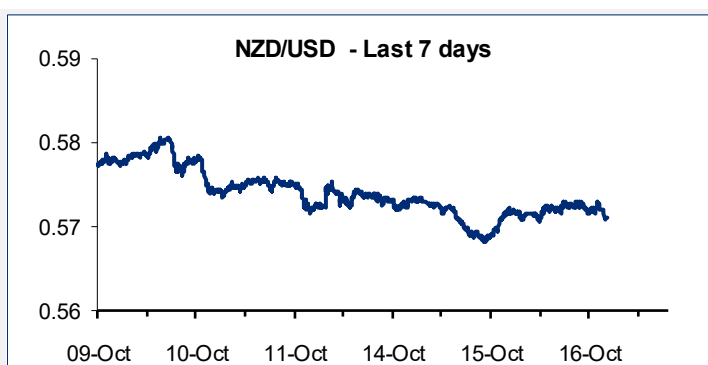
16/10/2025	6:53 am	Prev. NY close
USD	0.5712	0.5716
GBP	0.4271	0.4291
AUD	0.8786	0.8813
EUR	0.4912	0.4925
JPY	86.43	86.79
CAD	0.8027	0.8028
CHF	0.4564	0.4579
DKK	3.6739	3.6781
FJD	1.3067	1.3023
HKD	4.4486	4.4436
INR	50.39	50.76
NOK	5.7800	5.8093
PKR	161.02	160.86
PHP	33.22	33.29
PGK	2.3972	2.3777
SEK	5.4275	5.4490
SGD	0.7417	0.7422
CNY	4.0778	4.0796
THB	18.62	18.74
TOP	1.3445	1.3352
VUV	70.15	70.03
WST	1.5818	1.5749
XPF	58.87	58.90
ZAR	9.9207	9.9361

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.60	7.80
3 Months	22.83	23.33
6 Months	41.32	42.32
9 Months	58.57	60.31
1 Year	73.20	75.34

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.96	8.42
3 Months	26.24	27.45
6 Months	51.87	54.57
9 Months	78.47	82.99
1 Year	105.58	111.56



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