

# Research Markets Today

18 December 2025

## Events Round-Up

NZ: Westpac consumer confidence, Q4: 96.5 vs. 90.9 prev.

NZ: Current a/c bal. (ann % of GDP), Q3: -3.5 vs. -3.4 exp.

UK: CPI (y/y%), Nov: 3.2 vs. 3.5 exp.

UK: CPI core (y/y%), Nov: 3.2 vs. 3.4 exp.

UK: CPI services (y/y%), Nov: 4.4 vs. 4.5 exp.

GE: IFO expectations, Dec: 89.7 vs. 90.5 exp.

## Good Morning

US equities are notably weaker, dragged down by the tech sector, but there has been limited movement in US Treasuries and currencies. The NZD has traded in a narrow range. Oil prices have recovered moderately from yesterday's low after Trump's blockade of sanctioned Venezuelan oil tankers.

Jitters over tech and the AI sector continue to overhang the US equity market. In early afternoon trading the S&P500 is down 0.8% and the Nasdaq index is down 1.3%. There has been little spill over into other markets, with the Euro Stoxx 600 index closing flat. A feature of yesterday's 1.8% gain in Chinese equities was optimism around IT stocks.

US Treasuries continue to trade a tight range, and the 10-year rate is currently 4.16%, up 1bp on the day and little changed from the NZ close.

Fed Governor Waller made the case for much easier monetary policy albeit there was no rush "because inflation is still up" but he added that policy was still roughly 50-100bps above neutral. Waller is still in the running to become the next Fed Chair and reportedly has another interview with Trump next week. He said he would stress the importance of central bank independence in any discussions with him.

UK CPI data were weaker than expected, with the annual headline and core measures falling to 3.2% y/y and services inflation falling to 4.4%. Coming on the back of weaker labour market data and signs of flat to weaker GDP, the inflation data solidified market expectations for the BoE to cut rates by 25bps at its meeting tonight – the only question being the extent of any dissents.

Against the backdrop of slightly higher US and European rates, UK Gilt yields fell 5-6bps, led by the short end. A 25bps cut tonight is fully priced, with almost two more cuts priced for next year. The weaker data and lower rates only had a passing negative impact on GBP.

Germany's IFO business climate index was weaker in December, led by the expectations component falling almost a full point to 89.7. Germany's economy has been struggling this year and the impact of the promised easing in fiscal policy has yet to take effect.

Net currency moves have been small overnight. JPY is the weakest of the majors, down 0.4% overnight which sees USD/JPY up to 155.50. An expected BoJ hike tomorrow is almost fully priced and some traders don't see any yen upside from that outcome. The NZD has traded a range of less than 30pips and is currently around 0.5775. NZD cross movements have been small. NZDJPY temporarily traded back over 90 overnight before slipping back below the figure.

Oil prices are up 1½% after their recent tumble following President Trump ordering a blockade of sanctioned oil tankers going in and out of Venezuela after designating the Maduro regime as a foreign terrorist organisation. The move was limited to the extent that the country is a small player in the global oil market and Chevron is still allowed to export oil from the region. Brent crude is trading just under USD60 per barrel.

In the domestic rates market, there was little trading action in NZGBs and rates were marked up 1bp across most of the curve. There was some payside pressure in the swaps market and the 2-year rate closed up 3bps to be back above the 3% mark at 3.02%, while 10-year swap rose 1bp to 4.18%.

On the calendar today, NZ Q3 GDP is expected to show a strong bounce-back of around 0.9% q/q, following a contraction of the same amount in Q2. The data will be accompanied by revisions. Given recent volatility it would be prudent to focus on the bigger picture. Policy meetings tonight shouldn't surprise, with strong consensus for a 25bps cut by the BoE and the ECB keeping policy steady. US CPI data for November is expected to show annual core inflation steady around 3%.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	GDP (q/q%)	Q3	0.9	-0.9	10:45
NZ	GDP (y/y%)	Q3	1.3	-0.6	10:45
UK	Bank of England bank rate (%)	Dec	3.75	4.0	01:00
EC	ECB deposit facility rate (%)	Dec	2.0	2.0	02:15
US	Initial jobless claims (k)	13-Dec	225	236	02:30
US	CPI (y/y%)	Nov	3.1	3.0	02:30
US	Core CPI (y/y%)	Nov	3.0	3.0	02:30
US	Philly Fed business outlook	Dec	3	-2	02:30

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	0.5778	-0.1	0.5767	0.5794	CHF	0.7948	-0.1	S&P 500	6,754	-0.7	11.6	Oil (Brent)	59.80	+1.5	
AUD	0.6608	-0.4	0.6604	0.6629	SEK	9.293	-0.1	Dow	47,998	-0.2	10.5	Oil (WTI)	56.11	+1.5	
EUR	1.1751	+0.0	1.1703	1.1758	NOK	10.206	+0.2	Nasdaq	22,839	-1.2	13.6	Gold	4338.0	+0.8	
GBP	1.3389	-0.3	1.3312	1.3406	HKD	7.780	+0.0	Stoxx 50	5,682	-0.6	15.0	HRC steel	907.0	+0.0	
JPY	155.54	+0.5	155.13	155.64	CNY	7.044	+0.0	FTSE	9,774	+0.9	19.3	CRB	291.7	-1.3	
CAD	1.3783	+0.2			SGD	1.291	+0.1	DAX	23,961	-0.5	18.3	Wheat Chic.	517.0	-0.5	
NZD/AUD	0.8744	+0.3			IDR	16,694	+0.0	CAC 40	8,086	-0.2	9.8	Sugar	14.76	-0.4	
NZD/EUR	0.4917	-0.1			THB	31.45	+0.0	Nikkei	49,512	+0.3	26.7	Cotton	63.39	+0.5	
NZD/GBP	0.4315	+0.2			KRW	1,475	+0.2	Shanghai	3,870	+1.2	15.1	Coffee	347.6	-1.3	
NZD/JPY	89.87	+0.4			TWD	31.54	+0.1	ASX 200	8,585	-0.2	3.3	WM powder	3135	-3.2	
NZD/CAD	0.7964	+0.1			PHP	58.72	-0.1	NZX 50	13,296	-1.0	3.3	Australian Futures			
NZ TWI	66.76	+0.1						VIX Index	17.21	+4.4	+8.4	3 year bond	95.80	-0.02	
Interest Rates												10 year bond	95.19	-0.04	
		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	3.75	4.85	3.32	3.77	USD	4.16	0.01	15-Apr-27	2.73	0.00	BKBM 1-mth	2.41	0.00		
AUD	3.60	3.73	4.03	4.81	AUD	4.75	0.02	15-May-28	3.23	0.01	BKBM 3-mth	2.49	0.01		
NZD	2.25	2.49	3.02	4.18	NZD	4.46	0.01	20-Apr-29	3.51	0.01	1 year	2.65	0.02		
EUR	2.00	2.06	2.28	2.93	GER	2.86	0.02	15-May-30	3.75	0.01	2 year	3.02	0.03		
GBP	4.00	4.11	3.48	4.00	GBP	4.48	-0.04	15-May-31	3.98	0.01	3 year	3.28	0.02		
JPY	0.48	-0.03	1.06	1.80	JPY	1.98	0.02	15-May-32	4.14	0.01	5 year	3.66	0.02		
CAD	2.25	4.97	2.50	3.20	CAD	3.43	0.03	14-Apr-33	4.25	0.01	7 year	3.91	0.02		
Carbon Price						Policy Meeting Run			15-May-34	4.36	0.01	10 year	4.18	0.01	
	Level	% Day	% Year		NZD	AUD	USD	15-May-35	4.46	0.01	15 year	4.45	0.01		
NZU	36.71	-0.4	-40.6		1st	2.25	3.70	3.59	15-May-36	4.55	0.01	NZ Inflation-Indexed Bonds			
* These are indicative ranges from 5pm NZT;						2nd	2.25	3.72	3.50	15-May-37	4.65	0.01	Sept-30	1.70	0.02
please confirm rates with your BNZ dealer						3rd	2.29	3.81	3.44	15-May-41	4.93	0.01	Sept-35	2.51	0.02
Rates are as of: NZT 06:50						4th	2.36	3.85	3.31	15-May-54	5.17	0.01	Sept-40	2.93	0.03
Source: Bloomberg						5th	2.45	3.93	3.23						

**NZD exchange rates**

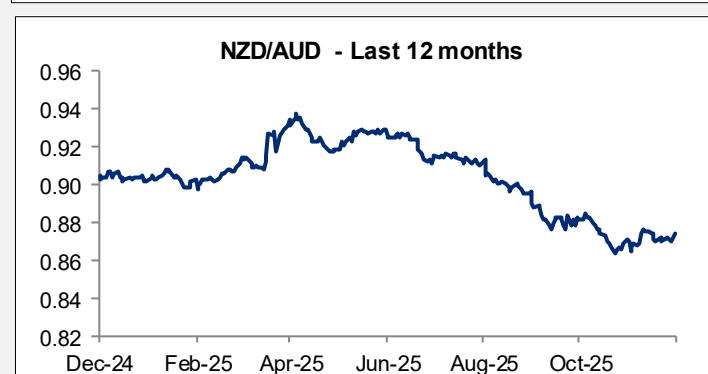
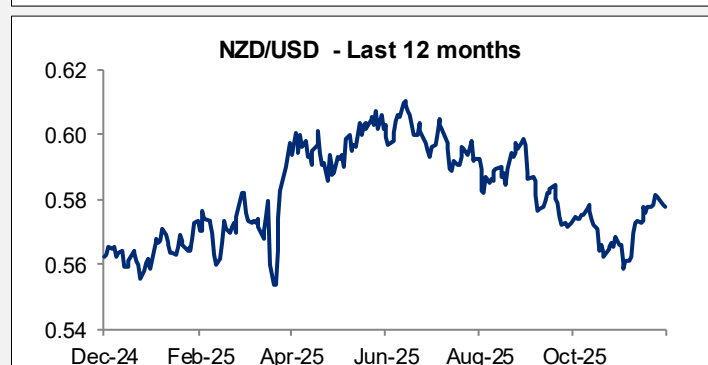
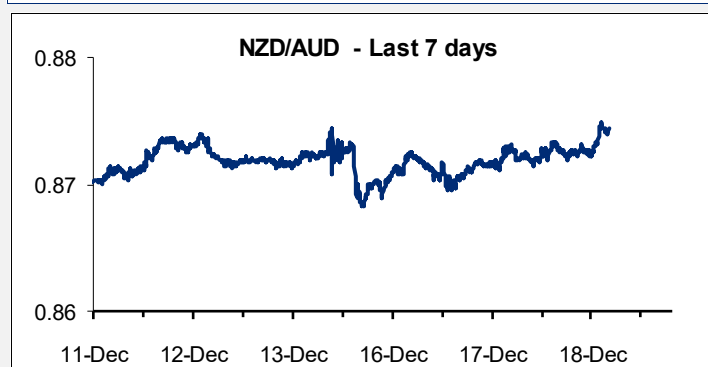
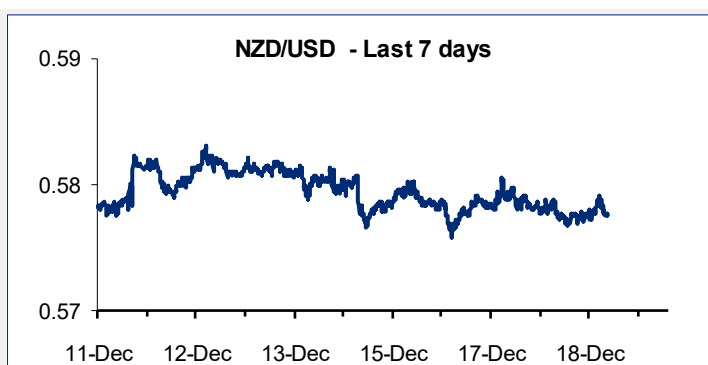
18/12/2025	6:50 am	Prev. NY close
USD	0.5778	0.5782
GBP	0.4315	0.4308
AUD	0.8744	0.8718
EUR	0.4917	0.4922
JPY	89.87	89.46
CAD	0.7964	0.7953
CHF	0.4591	0.4597
DKK	3.6730	3.6775
FJD	1.3173	1.3153
HKD	4.4965	4.4985
INR	52.23	52.63
NOK	5.8957	5.8908
PKR	161.97	162.07
PHP	33.94	33.97
PGK	2.4560	2.4573
SEK	5.3697	5.3792
SGD	0.7460	0.7455
CNY	4.0706	4.0720
THB	18.20	18.23
TOP	1.3779	1.3783
VUV	70.22	70.25
WST	1.5969	1.5962
XPF	58.69	58.74
ZAR	9.6688	9.6902

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	7.34	7.54
3 Months	19.81	20.27
6 Months	37.40	38.40
9 Months	49.27	51.26
1 Year	56.13	58.57

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	9.52	10.00
3 Months	28.55	29.70
6 Months	61.29	64.05
9 Months	92.87	97.90
1 Year	122.41	129.27



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