

# Research Markets Today

19 December 2025

## Events Round-Up

NZ: GDP (q/q%), Q3: 1.1 vs. 0.9 exp.  
 NZ: GDP (y/y%), Q3: 1.3 vs. 1.3 exp.  
 UK: Bank of England bank rate (%), Dec: 3.75 vs. 3.75 exp.  
 EC: ECB deposit facility rate (%), Dec: 2 vs. 2 exp.  
 US: Initial jobless claims (k), 13 Dec: 224 vs. 225 exp.  
 US: CPI (y/y%), Nov: 2.7 vs. 3.1 exp.  
 US: Core CPI (y/y%), Nov: 2.6 vs. 3 exp.  
 US: Philly Fed business outlook, Dec: -10.2 vs. 2.7 exp.

## Good morning

Softer than expected US CPI data reinforced expectations for further rate cuts by the Federal Reserve and contributed to solid rally for equity markets. The S&P is more than 1% higher in afternoon trading with larger gains for the Nasdaq. Global government bond yields are broadly lower while the US dollar is little changed against the major FX pairings.

US CPI data for November undershot expectations but needs to be treated with some caution, as collection only resumed mid-month, after the government shutdown had ended. Headline CPI increased at a 2.7% annual rate, down from 3.0% in September, and well below the 3.1% consensus estimate. Core inflation fell to 2.6%, also well below the 3.0% consensus estimate. Data wasn't collected in October meaning monthly rates were not available. Despite the potential distortions in the data, US treasury yields have settled 2-4bp lower across the curve with a curve flattening bias. 10-year notes are 4bp lower at 4.12%.

The Bank of England cut rates by 25bp to 3.75% as expected though the vote split was closer than anticipated with a 5-4 majority. The cut follows data this week that pointed towards a slowing economy and the unemployment rate climbing to a four-year high. Governor Bailey said there is scope for some additional policy easing next year but that Monetary Policy Committee's decisions will be finely balanced. The cautious messaging contributed to modestly higher front end gilt yields and a firmer pound.

The European Central Bank left its policy rate unchanged at 2% for the fourth consecutive meeting which was in line

with economists' expectations. The central bank upgraded its 2026 growth forecasts to 1.2% (1.0%) and inflation to 1.9% (1.7%). Officials expect the easing cycle is likely to be finished based on the latest outlook for growth and inflation. President Lagarde noted the Bank will take a meeting-by-meeting approach dependent on the incoming data. Market pricing implies the ECB will leave rates on hold for some time.

Net moves across most G10 currencies have been modest. The US dollar index traded higher initially but retraced after the CPI data. The pound outperformed against the euro after the cautious tone from the BOE about further easing. The AUD and NZD have benefited from the improved risk tone and have outperformed since the local close yesterday. NZD/USD traded up towards 0.5785 overnight and is firmer on most key crosses and stable against the AUD.

The NZ economy expanded by 1.1% in the September quarter which was above the 0.9% consensus estimate. A rebound was expected after the unexpectedly large contraction in Q2. The 1.3% annual growth rate matched expectations and was positive for the first time since mid-2024. The data was broadly in line with expectations and had limited impact on NZ rates and the NZD.

NZ swap rates moved modestly lower in the local session yesterday, led by the front end, in line reflecting moves in offshore markets. 2-year swap rates declined 4bp to 2.98%, supported by a drop in mortgage related pay side flow, while 10-year rates closed 1bp lower at 4.16%. The 2y/10y curve steepened to +118bp and is back at the cycle peak. The government curve largely matched the move in swaps with 10-year bonds ending the session at 4.44%.

Domestic consumer and business confidence data are scheduled for today. Consumer confidence has recovered but remains at subdued levels from a historical standpoint. Business confidence remains elevated, and firms' activity expectations increased to a multi-year high in October. CPI is released in Japan ahead of the Bank of Japan's policy decision. The Bank is expected to increase rates by 25bp to 0.75%. There are no new forecasts, and the focus will centre on Governor Ueda's press conference regarding the pace of future hikes and the terminal rate.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ Consumer Confidence Index	Dec	98.4	10:00	
NZ	Trade Balance 12 Mth YTD NZD	Nov	-2281	10:45	
JN	Natl CPI YoY(y/y%)	Nov	2.9	3	12:30
JN	Core CPI (y/y%)	Nov	3	3.1	12:30
NZ	ANZ Activity Outlook	Dec	53.1	13:00	
UK	GfK Consumer Confidence	Dec	-18	-19	13:01
JN	BOJ Target Rate	Dec	0.75	0.5	
GE	GfK Consumer Confidence	Jan	-23	-23.2	20:00
UK	Retail Sales Ex Auto Fuel (m/m%)	Nov	0.1	-1	20:00
CA	Retail Sales Ex Auto (m/m%)	Oct	0	0.2	02:30
EC	Consumer Confidence	Dec P	-14	-14.2	04:00
US	Existing Home Sales (m/m%)	Nov	1.22	1.2	04:00
US	U. of Mich. Sentiment	Dec F	53.5	53.3	04:00
US	U. of Mich. 5-10 Yr Inflation	Dec F	3.2	3.2	04:00

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	0.5768	-0.1	0.5759	0.5788	CHF	0.7951	-0.1		S&P 500	6,802	+1.2	15.8	Oil (Brent)	60.11	+0.7		
AUD	0.6604	-0.0	0.6603	0.6631	SEK	9.301	+0.0		Dow	47,893	+0.0	13.2	Oil (WTI)	56.51	+1.0		
EUR	1.1717	-0.2	1.1713	1.1763	NOK	10.174	-0.3		Nasdaq	22,955	+1.1	18.4	Gold	4348.1	+0.0		
GBP	1.3373	-0.0	1.3341	1.3446	HKD	7.781	-0.0		Stoxx 50	5,742	+1.1	15.8	HRC steel	906.0	-0.1		
JPY	155.68	-0.0	155.29	155.97	CNY	7.041	-0.0		FTSE	9,838	+0.6	20.0	CRB	293.8	-1.3		
CAD	1.3780	-0.0			SGD	1.291	-0.0		DAX	24,200	+1.0	19.5	Wheat Chic.	520.0	+0.5		
NZD/AUD	0.8734	-0.1			IDR	16,723	+0.2		CAC 40	8,151	+0.8	10.4	Sugar	14.41	-2.4		
NZD/EUR	0.4923	+0.1			THB	31.42	-0.1		Nikkei	49,002	-1.0	26.2	Cotton	63.51	+0.1		
NZD/GBP	0.4313	-0.1			KRW	1,473	-0.1		Shanghai	3,876	+0.2	14.6	Coffee	346.4	-0.4		
NZD/JPY	89.80	-0.1			TWD	31.54	+0.0		ASX 200	8,588	+0.0	5.1	WM powder	3120	-0.5		
NZD/CAD	0.7948	-0.2			PHP	58.57	-0.3		NZX 50	13,257	-0.3	3.9	Australian Futures				
NZ TWI	66.67	-0.1							VIX Index	16.32	-7.4	-40.9	3 year bond	95.83	0.03		
															10 year bond	95.23	0.05
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	3.29	3.74	USD	4.13	-0.03	15-Apr-27	2.72	-0.01		BKBM 1-mth	2.41	0.00			
AUD	3.60	3.72	3.99	4.77	AUD	4.74	-0.00	15-May-28	3.21	-0.02		BKBM 3-mth	2.50	0.00			
NZD	2.25	2.50	2.98	4.16	NZD	4.43	-0.02	20-Apr-29	3.49	-0.02		1 year	2.63	-0.02			
EUR	2.00	2.05	2.28	2.92	GER	2.85	-0.01	15-May-30	3.72	-0.02		2 year	2.98	-0.04			
GBP	3.75	4.11	3.51	4.01	GBP	4.48	0.01	15-May-31	3.95	-0.02		3 year	3.25	-0.03			
JPY	0.48	-0.03	1.07	1.79	JPY	1.97	-0.01	15-May-32	4.11	-0.03		5 year	3.63	-0.02			
CAD	2.25	4.97	2.48	3.18	CAD	3.41	-0.02	14-Apr-33	4.22	-0.03		7 year	3.89	-0.02			
															10 year	4.16	-0.01
															15 year	4.44	-0.02
Carbon Price					Policy Meeting Run												
	Level	% Day	% Year		NZD	AUD	USD										
NZU	38.05	+3.7	-38.3		1st	2.25	3.69	3.59	15-May-36	4.53	-0.02						
					2nd	2.25	3.71	3.49	15-May-37	4.64	-0.01						
					3rd	2.28	3.80	3.42	15-May-41	4.91	-0.01						
					4th	2.34	3.83	3.29	15-May-54	5.16	-0.01						
					5th	2.43	3.88	3.21		5.17	-0.01						
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer															NZ Inflation-Indexed Bonds		
Rates are as of: NZT 06:17															Sept-30	1.70	0.00
Source: Bloomberg															Sept-35	2.50	-0.00
															Sept-40	2.93	0.00

**NZD exchange rates**

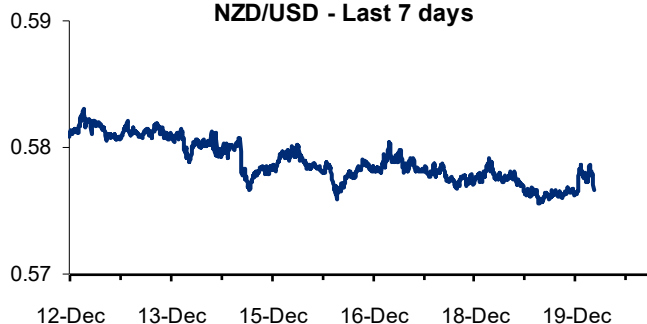
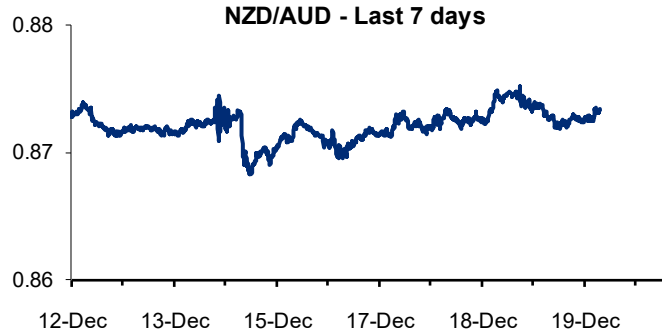
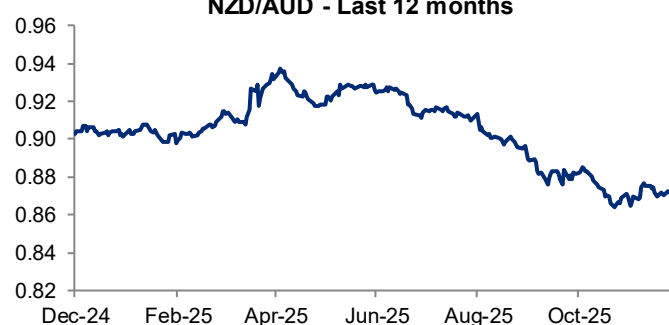
19/12/2025	6:18 am	Prev. NY close
USD	0.5768	0.5774
GBP	0.4313	0.4317
AUD	0.8734	0.8742
EUR	0.4923	0.4918
JPY	89.80	89.90
CAD	0.7948	0.7961
CHF	0.4586	0.4593
DKK	3.6781	3.6743
FJD	1.3160	1.3174
HKD	4.4878	4.4927
INR	52.06	52.18
NOK	5.8682	5.8924
PKR	161.65	161.83
PHP	33.77	33.91
PGK	2.4524	2.4539
SEK	5.3645	5.3709
SGD	0.7444	0.7455
CNY	4.0610	4.0672
THB	18.15	18.19
TOP	1.3835	1.3771
VUV	70.12	70.17
WST	1.5967	1.5948
XPF	58.68	58.68
ZAR	9.6596	9.6854

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	7.05	7.25
3 Months	19.80	20.20
6 Months	36.20	37.20
9 Months	48.10	50.10
1 Year	55.12	57.58

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	9.26	9.74
3 Months	28.89	29.94
6 Months	59.93	62.67
9 Months	91.69	96.73
1 Year	121.54	128.21

**NZD/USD - Last 7 days****NZD/AUD - Last 7 days****NZD/USD - Last 12 months****NZD/AUD - Last 12 months**

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