

Research Markets Today

19 November 2025

Events Round-Up

US: NAHB housing market index, Nov: 38 vs. 36 exp.

Good morning

Risk sensitive assets remained under pressure overnight after the weak Asian session yesterday. There is growing caution from investors ahead of Nvidia's earnings and about the elevated valuations in the artificial intelligence sector. There are also concerns about the required capital expenditure which is reliant on issuing huge amounts of debt. The S&P is lower in afternoon trading and there have been large falls across European and Asian markets. The VIX index of implied S&P volatility, increased to 26, the highest level since the liberation day turmoil in April.

There was limited economic data to provide the market with direction. ADP private payrolls fell an average of 2.5k per week in the four weeks to 1 November. This compares with -11k in the prior four-week period and reflects a modest improvement but lingering weakness. The market looks ahead to the delayed official labour market report for September tomorrow night. The New York Fed business activity index improved marginally, but remains at depressed levels, and the employment subindex deteriorated to the lowest level since the pandemic.

Federal Reserve Governor Waller has provided a counterpoint to the recent chorus of Fed officials cautious about a December rate cut. He said the Fed should lower rates by 25bp at the FOMC next month citing a weak labour market and noted that current policy settings are impacting low- and middle-income consumers. Waller said another rate cut would represent good 'risk management' and that he isn't concerned about inflation accelerating given indicators of reduced demand for workers.

Pricing for the December FOMC is little changed with around 11bp of easing implied from futures markets. US treasuries rallied on safe haven demand through the Asian session but have since rebounded off the yield lows in line with a recovery in US equities. 10-year note yields reached a low of 4.09% before retracing to 4.12%. There was limited market reaction to the ADP jobs data. German 10-year bunds closed unchanged at 2.70% despite the near 2% decline in the Euro Stoxx index.

The long end of the JGB curve sold off with 40-year yields increasing 6bp to 3.64%. This is the highest level since the 40-year bonds were first issued in 2007. The move reflects concerns the upcoming fiscal package from Prime Minister Takaichi could pressure public finances.

Currency markets were subdued given the volatility in equities. The US dollar index struggled for direction and is largely unchanged from the NZ close yesterday. Commodity currencies outperformed at the margin within the G10 basket while the Swiss franc was relatively weak. Net moves in the major pairings were minimal. The NZD is marginally firmer on the key cross rates overnight. The exception is NZD/AUD which dipped towards 0.8700.

There was an initial sell off in NZ fixed income in the local session yesterday with market participants focused on the tap syndication of the May-2036 nominal government bond. The swap curve moved higher and steeper pre-pricing before retracing and ending unchanged. The move in swaps saw government bond yields also selloff initially before retracing. The May-2036 maturity closed 3bp lower on the day and 6bp below levels at the time of pricing for the tap. Demand for longer end bonds flattened the curve.

There was strong demand from investors in the syndication. Total book size, at final price guidance, was NZ\$25 billion, a record for a NZGB transaction. NZ Debt Management issued NZ\$6 billion at a spread of 12bp over the May-2035 reference line which was at the tight end of initial price guidance. The price action suggests there was unfilled demand even after issuing at the upper end of volume guidance. The weekly government bond tender on Thursday will be cancelled in line with convention.

Australian 10-year government bond futures are little changed since the local close yesterday suggesting a limited directional bias for NZ rates on the open.

The only domestic data of note today is Q3 Producer Price Indexes, which are not closely followed by market participants, given they come out after the CPI for the quarter. Q3 wage data is scheduled in Australia. UK CPI data for October will be in focus with the market pricing close to an 80% chance of a 25bp cut by the Bank of England next month. Annual headline, core and services inflation is expected to have edged lower in the month.

stuart.ritson@bnz.co.nz

Coming Up

		Period	Cons.	Prev.	NZT
NZ	PPI Output (q/q%)	3Q	0.6	10:45	
AU	Wage Price Index (q/q%)	3Q	0.8	0.8	13:30
AU	Wage Price Index (y/y%)	3Q	3.4	3.4	13:30
UK	CPI (y/y%)	Oct	3.5	3.8	20:00
UK	CPI Core (y/y%)	Oct	3.4	3.5	20:00
UK	CPI Services (y/y%)	Oct	4.6	4.7	20:00
US	FOMC Meeting Minutes	Oct			08:00

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	0.5658	+0.0	0.5647	0.5675	CHF	0.8000	+0.5	S&P 500	6,628	-0.7	12.5	Oil (Brent)	64.01	-0.3
AUD	0.6501	+0.1	0.6475	0.6512	SEK	9.486	+0.1	Dow	46,082	-1.1	6.2	Oil (WTI)	59.93	+0.1
EUR	1.1573	-0.2	1.1573	1.1608	NOK	10.121	+0.1	Nasdaq	22,434	-1.1	19.4	Gold	4067.2	-0.2
GBP	1.3141	-0.1	1.3134	1.3177	HKD	7.784	+0.1	Stoxx 50	5,535	-1.9	15.5	HRC steel	855.0	+0.0
JPY	155.60	+0.2	154.87	155.58	CNY	7.110	+0.0	FTSE	9,552	-1.3	17.8	CRB	301.6	-0.2
CAD	1.3998	-0.4			SGD	1.303	-0.1	DAX	23,181	-1.7	20.8	Wheat Chic.	562.0	+0.4
NZD/AUD	0.8703	-0.1			IDR	16,751	+0.1	CAC 40	7,968	-1.9	9.5	Sugar	14.71	-0.6
NZD/EUR	0.4889	+0.2			THB	32.39	-0.2	Nikkei	48,703	-3.2	26.8	Cotton	62.75	+0.7
NZD/GBP	0.4306	+0.1			KRW	1,462	+0.1	Shanghai	3,940	-0.8	18.5	Coffee	388.5	+3.2
NZD/JPY	88.04	+0.2			TWD	31.20	+0.1	ASX 200	8,469	-1.9	1.1	WM powder	3360	-0.4
NZD/CAD	0.7920	-0.4			PHP	59.00	+0.1	NZX 50	13,343	-1.2	4.1	Australian Futures		
NZ TWI	65.92	+0.0						VIX Index	23.95	+7.0	+53.7	3 year bond	96.24	0.04
Interest Rates								NZ Government Bonds				10 year bond	95.55	0.03
	Rates		Swap Yields		Benchmark 10 Yr Bonds						NZ BKBM and Swap Yields			
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last	Chg		Last	Chg		
USD	4.00	4.85	3.37	3.69	USD	4.13	-0.01	15-Apr-27	2.62	0.02	BKBM 1-mth	2.50	0.00	
AUD	3.60	3.65	3.64	4.50	AUD	4.44	-0.04	15-May-28	2.91	-0.00	BKBM 3-mth	2.49	-0.01	
NZD	2.50	2.49	2.62	3.76	NZD	4.16	-0.02	20-Apr-29	3.10	-0.01	1 year	2.45	0.00	
EUR	2.00	2.05	2.19	2.76	GER	2.71	-0.01	15-May-30	3.32	-0.01	2 year	2.62	-0.00	
GBP	4.00	4.11	3.56	4.03	GBP	4.55	0.02	15-May-31	3.55	-0.02	3 year	2.83	0.00	
JPY	0.48	-0.03	0.90	1.57	JPY	1.75	0.01	15-May-32	3.75	-0.02	5 year	3.17	0.00	
CAD	2.25	4.97	2.36	3.00	CAD	3.25	0.02	14-Apr-33	3.90	-0.02	7 year	3.45	-0.00	
							Policy Meeting Run	15-May-34	4.04	-0.02	10 year	3.76	-0.00	
							NZD	15-May-35	4.16	-0.02	15 year	4.09	-0.00	
							AUD	15-May-36	4.28	-0.03	NZ Inflation-Indexed Bonds			
							USD	15-May-37	4.40	-0.03	Sept-30	1.37	0.02	
							1st	15-May-41	4.76	-0.03	Sept-35	2.23	0.02	
							2nd	15-May-51	5.05	-0.03	Sept-40	2.68	0.02	
							3rd		5.04	-0.03				
							4th							
							5th							

* These are indicative ranges from 5pm NZT;
please confirm rates with your BNZ dealer

Rates are as of: NZT 06:21

Source: Bloomberg

NZD exchange rates

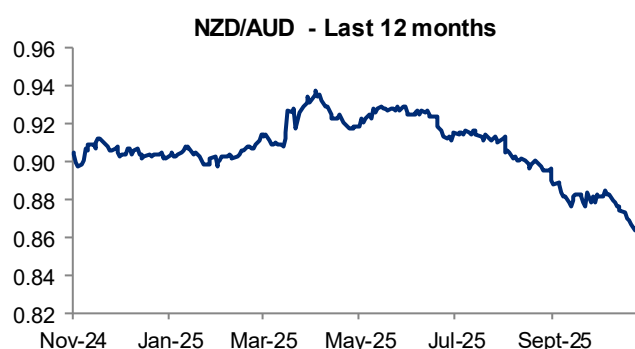
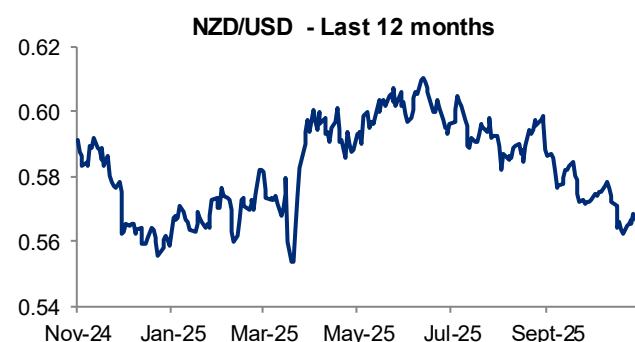
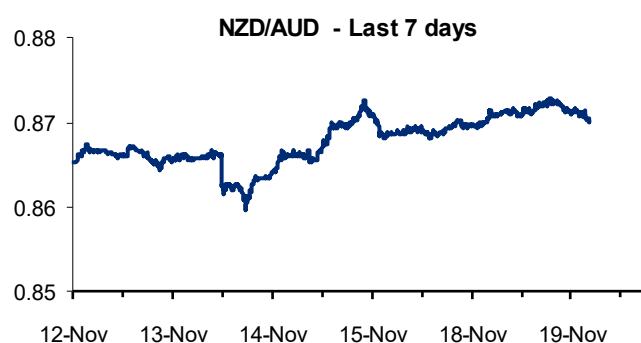
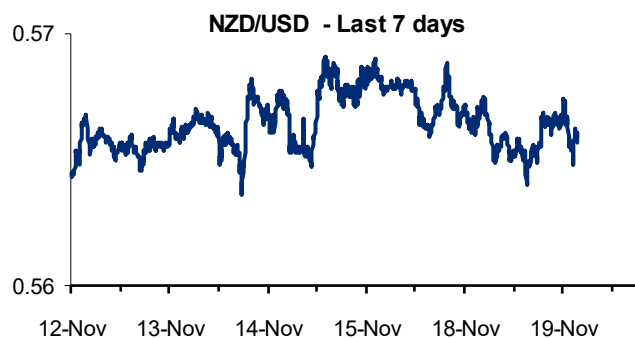
19/11/2025	6:21 am	Prev. NY close
USD	0.5658	0.5658
GBP	0.4306	0.4301
AUD	0.8703	0.8713
EUR	0.4889	0.4881
JPY	88.04	87.85
CAD	0.7920	0.7952
CHF	0.4526	0.4505
DKK	3.6514	3.6453
FJD	1.2971	1.2980
HKD	4.4042	4.3988
INR	50.14	50.15
NOK	5.7264	5.7186
PKR	158.82	158.82
PHP	33.38	33.34
PGK	2.3924	2.4138
SEK	5.3672	5.3598
SGD	0.7370	0.7374
CNY	4.0227	4.0215
THB	18.35	18.35
TOP	1.3510	1.3510
VUV	68.96	68.93
WST	1.5775	1.5778
XPF	58.36	58.31
ZAR	9.7266	9.7164

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.91	8.10
3 Months	22.40	22.80
6 Months	42.35	43.35
9 Months	60.04	62.04
1 Year	73.74	76.22

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	9.36	9.79
3 Months	27.82	28.84
6 Months	55.91	58.53
9 Months	85.18	89.97
1 Year	113.42	119.84



Contact Details

BNZ Research

Stephen Toplis
Head of Research
+64 4 474 6905

Doug Steel
Senior Economist
+64 4 474 6923

Jason Wong
Senior Markets Strategist
+64 4 924 7652

Stuart Ritson
Senior Interest Rate Strategist
+64 9 9248601

Mike Jones
BNZ Chief Economist
+64 9-956 0795

Main Offices

Wellington
Level 4, Spark Central
42-52 Willis Street
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.

