Research

Markets Today

20 October 2025

Events Round-Up

Nothing of note

Good Morning

Risk sentiment turned positive on Friday from the European open, driving a modest gain for US equities and resulting in the US 10-year rate rising from a low of 3.93% to a NY close of 4.01%, up 7bps from the NZ close. Currency markets showed modest movements, with the NZD range trading and closing the week at 0.5725.

After weaker risk sentiment prevailed through the Asian trading session, there was a distinct improvement after Europe opened, resulting in better performance of risk assets into the weekend close. This was reflected in a wide trading range for S&P futures, in the order of over 2% on Friday, troughing around the open of European markets before steadily increasing. The S&P500 closed the day up 0.5%. At its zenith, the VIX index was trading at a six-month high of 29, before closing just below 22.

Contributing to the positive turnaround, angst about US regional banks, that had pervaded the market on Thursday, faded as earnings reports from other regional banks reassured investors that any credit concerns were idiosyncratic rather than systemic.

The market also responded positively to comments made by President Trump on Fox Business. When asked whether the threatened additional 100% tariff on China would stand he said, “No, it’s not sustainable, but that’s what the number is…I think we are going to do fine with China”. Trump backed that up later in comments at the White House saying, “I think we’re getting along with China” and adding that he thought the meeting with President Xi would still be going ahead later this month.

The swing in risk sentiment saw the US 10-year rate close 7bps higher from the NZ close at 4.01%, after trading as low as 3.93% in late-Asian trading. The market still priced in high conviction of Fed rate cuts this year, with 25bps cuts at the October and December meetings fully priced, albeit with fading of risks around a possible jumbo 50bps move at one of the meetings.

While the US government shutdown has stopped publication of official economic releases, analysts have been able to piece together initial jobless claims figures by aggregating data compiled by most states and imputing others. Bloomberg estimated a figure of 215k for last week, consistent with job layoffs remaining low. The figure closely matched data compiled by Goldman Sachs.

Net FX changes on Friday were modest, although the AUD showed clear outperformance on Friday night as risk sentiment improved. The AUD recovered some of its loss seen in the wake of Thursday’s softer Australian employment report and closed the week just under 0.65. The NZD traded a tight range of Friday and closed the week at 0.5725. NZD/AUD closed the week at 0.8815, giving up half of its gain following the Australian employment report.

EUR was on the softer side of the ledger Friday night. After falling to a fresh 15-year low of 0.4882, NZD/EUR recovered somewhat to 0.4915. The turnaround in risk sentiment saw NZD/JPY recover from 85.35 to 86.25. Over the weekend, LDP leader Takaichi’s bid to become the next PM increased significantly, with media reporting the party is likely to form a minority coalition with Ishin. While this would be two votes short of an outright majority, the rest of the opposition appears unlikely to unite around an alternative candidate.

The domestic rates market ended the week on a quiet note, but with offshore factors supporting further reduction in yields to fresh lows. The 10-year NZGB yield fell 4bps to 3.96%, taking its cumulative fall for the week to 18bps. The Australian 10-year bond future rose 4bps in yield terms after the NZ close of Friday, which will set the tone for the open. Swap rates fell 4-6bps, with the 2-year rate closing at 2.44% and the market seeing more chance of the end of the rate cutting cycle terminating at 2.0% than 2.25%.

In the day ahead, domestic focus will be on the Q3 CPI report, expected to show inflation jumping higher, at 0.9% q/q and 3.0% y/y, in line with the RBNZ’s August MPS estimates. A surge in local authority rates will be one key contributor to the poor outturn, and this will be reflected in an expected jump in non-tradeables inflation to 1.1% q/q. The lift in inflation has been well anticipated but is not expected to be sustained. China activity data due this afternoon is expected to show some slippage in growth momentum in Q3.

In the week ahead the US shutdown means that the void of official US data remains, although enough staff have been cobbled together to allow a September CPI print on Friday. UK, Canada and Japan CPI data will also be released this week as well as flash global PMI estimates for October.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	CPI (q/q%)	Q3	0.9	0.5	10:45
NZ	CPI (y/y%)	Q3	3.0	2.7	10:45
NZ	CPI non tradeable (q/q%)	Q3	1.1	0.7	10:45
CH	GDP (q/q%)	Q3	0.8	1.1	15:00
CH	GDP (y/y%)	Q3	4.7	5.2	15:00
CH	Retail sales (y/y%)	Sep	3.0	3.4	15:00
CH	Industrial production (y/y%)	Sep	5.0	5.2	15:00
CH	Fixed investment (YTD, y/y%)	Sep	0.1	0.5	15:00

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5725	-0.0	0.5712	0.5743
AUD	0.6494	+0.2	0.6444	0.6502
EUR	1.1652	-0.3	1.1657	1.1727
GBP	1.3426	-0.1	1.3391	1.3471
JPY	150.63	+0.1	149.38	150.59
CAD	1.4023	-0.2		
NZD/AUD	0.8815	-0.1		
NZD/EUR	0.4913	+0.3		
NZD/GBP	0.4264	+0.1		
NZD/JPY	86.23	+0.1		
NZD/CAD	0.8027	-0.2		
NZ TWI	66.40	+0.1		

Other FX

	Last	% Day
CHF	0.7933	+0.0
SEK	9.453	+0.3
NOK	10.068	-0.0
HKD	7.769	-0.0
CNY	7.127	+0.0
SGD	1.296	+0.1
IDR	16,590	+0.1
THB	32.84	+1.0
KRW	1,422	+0.4
TWD	30.67	+0.1
PHP	58.19	+0.1

Equities

Major Indices

	Last	% Day	% Year
S&P 500	6,664	+0.5	14.1
Dow	46,191	+0.5	6.8
Nasdaq	22,680	+0.5	23.4
Stoxx 50	5,607	-0.8	13.3
FTSE	9,355	-0.9	11.9
DAX	23,831	-1.8	21.2
CAC 40	8,174	-0.2	7.8
Nikkei	47,582	-1.4	22.1
Shanghai	3,840	-2.0	21.2
ASX 200	8,995	-0.8	8.6
NZX 50	13,289	-0.7	3.6
VIX Index	20.78	-17.9	+8.7

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	61.29	+0.4
Oil (WTI)	57.54	+0.1
Gold	4189.9	-2.1
HRC steel	814.0	-0.1
CRB	293.4	-0.2
Wheat Chic.	520.3	+0.3
Sugar	15.50	-1.9
Cotton	64.28	+0.9
Coffee	397.5	+0.9
WM powder	3520	-1.3

Australian Futures

3 year bond	96.68	0.07
10 year bond	95.83	-0.02

Interest Rates

	Rates		Swap Yields	
	Cash	3Mth	2 Yr	10 Yr
USD	4.25	4.85	3.22	3.54
AUD	3.60	3.50	3.32	4.15
NZD	2.50	2.53	2.44	3.52
EUR	2.00	2.00	2.07	2.59
GBP	4.00	4.16	3.63	4.01
JPY	0.48	-0.03	0.90	1.46
CAD	2.50	4.97	2.24	2.82

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.01	0.03
AUD	4.10	-0.05
NZD	3.96	-0.04
GER	2.58	0.01
GBP	4.53	0.03
JPY	1.63	-0.03
CAD	3.09	0.02

Policy Meeting Run

	NZD	AUD	USD
1st	2.24	3.43	3.87
2nd	2.14	3.36	3.61
3rd	2.11	3.25	3.47
4th	2.09	3.21	3.33
5th	2.09	3.16	3.25

NZ Government Bonds

	Last	Chg
15-Apr-27	2.53	-0.03
15-May-28	2.73	-0.06
20-Apr-29	2.94	-0.06
15-May-30	3.15	-0.06
15-May-31	3.39	-0.05
15-May-32	3.57	-0.04
14-Apr-33	3.71	-0.04
15-May-34	3.86	-0.04
15-May-35	3.96	-0.04
15-May-36	4.07	-0.04
15-May-37	4.20	-0.04
15-May-41	4.55	-0.04
15-May-51	4.85	-0.04
15-May-54	4.86	-0.04

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.65	0.00
BKBM 3-mth	2.53	-0.02
1 year	2.37	-0.01
2 year	2.44	-0.04
3 year	2.61	-0.05
5 year	2.93	-0.06
7 year	3.21	-0.06
10 year	3.52	-0.05
15 year	3.84	-0.05

NZ Inflation-Indexed Bonds

Sept-30	1.37	-0.04
Sept-35	2.21	-0.04
Sept-40	2.64	-0.04

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

Rates at NY close

Source: Bloomberg

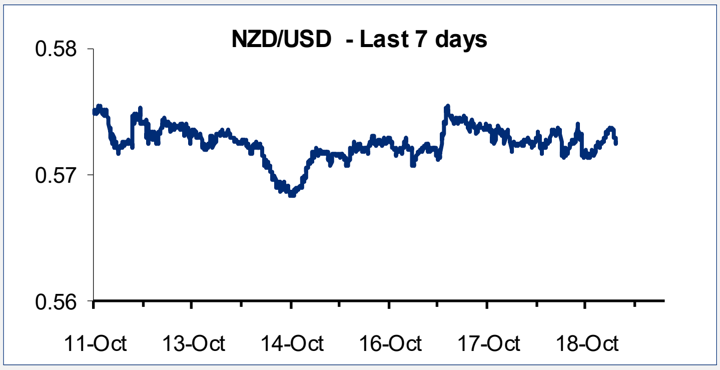
NZD exchange rates		
18/10/2025	NY close	Prev. NY close
USD	0.5725	0.5724
GBP	0.4264	0.4261
AUD	0.8815	0.8827
EUR	0.4913	0.4898
JPY	86.23	86.11
CAD	0.8027	0.8045
CHF	0.4542	0.4539
DKK	3.6688	3.6580
FJD	1.3020	1.3039
HKD	4.4475	4.4479
INR	50.36	50.27
NOK	5.7639	5.7654
PKR	161.10	161.08
PHP	33.31	33.28
PGK	2.3994	2.3990
SEK	5.4116	5.3962
SGD	0.7417	0.7406
CNY	4.0802	4.0781
THB	18.70	18.63
TOP	1.3320	1.3411
VUV	70.05	70.17
WST	1.5876	1.5815
XPF	58.84	58.77
ZAR	9.9443	9.9252

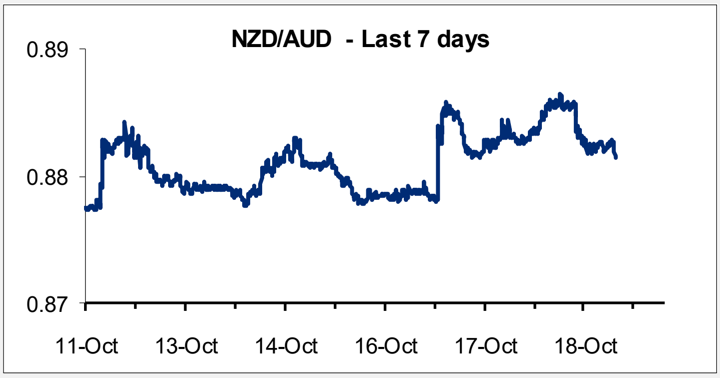
NZD/USD Forward Points

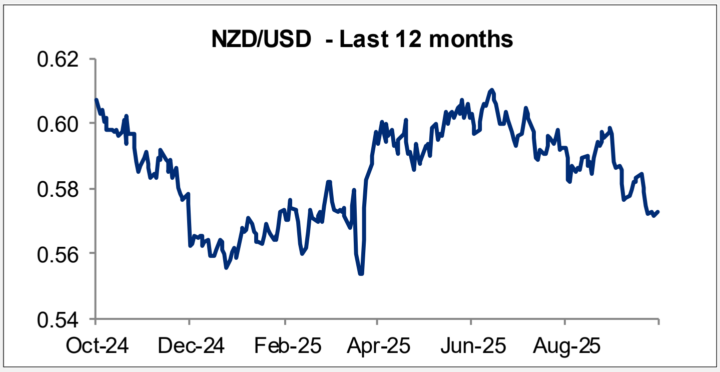
	BNZ buys NZD	BNZ sells NZD
1 Month	7.45	7.65
3 Months	21.92	22.44
6 Months	40.74	41.82
9 Months	57.20	59.20
1 Year	70.91	73.94

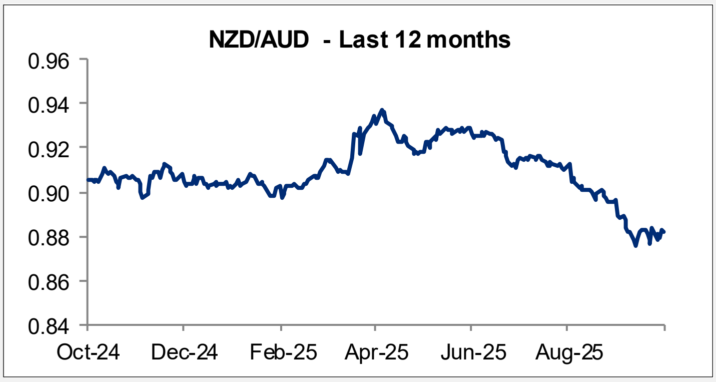
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.48	7.95
3 Months	23.91	25.01
6 Months	48.20	50.89
9 Months	71.65	76.07
1 Year	96.00	105.06









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