

Research Markets Today

21 October 2025

Events Round-Up

NZ: CPI (q/q%), Q3: 1.0 vs. 0.9 exp.
 NZ: CPI (y/y%), Q3: 3.0 vs. 3.0 exp.
 NZ: CPI non tradeable (q/q%), Q3: 1.1 vs. 1.1 exp.
 CH: GDP (q/q%), Q3: 1.1 vs. 0.8 exp.
 CH: GDP (y/y%), Q3: 4.8 vs. 4.7 exp.
 CH: Retail sales (y/y%), Sep: 3.0 vs. 3.0 exp.
 CH: Industrial production (y/y%), Sep: 6.5 vs. 5.0 exp.
 CH: Fixed investment (YTD, y/y%), Sep: -0.5 vs. 0.1 exp.

Good Morning

Newsflow has been light but the mood in equity markets have been positive, with investors shaking off the temporary bout of pessimism that pervaded late last week. The S&P500 is currently up over 1% and the Euro Stoxx 600 index closed 1% higher.

Global rate movements have been modest. The US 10-year Treasury has traded a tight 4bps range overnight and currently sits just under 4%, down 2bps from the NZ close and with the curve slightly flatter.

In an interview with CNBC, National Economic Council Director Hassett said the government shutdown could end this week although he added that if an agreement doesn't come together, the White House might have to consider enacting "stronger measures" to force Democrats to accept a deal.

President Trump has repeated his optimism that the US and China will reach a trade deal and that he is still expected to meet President Xi in South Korea next week.

Trump and Australian PM Albanese signed an agreement to boost access to critical minerals and rare earths, with projects in both countries, with Albanese quoting an \$8.5b pipeline of projects ready to go. The deal will help the US reduce its reliance on China for rare earths.

Oil prices struggle to perform, with Brent crude down 1% to USD60.65 per barrel, probing a fresh five-month low, with talk of a forthcoming flood of supply through into next year. The fall in gold prices late last week attracted buyers and the spot price is back up over 2% to USD4345, not far off last week's record high.

Japan's LDP and Ishin, also known as the Japan Innovation Part, formed a coalition deal that gives the parties 231 votes in the lower house, two votes short of a majority, but likely good enough for the LDP's Takaichi to secure a vote as the next PM. The two parties are more politically aligned than LDP's previous Komeito partner, but they will need support from at least one other party to pass key legislation. Media speculation ahead of the signed deal helped drive the Nikkei index up 3.4% to a fresh record high. There was no discernable impact on BoJ monetary policy expectations, with 16bps of hikes priced by December. The yield curve showed a modest flattening and JPY barely reacted.

Currency moves have been small but the NZD has been a clear outperformer, the biggest mover with a 0.4% gain from last week's close to 0.5750. There has been no obvious driver, other than the gain in NZD represents a recovery from last week's underperformance and perhaps inflation rising to 3% (see below) got the attention of some investors overnight. Positive risk sentiment is also helping, with the AUD also gaining, pushing up to 0.6515, while NZD/AUD is slightly stronger at 0.8820. The NZD is higher on all the crosses, with 0.4-0.5% gains against the other key majors relative to last week's close.

Yesterday, China's dump of economic activity data was mixed. GDP was on the stronger side of expectations, with growth of 1.1% q/q and 4.8% y/y in Q3. The data showed a lopsided economy, with China becoming even more dependent on exports, which are offsetting the weakness in domestic demand. The monthly activity indicators for September showed stronger industrial production, supported by the pick-up in exports, but ongoing weakness in retail sales and surprisingly weak investment, dragged down by the property market.

NZ Q3 CPI data showed headline inflation rising to 1.0% q/q and 3.0% y/y, in line with market expectations. For the quarter, the seasonally adjusted figure showed an increase of 0.7% q/q following the same increase in Q2, indicative of annualised inflation running near the top end of the target range. Given that all core inflation measures remain well-entrenched in the top half of the target band, it would be prudent for the RBNZ to exercise some caution in taking the OCR much lower.

There was no market reaction to the CPI data. NZGB and swap rates were dragged higher, reacting to the offshore moves on Friday night. NZGBs and swaps were marked 2-

4bps higher by the close. The terminal OCR remained unchanged at 2.09%, suggesting that after high conviction that the RBNZ delivers another 25bps cut next month (fully priced), the market sees a greater chance of the OCR being cut to 2.0% than remaining at 2.25% during early 2026.

On the calendar today, NZ trade data for September will be released, with Canadian CPI data due tonight, where the consensus sees headline inflation picking up to 2.2% and core inflation remaining near 3%.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Trade balance (ann \$b)	Sep	-3.0		10:45
CA	CPI (y/y%)	Sep	2.2	1.9	01:30
CA	CPI core (avg median/trim y/y%)	Sep	3.0	3.05	01:30

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	0.5749	+0.4	0.5725	0.5753	CHF	0.7921	-0.1	S&P 500	6,734	+1.2	14.8	Oil (Brent)	60.77	-0.6
AUD	0.6515	+0.2	0.6485	0.6521	SEK	9.416	-0.3	Dow	46,672	+1.1	7.8	Oil (WTI)	57.25	-0.2
EUR	1.1651	-0.1	1.1644	1.1673	NOK	10.047	-0.2	Nasdaq	23,014	+1.5	24.5	Gold	4342.4	+3.6
GBP	1.3412	-0.2	1.3400	1.3441	HKD	7.767	-0.0	Stoxx 50	5,681	+1.3	13.9	HRC steel	812.0	-0.2
JPY	150.74	+0.1	150.28	150.86	CNY	7.120	-0.1	FTSE	9,404	+0.5	12.5	CRB	293.4	+0.0
CAD	1.4032	+0.1			SGD	1.294	-0.1	DAX	24,259	+1.8	23.4	Wheat Chic.	521.0	+0.1
NZD/AUD	0.8824	+0.0			IDR	16,575	-0.1	CAC 40	8,206	+0.4	7.8	Sugar	15.72	+1.4
NZD/EUR	0.4934	+0.4			THB	32.57	-0.9	Nikkei	49,186	+3.4	26.3	Cotton	64.33	+0.2
NZD/GBP	0.4286	+0.5			KRW	1,420	-0.1	Shanghai	3,864	+0.6	18.5	Coffee	406.2	+2.0
NZD/JPY	86.66	+0.5			TWD	30.61	-0.2	ASX 200	9,032	+0.4	8.2	WM powder	3520	+0.0
NZD/CAD	0.8067	+0.5			PHP	58.17	-0.0	NZX 50	13,345	+0.4	3.3	Australian Futures		
NZ TWI	66.62	+0.3						VIX Index	18.72	-9.9	+3.8	3 year bond	96.63	-0.06
Interest Rates												10 year bond 95.85 0.02		
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	3.23	3.53	USD	3.99	-0.02	15-Apr-27	2.55	0.02	BKBM 1-mth	2.65	0.00	
AUD	3.60	3.49	3.31	4.13	AUD	4.15	0.05	15-May-28	2.75	0.02	BKBM 3-mth	2.53	0.00	
NZD	2.50	2.53	2.47	3.56	NZD	4.00	0.04	20-Apr-29	2.96	0.02	1 year	2.38	0.01	
EUR	2.00	2.01	2.07	2.58	GER	2.58	-0.00	15-May-30	3.17	0.02	2 year	2.47	0.02	
GBP	4.00	4.16	3.62	3.99	GBP	4.51	-0.03	15-May-31	3.41	0.03	3 year	2.63	0.02	
JPY	0.48	-0.03	0.93	1.49	JPY	1.67	0.04	15-May-32	3.60	0.03	5 year	2.96	0.03	
CAD	2.50	4.97	2.21	2.79	CAD	3.05	-0.04	14-Apr-33	3.74	0.03	7 year	3.24	0.03	
						Policy Meeting Run		15-May-34	3.89	0.03	10 year	3.56	0.04	
								15-May-35	4.00	0.04	15 year	3.88	0.04	
						NZD AUD USD		15-May-36	4.11	0.04	NZ Inflation-Indexed Bonds			
						1st	2.24 3.42 3.87	15-May-37	4.23	0.04	Sept-30	1.38	0.01	
* These are indicative ranges from 5pm NZT;						2nd	2.14 3.36 3.62	15-May-41	4.59	0.04	Sept-35	2.23	0.02	
please confirm rates with your BNZ dealer						3rd	2.11 3.25 3.48	15-May-51	4.89	0.04	Sept-40	2.67	0.03	
Rates are as of: NZT 06:54						4th	2.09 3.20 3.35	15-May-54	4.90	0.04				
Source: Bloomberg						5th	2.10 3.14 3.27							

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

Rates are as of: NZT 06:54

Source: Bloomberg

NZD exchange rates

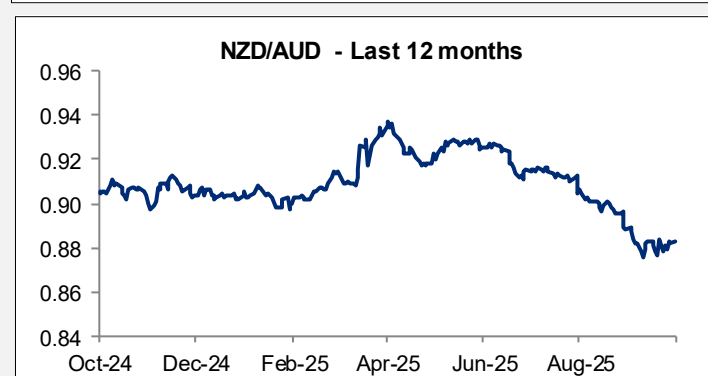
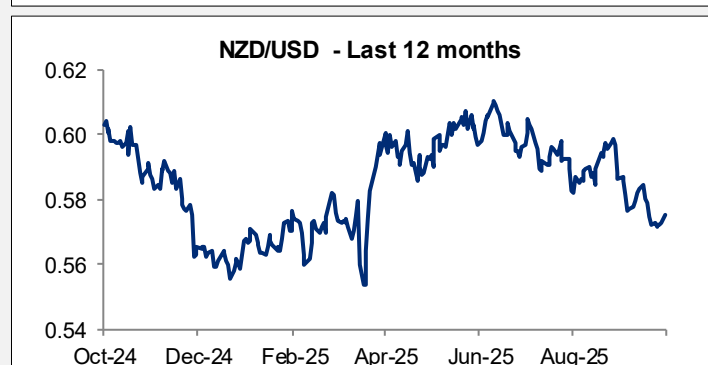
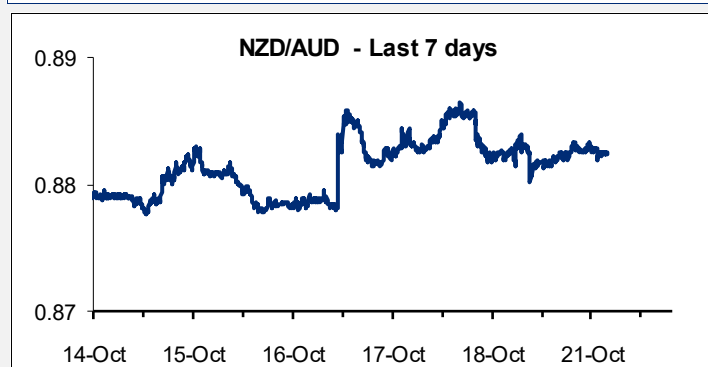
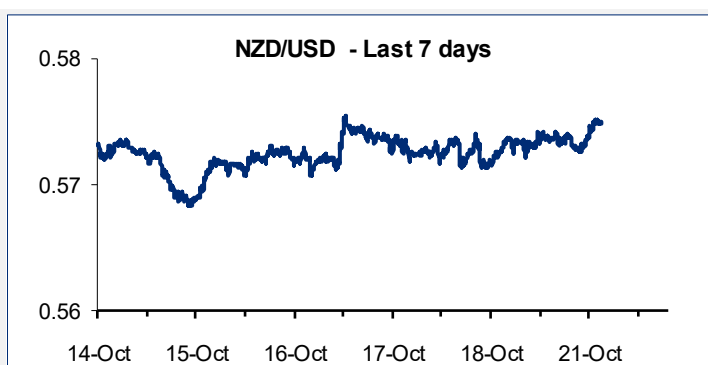
21/10/2025	6:54 am	Prev. NY close
USD	0.5749	0.5725
GBP	0.4286	0.4264
AUD	0.8824	0.8809
EUR	0.4934	0.4912
JPY	86.66	86.22
CAD	0.8067	0.8026
CHF	0.4554	0.4542
DKK	3.6855	3.6688
FJD	1.3165	1.3020
HKD	4.4654	4.4475
INR	50.55	50.36
NOK	5.7759	5.7639
PKR	161.78	161.11
PHP	33.44	33.31
PGK	2.3934	2.3994
SEK	5.4131	5.4116
SGD	0.7437	0.7417
CNY	4.0933	4.0802
THB	18.80	18.70
TOP	1.3376	1.3320
VUV	70.21	70.05
WST	1.5922	1.5876
XPF	59.10	58.84
ZAR	9.9165	9.9443

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.80	8.00
3 Months	22.04	22.47
6 Months	40.91	41.91
9 Months	57.49	59.41
1 Year	71.35	73.76

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.79	8.32
3 Months	24.12	25.23
6 Months	48.09	50.96
9 Months	71.98	76.65
1 Year	95.81	102.33



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