Markets Today

30 October 2025

Events Round-Up

AU: CPI QoQ, 3Q: 1.3 vs. 1.1 exp.
AU: CPI Trimmed Mean QoQ, 3Q: 1.0 vs. 0.8 exp.
CA: Bank of Canada Rate Decision, Oct: 2.25 vs. 2.25 exp.
US: Pending Home Sales MoM, Sep: 0.0 vs. 1.35 exp.
US: Rate Decision (Upper Bound), Oct: 4 vs. 4 exp.

Good morning

There were small net changes across global asset markets ahead of the US Federal Reserve's rate decision this morning. US equity indices were marginally higher, and treasury yields increased 2-3bp across the curve. An initial advance for the US dollar index faded leaving major FX pairings little changed. Commodity currencies including the AUD and NZD made small gains, alongside the Canadian Dollar, with the Bank of Canada rate cut having little impact. Copper prices hit a record high in London amid optimism on US-China trade talks and challenging supply dynamics.

The FOMC reduced rates for the second consecutive meeting. The 25bp cut was in line with economist forecasts and takes the upper bound for the Fed Funds Rate to 4.0%. The move was fully discounted by market pricing. The decision was not unanimous with a 10-1-1 split. Governor Miran again dissented in favour of a 50bp cut, while Kansas Fed President Schmid preferred not to cut rates, having supported the previous reduction in September. Policy makers repeated concerns about the labour market. The central bank characterised economic growth as moderate and noted inflation has moved up since earlier in the year and remains somewhat elevated.

The FOMC also announced that quantitative tightening (QT) will end on 1 December. The run-off of treasuries from the Fed's balance sheet, which is currently capped at US$5 billion per month, will conclude amid increasing signs that bank reserves have transitioned from abundant to ample. An announcement on the end of QT was anticipated by the market.

In the accompanying press conference, Fed Chair Powell said the labour market appears to be gradually cooling and that the downside risks to employment appear to have risen. He also noted that inflation is somewhat elevated and repeated that short-lived tariff inflation is a reasonable base case. He said a December rate cut is 'far from' a forgone conclusion.

There was little immediate market reaction to the announcement. US treasury yields pushed to the session highs after Powell's comment about the potential for a December cut. The US dollar gained alongside higher treasury yields.

The Bank of Canada reduced its benchmark overnight rate by 25bp to 2.25% which was largely anticipated by market pricing and economists. The central bank reduced its growth forecasts as it sees damage from US tariffs persisting. It signalled that policy settings are 'about right' and pushed back on expectations for further easing unless the outlook changes. The market is pricing around 10bp of easing by the April next year.

Australian Q3 CPI came in above the consensus estimate and contributed to a further reduction of RBA easing priced by the market. The trimmed mean increased 1.0% in the September quarter, above the 0.8% estimate, and materially higher than the RBA's 0.6% forecast from August. The market was pricing around 10bp of easing for the 4 November meeting, but this has been reduced to almost flat. Labour market data and Q3 GDP would need to be particularly weak to being a December rate cut back into play.

The post-CPI sell-off in Australian rates spilled over to NZ in the local session yesterday. Yields closed 3-5bp higher across the swap curve with a flattening bias. Market pricing for the terminal Official Cash Rate has increased to 2.15%. The retracement off the yield lows appears to be contributing to the unwinding of speculative received positions. 2-year rates closed 5bp higher at 2.58% and are now 14bp above the cycle low. The 2y/10y curve flattened to +105bp. There was similar price action in government bonds. 10-year yields closed 4bp higher at 4.05%.

NZ Debt Management announced yesterday it will undertake a tap syndication of the May-2036 nominal bond before calendar year end. We think a mid-November transaction is likely. There will be NZ$450 million of bonds offered in the weekly tender today split across the May-30 ($250m), May-34 ($150m) and May-54 ($50m) lines. There will also be a small parcel of Sep-30 inflation-index bonds on offer.

The only domestic data of note in the day ahead of ANZ business confidence. The activity outlook picked up to a five-month high in September. The Bank of Japan is widely expected to leave rates unchanged at 0.5%. There is close to a 50% chance of a 25bp hike priced for the following meeting in December. The European Central Bank is also expected leave its policy rate unchanged at 2.0% as it assesses incoming data and ahead of fresh staff forecasts in December.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ Activity Outlook	Oct		43.4	13:00
NZ	ANZ Business Confidence	Oct		49.6	13:00
JN	BOJ Target Rate	Oct	0.5	0.5	
EC	Economic Confidence	Oct	96	95.5	23:00
EC	GDP SA (q/q%)	3Q A	0.1	0.1	23:00
EC	Unemployment Rate	Sep	6.3	6.3	23:00
EC	ECB Deposit Facility Rate	30-Oct	2	2	02:15

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5755	-0.4	0.5753	0.5802
AUD	0.6566	-0.3	0.6563	0.6618
EUR	1.1592	-0.5	1.1587	1.1666
GBP	1.3152	-0.9	1.3144	1.3247
JPY	153.00	+0.6	151.87	153.05
CAD	1.3942	-0.0		
NZD/AUD	0.8765	-0.2		
NZD/EUR	0.4965	+0.0		
NZD/GBP	0.4376	+0.4		
NZD/JPY	88.05	+0.1		
NZD/CAD	0.8024	-0.5		
NZ TWI	66.70	-0.3		

Other FX

	Last	% Day
CHF	0.8012	+1.0
SEK	9.421	+0.5
NOK	10.028	+0.4
HKD	7.770	+0.0
CNY	7.099	-0.0
SGD	1.298	+0.3
IDR	16,617	+0.1
THB	32.43	+0.3
KRW	1,421	-0.8
TWD	30.60	-0.1
PHP	58.72	-0.7

Equities

Major Indices

	Last	% Day	% Year
S&P 500	6,901	+0.1	18.3
Dow	47,560	-0.3	12.6
Nasdaq	23,800	-0.1	27.2
Stoxx 50	5,706	+0.0	15.3
FTSE	9,756	+0.6	18.7
DAX	24,124	-0.6	23.9
CAC 40	8,201	-0.2	9.2
Nikkei	51,308	+2.2	30.6
Shanghai	4,016	+0.7	22.2
ASX 200	8,926	-1.0	9.1
NZX 50	13,409	+0.0	5.6
VIX Index	16.76	+2.1	-13.3

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	64.92	+0.8
Oil (WTI)	60.48	+0.6
Gold	3983.7	-0.9
HRC steel	846.0	-1.2
CRB	299.0	-0.9
Wheat Chic.	549.0	+0.6
Sugar	14.42	+0.4
Cotton	66.01	+1.4
Coffee	390.7	+1.1
WM powder	3465	-0.6

Australian Futures

	Last	Net Day
3 year bond	96.42	-0.12
10 year bond	95.71	-0.11

Interest Rates

	Rates		Swap Yields	
	Cash	3Mth	2 Yr	10 Yr
USD	4.00	4.85	3.35	3.61
AUD	3.60	3.56	3.52	4.31
NZD	2.50	2.50	2.58	3.63
EUR	2.00	2.07	2.12	2.62
GBP	4.00	4.13	3.53	3.92
JPY	0.48	-0.03	0.93	1.49
CAD	2.25	4.97	2.29	2.89

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.05	0.07
AUD	4.22	0.05
NZD	4.05	0.04
GER	2.62	-0.00
GBP	4.39	-0.01
JPY	1.66	0.01
CAD	3.16	0.11

Policy Meeting Run

	NZD	AUD	USD
1st	2.27	3.59	3.90
2nd	2.20	3.56	3.71
3rd	2.18	3.47	3.60
4th	2.15	3.42	3.50
5th	2.16	3.37	3.43

NZ Government Bonds

	Last	Chg
15-Apr-27	2.58	0.03
15-May-28	2.86	0.05
20-Apr-29	3.04	0.04
15-May-30	3.24	0.04
15-May-31	3.48	0.04
15-May-32	3.66	0.04
14-Apr-33	3.80	0.04
15-May-34	3.94	0.04
15-May-35	4.05	0.04
15-May-36	4.16	0.04
15-May-37	4.29	0.04
15-May-41	4.64	0.04
15-May-51	4.93	0.03
15-May-54	4.94	0.03

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.62	0.00
BKBM 3-mth	2.50	-0.01
1 year	2.44	0.03
2 year	2.58	0.05
3 year	2.75	0.05
5 year	3.06	0.05
7 year	3.33	0.04
10 year	3.63	0.03
15 year	3.95	0.03

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.36	0.00
Sept-35	2.22	-0.00
Sept-40	2.68	-0.00

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

Rates are as of: NZT 07:40

Source: Bloomberg

NZD exchange rates

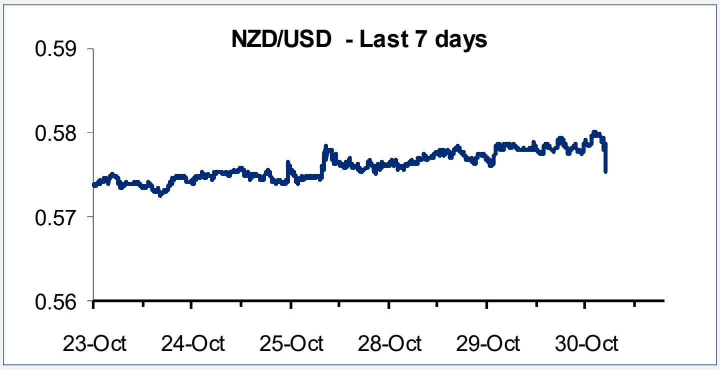
30/10/2025	7:40 am	Prev. NY close
USD	0.5755	0.5782
GBP	0.4376	0.4357
AUD	0.8765	0.8781
EUR	0.4965	0.4963
JPY	88.05	87.95
CAD	0.8024	0.8064
CHF	0.4611	0.4587
DKK	3.7076	3.7061
FJD	1.3006	1.3126
HKD	4.4719	4.4924
INR	50.76	51.04
NOK	5.7708	5.7751
PKR	161.70	162.52
PHP	33.79	34.19
PGK	2.3919	2.4233
SEK	5.4217	5.4187
SGD	0.7469	0.7481
CNY	4.0852	4.1048
THB	18.57	18.76
TOP	1.3573	1.3679
VUV	69.91	70.44
WST	1.5963	1.5958
XPF	59.31	59.44
ZAR	9.9063	9.9196

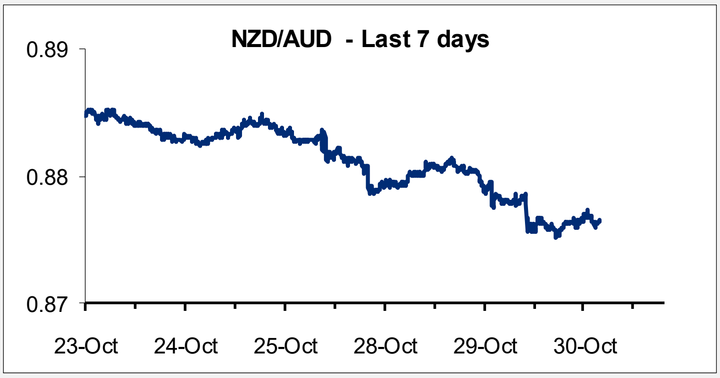
NZD/USD Forward Points

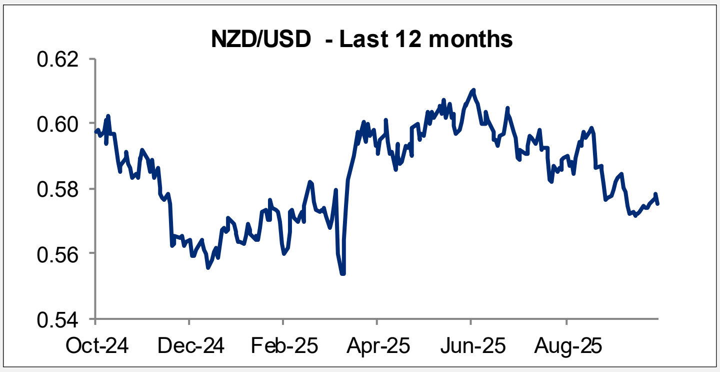
	BNZ buys NZD	BNZ sells NZD
1 Month	7.12	7.32
3 Months	22.28	22.78
6 Months	41.56	42.56
9 Months	59.59	61.59
1 Year	74.99	77.94

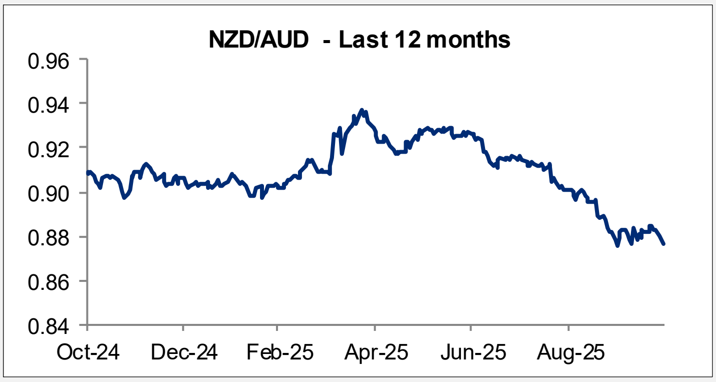
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.83	8.31
3 Months	27.12	28.26
6 Months	53.42	56.27
9 Months	81.43	86.49
1 Year	108.64	118.81









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