

Research Markets Today

31 October 2025

Events Round-Up

NZ: ANZ Activity Outlook, Oct: 44.6 vs. 43.4 prev.
 JN: BOJ Target Rate, Oct: 0.5 vs. 0.5 exp.
 EC: Economic Confidence, Oct: 96.8 vs. 96 exp.
 EC: GDP SA (q/q%), 3Q A: 0.2 vs. 0.1 exp.
 EC: Unemployment Rate, Sep: 6.3 vs. 6.3 exp.
 EC: ECB Deposit Facility Rate, Oct: 2.0 vs. 2 exp.

Good morning

The rally in US equities has paused after investors reduced expectations for an interest-rate cut in December. This follows comments from Federal Reserve Chair Jerome Powell at the FOMC yesterday that a cut at the next meeting was far from a done deal. The S&P is modestly lower in afternoon trade while the Euro Stoxx closed near flat. The dollar extended its post-FOMC rally, particularly against the yen, which weakened after the Bank of Japan held interest rates steady.

President Trump said he had an 'amazing' meeting with Chinese leader Xi Jinping. Fentanyl-related tariffs on China have been reduced from 20 to 10 per cent. China will resume soybean purchases, and has committed to pause its rare earth licensing regime, as part of a broad one-year trade deal that the US and Chinese leaders agreed at a summit in South Korea.

The European Central Bank left the deposit rate unchanged at 2.0% for the third consecutive meeting. The central bank didn't offer guidance for future policy shifts and will monitor incoming data. Its assessment of the inflation outlook was broadly unchanged and near target. The Bank noted the economy has continued to grow despite the challenging environment. Preliminary data released ahead of the decision revealed the eurozone economy expanded 0.2% q/q in Q3.

There was limited reaction in European fixed income markets as the ECB met expectations. US treasury yields little changed having sustained the post-FOMC move higher. 10-year treasury yields edged up to 4.11%, a two-week high, before retracing to 4.09%.

The Bank of Japan kept its benchmark rate unchanged at 0.5% which was in line with the expectations. Two policy makers continued to dissent in favour of a hike which was

the same as the previous meeting in September. While a hike could come as soon as December, the unchanged voting split doesn't imply greater urgency. Comments from Governor Ueda in the accompanying press conference, sounded less confident higher wages would give the central bank the data it needs to hike rates, which weighed on the yen. The market is pricing ~11bp of tightening for the December meeting, little changed from prior to the policy announcement.

The US dollar made broad based gains against G10 currencies in offshore trade. The dollar index reached the highest level since early August. The lack of any guidance towards a December hike weighed on the yen which was the weakest of the G10 currencies. There was little reaction in EUR/USD to the ECB rate decision. NZD/USD fell towards 0.5730, set against the stronger dollar backdrop, before making a marginal recovery. NZD/JPY traded up towards 88.80, the highest level in several months.

NZ swap rates had another sharp move higher on the open of the local session yesterday, reflecting offshore markets following the FOMC. 2-year rates traded to an intra-day high of 2.63%, some 20bp above the recent lows. The move higher attracted interest to fade the sell-off and the retracement gathered pace after the solid government bond tender. 2-year rates ended the session 1bp higher. The 2y/10y curve re-steepened to +109bp with 10year rates closing 5bp higher at 3.68%.

The weekly NZGB tender attracted decent strong demand from investors. There was a total of NZ\$2.2 billion of bids for the NZ\$450 million bonds offered. Each of the three lines cleared more than 1bp below the prevailing mid-market levels. There was particularly strong demand for the May-34 line with a bid-cover ratio of close to 7 for the NZ\$150 million of bonds tendered. Bonds rallied post-tender. 10-year bonds closed at 4.09%, 5bp higher on the day, but well below the 4.15% intra-day yield peak.

ANZ consumer confidence is released today. Having edged higher in September, the RBNZ's 50bp cut in October may provide a further boost to confidence. RBNZ Monetary Policy Committee member Prasanna Gai is speaking. Preliminary Eurozone CPI is scheduled later this evening. US data releases continue to be impacted by the government shutdown.

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		Period	Cons.	Prev.	NZT
NZ	ANZ Consumer Confidence Index	Oct		94.6	10:00
JN	Tokyo CPI Ex-Fr. Food, Energy (y/y%)	Oct	2.6	2.5	12:30
CH	Manufacturing PMI	Oct	49.6	49.8	14:30
CH	Non-manufacturing PMI	Oct	50.1	50	14:30
NZ	RBNZ Policy MPC Member Prasanna Gai to speak				15:30
EC	CPI Estimate (y/y%)	Oct P	2.1	2.2	23:00
EC	CPI Core (y/y%)	Oct P	2.3	2.4	23:00
CA	GDP (m/m%)	Aug	0		01:30
US	MNI Chicago PMI	Oct	42.3	40.6	02:45

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NZD exchange rates

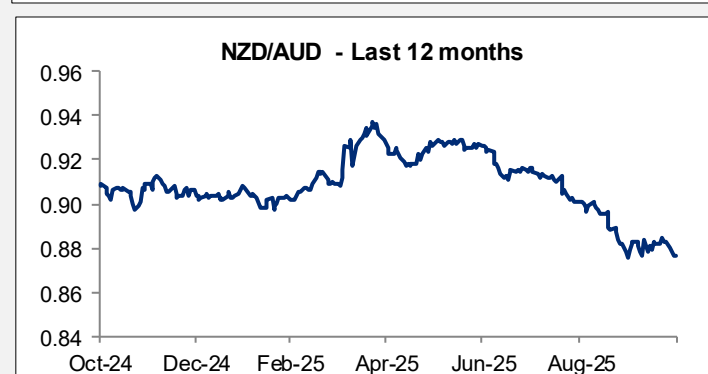
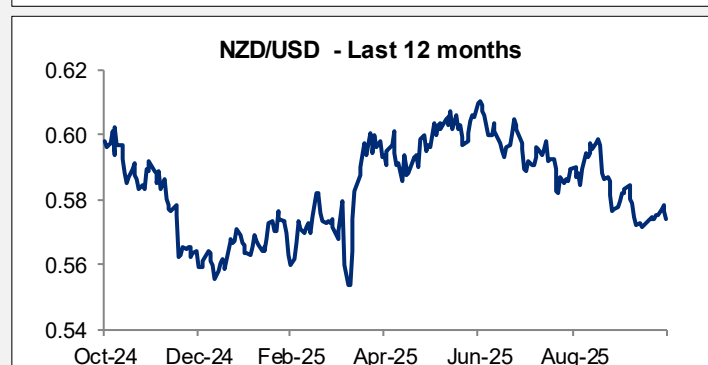
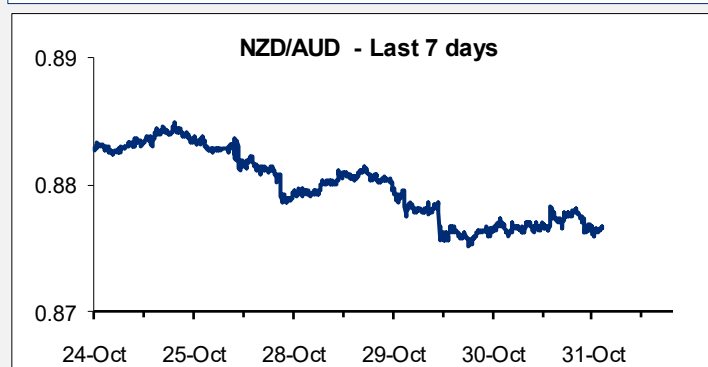
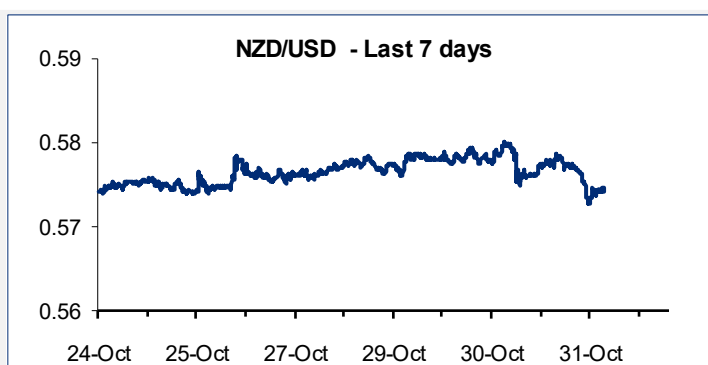
31/10/2025	6:16 am	Prev. NY close
USD	0.5742	0.5764
GBP	0.4368	0.4369
AUD	0.8765	0.8768
EUR	0.4967	0.4969
JPY	88.50	88.03
CAD	0.8032	0.8037
CHF	0.4606	0.4611
DKK	3.7085	3.7102
FJD	1.3032	1.3100
HKD	4.4611	4.4791
INR	50.93	50.84
NOK	5.7713	5.7779
PKR	161.34	162.01
PHP	33.81	33.84
PGK	2.3865	2.4158
SEK	5.4219	5.4265
SGD	0.7469	0.7478
CNY	4.0828	4.0916
THB	18.59	18.60
TOP	1.3495	1.3675
VUV	69.81	70.02
WST	1.5915	1.5963
XPF	59.26	59.38
ZAR	9.9291	9.9148

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.14	7.37
3 Months	22.44	22.89
6 Months	42.72	43.72
9 Months	60.85	62.85
1 Year	75.59	78.31

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.75	8.24
3 Months	27.14	28.26
6 Months	54.56	57.30
9 Months	81.67	86.47
1 Year	106.76	115.19



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