

Market Alert

Thursday 16 October 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5720	0.0041
NZD/AUD	0.8790	0.0052
NZD/JPY	86.520	-0.85
NZD/EUR	0.4916	-0.0011
NZD/GBP	0.4273	0.0033
NZD/CNH	4.0789	-0.0162
AUD/USD	0.6506	0.0008
AUD/EUR	0.5591	-0.0045
EUR/USD	1.1636	0.0107
USD/CNH	7.1311	-0.0793
GBP/USD	1.3381	-0.0009
EUR/GBP	0.8691	0.0086
INT RATES	NZ	Australia
OCR/Cash	2.50%	3.60%
90 day bills	2.55%	3.61%
2 year swap	2.48%	3.39%
10 year Govt	4.14%	4.31%

War of attrition

There was a lot of chit-chat from both China and the US around trade agreements overnight. Starting us off, US Treasury Secretary, Bessent, threatened, *"If China wants to be an unreliable partner for the world we will need to decouple"* on a more positive note, he added *"We have had substantial communication with China over the past few days, there will be more forthcoming this week"*. The hold-up does not appear to be coming from China, as its Foreign Ministry Spokesperson made it clear that the US and China should engage in negotiations. Scott Bessent also added that US-Canada trade talks are back on and that there will be more announcements on trade later this month.

The Fed's Stephen Miran stated US-China uncertainty has introduced a

"new tail risk" and that two more US rate cuts this year *"sounds realistic."*

Around the world

China's CPI grew by 0.1% over September, higher than the 0.0% reading in August but lower than forecasts of a 0.2% increase. Over the September year, CPI fell by 0.3%, which was worse than forecasts of a 0.2% drop. PPI met expectations, falling 2.3% over the September year, although this was better than the previous reading of a 2.9% drop in August. This was the 36th consecutive month that producer prices have fallen, the longest since the 1970s economic reforms.

In terms of data, the last 24-hours have been rather quiet. Key headlines included:

- S&P affirmed New Zealand's AA+ rating with a Stable outlook
- Eurozone industrial production fell 1.2% in August versus -1.6% expected
- Japanese industrial production fell 1.5% in August versus -1.2% expected
- Chinese new loans increased by CNY1.3trn in September, below expectations at CNY1.5trn
- NY Manufacturing index printed at 10.7 for August, which was much stronger than the -1.40 expected
- The Fed's Beige book showed little change in economic activity since the prior report: three districts reported slight to modest growth; five reported no change and four noted a slight softening

- Australia's Westpac-Melbourne Institute Leading Index growth rate rose to 0.04% in September, up from the -0.16% reading in August. The rate is a six-month annualised growth rate which indicates the likely pace of economic activity relative to trend 3-9 months into the future, with a reading of 0.0% indicating economic activity growing at trend.

Local action

Markets appear to be not too concerned with the ongoing trade tensions as the major US equity indices are all positive on the day. Against a stronger GBP, the US dollar index didn't fare as well and has fallen below the 99.00 level. The NZD/USD did not benefit from this weakness as it remains around yesterday's 0.5720 level, while the AUD/USD has strengthened to above 0.6500, up 0.3%, which has pushed the NZD/AUD back below 0.8800. US Treasury yields are marginally higher on the day, with the 10-year up 1bps to 4.04%. Gold prices remain on a charge and are now above the USD4200 level, while oil prices remained on the opposite path.

Today we have some notable data out of the Antipodeans. In New Zealand, the Food and Selected price indexes for September are out this morning. This will be the last inflation input ahead of next week's Q3 CPI release. In Australia, we have the full suite of labour market data for September which will be key for the RBA.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	66.40					CAD	0.8033
NZD/USD	0.5720	0.0007	0.0022	0.0041	0.0073	CHF	0.4558
NZD/AUD	0.8790	0.0008	0.0026	0.0052	0.0104	CNY	4.0740
NZD/JPY	86.5200	-0.17	-0.49	-0.8457	-1.56	DKK	3.6693
NZD/EUR	0.4916	-0.0003	-0.0007	-0.0011	-0.0021	FJD	1.2838
NZD/GBP	0.4273	0.0005	0.0017	0.0033	0.0063	HKD	4.4453
						KRW	813.24
AU TWI	60.80					MYR	2.4181
AUD/USD	0.6506	0.0003	0.0006	0.0008	0.0003	NOK	5.7768
AUD/NZD	1.1374	-0.0011	-0.0034	-0.0069	-0.0142	SEK	5.4219
AUD/JPY	98.49	-0.28	-0.84	-1.55	-2.94	SGD	0.7410
AUD/EUR	0.5591	-0.0008	-0.0024	-0.0045	-0.0092	TWD	17.51
AUD/GBP	0.4859	0.0001	0.0005	0.0008	0.0012	ZAR	9.91
							11.27
USD Index	98.80					EQUITIES	
EUR/USD	1.1636	0.0021	0.0061	0.0107	0.0194		Index
USD/JPY	151.25	-0.48	-1.44	-2.56	-4.56	NZX50	13,307
GBP/USD	1.3381	0.0001	-0.0002	-0.0009	-0.0034	ASX200	8,991
EUR/GBP	0.8691	0.0015	0.0046	0.0086	0.0165	Dow Jones	46,272
USD/CNY	7.1262	-0.0139	-0.0400	-0.0689	-0.1274	S&P 500	6,675
						FTSE100	9,425
INTEREST		New Zealand		Australia		DAX 40	24,181
RATES		Mid		Mid		Nikkei	47,673
30 day bank bills			2.65%		3.56%	COMMODITIES	
90 day bank bills			2.55%		3.61%		USD
1 year swap			2.39%		3.42%	Brent Crude	62.14
2 year swap			2.48%		3.39%	Gold	4,202.31
3 year swap			2.66%		3.41%	Silver	52.92
5 year swap			2.98%		3.61%	Iron Ore	105.25
10 year swap			3.56%		4.04%	CRB Index	365.11
3 year Govt bond			2.94%		3.49%		
5 year Govt bond			3.37%		3.69%		NZD
10 year Govt bond			4.14%		4.31%	NZ Carbon	56.00

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