Market Alert

Thursday 30 October 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5783	0.0041
NZD/AUD	0.8762	0.0055
NZD/JPY	88.150	-0.86
NZD/EUR	0.4968	-0.0011
NZD/GBP	0.4377	0.0033
NZD/CNH	4.1003	-0.0160
AUD/USD	0.6599	0.0005
AUD/EUR	0.5668	-0.0048
EUR/USD	1.1639	0.0105
USD/CNH	7.0931	-0.0776
GBP/USD	1.3212	-0.0007
EUR/GBP	0.8806	0.0083

INT RATES	NZ	Australia
OCR/Cash	2.50%	3.60%
90 day bills	2.50%	3.61%
2 year swap	2.52%	3.39%
10 year Govt	4.16%	4.32%

Despite the lack of government data ....

The Federal Reserve cut the Fed Funds rate by 25bps to a 3.75%-4.00% range, as was expected. The Fed also announced it will end its QT programme to end the shrinking of its balance sheet from 1-December, adding that it will roll its maturing agency debt into Treasury bills.

Beyond the headlines, the key take-outs from the statement were that Governor Stephen Miran voted in favour of a 50bps cut, while Kansas City Fed President Jeff Schmid dissented in favour of holding rates steady.

Key take-outs from the statement related to the jobs market with, "*Job gains have slowed, and the unemployment rate has edged up*," adding that "*the downside risks to employment have risen in recent months.*" The statement also stated that of the *"available indicators,"* economic activity has expanded at a moderate pace, reiterating that inflation *"has moved up since earlier in the year, and remains somewhat elevated."*

Fed Chair Jerome Powell opened the Q&A session with, "*The available public data suggests there has been little change in the economic outlook since September,*" adding, "*Labor demand has clearly softened (while) inflation remains somewhat elevated relative to our goal.*" But the lack of data is beginning to weigh, with Chair Powell then stating, "*September and today was a risk management cut, but that's not the case going forward. There are strongly differing views about how to proceed in December. A further cut in December is not a foregone conclusion, it's far from it.*"

And the Fed wasn't the only central bank cutting ...

After the BoC cut its policy rate by 25bp to 2.25%, bringing the cumulative reduction to 275bp since June 2024. It signalled that the new policy stance is "about right," but emphasised the risks are skewed toward more action in 2026.

The likelihood of an Australian rate cut before year end has been shattered following yesterday's Q3 CPI release which saw inflation print at 1.3% on the quarter and 3.5% on the year, against forecasts at 1.1% and 3.1%. The policy-relevant trimmed mean gauge spiked by 1.0% in Q3, well above forecasts at 0.8%, which took the annual trimmed mean rate to 3.0%!

While the USD-index had spent the last few sessions weakening into the FOMC meeting, the index staged a modest recovery in the immediate aftermath of the statement release, mainly due to outflows from the JPY and CHF. But the comment that a December rate cut is not a foregone conclusion saw the USD-index spike higher with the NZD and AUD dropping around 25pips. As I type, the CHF is 1.0% lower, the JPY and EUR have weakened 0.5%, the NZD 0.3%, while the AUD eased 0.2%.

The AUD continues to out-perform on hopes of a US-China trade deal at President Trump's and President Xi's meeting today, while the Q3 inflation print also provided support. Following yesterday's US-Japan meeting, US Treasury Secretary Scott Bessent attempted to support the JPY posting, *"The government's willingness to allow BoJ policy space will be key to anchoring inflation expectations, avoiding excess FX volatility."* Unfortunately, Powell's comment saw these gains quickly unwound.

The comment also saw US yields spike higher with the 2-years gaining 9bps to 3.59% while the 10-years jumped 8bps to 4.06%. Equity markets also gave up their gains to be flat on the day, while the European exchanged had broadly closed 0.25%-0.50% lower.

With a new sheriff in Wellywood

The RBNZ Director of Financial Markets, announced, "*The transmission of the recent OCR cuts to domestic financial conditions is playing out largely as expected. Financial conditions in NZ have loosened with interest rates falling and credit conditions becoming more favourable.*"

Daily Rates

Thursday 30 October 2025

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	66.90				
NZD/USD	0.5783	0.0007	0.0022	0.0041	0.0073
NZD/AUD	0.8762	0.0008	0.0027	0.0055	0.0110
NZD/JPY	88.1500	-0.14	-0.46	-0.8565	-1.54
NZD/EUR	0.4968	-0.0002	-0.0006	-0.0011	-0.0021
NZD/GBP	0.4377	0.0005	0.0018	0.0033	0.0060
AU TWI	61.50				
AUD/USD	0.6599	0.0002	0.0004	0.0005	-0.0001
AUD/NZD	1.1407	-0.0011	-0.0037	-0.0075	-0.0148
AUD/JPY	100.40	-0.26	-0.84	-1.62	-3.00
AUD/EUR	0.5668	-0.0007	-0.0024	-0.0048	-0.0094
AUD/GBP	0.4993	0.0001	0.0004	0.0005	0.0005
USD Index	98.85				
EUR/USD	1.1639	0.0019	0.0058	0.0105	0.0191
USD/JPY	152.43	-0.43	-1.38	-2.55	-4.53
GBP/USD	1.3212	0.0000	-0.0003	-0.0007	-0.0020
EUR/GBP	0.8806	0.0014	0.0045	0.0083	0.0154
USD/CNY	7.098	-0.0124	-0.0369	-0.0670	-0.1227

	Spot Mid NZD/...	AUD/...
CAD	0.8041	0.9179
CHF	0.4609	0.5263
CNY	4.1034	4.6826
DKK	3.7091	4.2328
FJD	1.2907	1.4733
HKD	4.4920	5.1260
KRW	822.16	938.49
MYR	2.4193	2.7617
NOK	5.7710	6.5856
SEK	5.4201	6.1852
SGD	0.7482	0.8540
TWD	17.68	20.18
ZAR	9.90	11.30

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.62%	3.53%
90 day bank bills	2.50%	3.61%
1 year swap	2.39%	3.40%
2 year swap	2.52%	3.39%
3 year swap	2.69%	3.41%
5 year swap	3.00%	3.58%
10 year swap	3.57%	4.01%
3 year Govt bond	2.97%	3.61%
5 year Govt bond	3.40%	3.78%
10 year Govt bond	4.16%	4.32%

EQUITIES	Index
NZX50	13,409
ASX200	8,926
Dow Jones	47,833
S&P 500	6,902
FTSE100	9,756
DAX 40	24,124
Nikkei	51,308

COMMODITIES	USD
Brent Crude	65.02
Gold	3,979.87
Silver	47.87
Iron Ore	105.56
CRB Index	372.27

	NZD
NZ Carbon	52.65