

Market Alert

Tuesday 25 November 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5612	0.0041
NZD/AUD	0.8684	0.0058
NZD/JPY	88.010	-0.83
NZD/EUR	0.4870	-0.0009
NZD/GBP	0.4282	0.0032
NZD/CNH	3.9872	-0.0137
AUD/USD	0.6461	0.0004
AUD/EUR	0.5607	-0.0048
EUR/USD	1.1522	0.0105
USD/CNH	7.1051	-0.0766
GBP/USD	1.3103	-0.0002
EUR/GBP	0.8791	0.0080
INT RATES	NZ	Australia
OCR/Cash	2.50%	3.60%
90 day bills	2.41%	3.70%
2 year swap	2.60%	3.61%
10 year Govt	4.28%	4.56%

With it being exactly one month to go until Christmas...

It felt appropriate to gather with a couple of chums for the first of the Christmas catch-ups. Needless to say, there were a fair few laughs, an interesting story about someone getting cramp in a compromising position ... which brings a whole new definition to ... "I need to put my skins on before I play!"

But rather than chit-chatting ...

We should be talking about markets, except ... there's not much to talk about! It's fair to say everything is exactly at the same level it was 24 hours ago ... apart from JPY, which, naturally, is a touch weaker.

But at least there was some activity in bond markets and there was some movement, but not a great deal with the US Treasury 2-year flat at 3.52%, while

the 10-year yield eased back to the 4.04% level after FOMC Governor Christopher Waller, who is one of the favourites to be named Fed Chair, reiterated his support for a rate cut in December, stating, "*most of the private sector and anecdotal data that we've gotten is that nothing has really changed. The labour market is soft. It's continuing to weaken,*" before cautioning easing into 2026 will be more complex, stating, "*January could be a little trickier, because we're going to get a flood of data that's released. If it is kind of consistent with what we've seen, then you can make the case for January. But if it suddenly shows a rebound in inflation or jobs or the economy's taking off, then it might give concern.*"

These comments also helped equity markets lock in additional gains with the European bourses up 0.0%-0.5% while the US exchanges gained between 0.8% and 2.5% ... although there are concerns that a flood of debt sales from Big Tech risks overwhelming buyers that could weaken credit markets. Commodity markets were mixed with oil prices bouncing off their recent lows, rallying 1.0%, silver and gold also firmed, gaining 1.8% and 1.3% respectively. Most importantly, cocoa, or chocolate as I prefer to call it, fell to its lowest level since January 2024.

Looking at the somewhat uninspiring releases...

- The German Ifo business gauge painted a bleak picture of the German business sector after it slipped to 88.1 in November from 88.4 in October. Expectations weakened notably, dropping to 90.6 from 91.6; however, assessments of current conditions improved slightly to 85.6 from 85.3.

- The Dallas Fed's manufacturing index fell to -10.4 in November from October's -5.0.

- US industrial output for August was revised lower from 0.1% to -0.1%. Capacity utilisation was also revised lower, to 75.8% from 77.4%, while manufacturing output was revised to 0.1% from 0.2%.

ECB board member Joachim Nagel announced, "*The current level of EUR/USD at 1.1600 is not a cause for concern.*" And also noted that "*Food inflation remains stubborn.*"

It's been reported by the Chinese press that President Xi advised President Trump that the return of Taiwan to China is a key part of the international order.

Looking ahead to tomorrow ...

The NZIER Monetary Policy Shadow Board suggested the RBNZ deliver another 25bps cut to take the OCR to 2.25%. No surprise there, but that's where we start to see the cracks with some members suggesting that while the local economy is beginning to recover from its low base, there is still enough spare capacity to support an additional small cut to help reinforce the recovery, conversely, a small minority opposed a further easing warning that it could become overly stimulatory at a time when there is a risk inflationary pressures could reassert themselves. Ultimately, we suspect this will be the key theme from tomorrow's meeting ... everyone will support the initial 25bps rate cut, but the outlook into 2026 will likely be 'contested'.



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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	65.50					CAD	0.7918
NZD/USD	0.5612	0.0008	0.0022	0.0041	0.0071	CHF	0.4531
NZD/AUD	0.8684	0.0009	0.0028	0.0058	0.0116	CNY	3.9849
NZD/JPY	88.0100	-0.17	-0.46	-0.8260	-1.56	DKK	3.6365
NZD/EUR	0.4870	-0.0002	-0.0005	-0.0009	-0.0020	FJD	1.2692
NZD/GBP	0.4282	0.0006	0.0016	0.0032	0.0058	HKD	4.3664
						KRW	826.87
AU TWI	60.80					MYR	2.3224
AUD/USD	0.6461	0.0002	0.0004	0.0004	-0.0006	NOK	5.7401
AUD/NZD	1.1509	-0.0013	-0.0038	-0.0078	-0.0164	SEK	5.3568
AUD/JPY	101.17	-0.31	-0.85	-1.63	-3.14	SGD	0.7322
AUD/EUR	0.5607	-0.0008	-0.0024	-0.0048	-0.0098	TWD	17.63
AUD/GBP	0.4930	0.0001	0.0003	0.0003	0.0000	ZAR	9.71
							11.18
USD Index	100.20					EQUITIES	
EUR/USD	1.1522	0.0020	0.0056	0.0105	0.0188		Index
USD/JPY	156.82	-0.47	-1.41	-2.61	-4.71	NZX50	13,500
GBP/USD	1.3103	0.0000	0.0000	-0.0002	-0.0016	ASX200	8,525
EUR/GBP	0.8791	0.0016	0.0043	0.0080	0.0152	Dow Jones	46,568
USD/CNY	7.102	-0.0140	-0.0388	-0.0737	-0.1339	S&P 500	6,710
						FTSE100	9,535
INTEREST		New Zealand		Australia		DAX 40	23,239
RATES		Mid		Mid		Nikkei	48,626
30 day bank bills		2.39%		3.60%		COMMODITIES	
90 day bank bills		2.41%		3.70%			USD
1 year swap		2.41%		3.56%		Brent Crude	63.17
2 year swap		2.60%		3.61%		Gold	4,098.79
3 year swap		2.81%		3.68%		Silver	50.68
5 year swap		3.17%		3.86%		Iron Ore	104.26
10 year swap		3.77%		4.28%		CRB Index	369.00
3 year Govt bond		3.06%		3.78%			
5 year Govt bond		3.51%		4.00%			NZD
10 year Govt bond		4.28%		4.56%		NZ Carbon	43.75

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