Market Alert

Tuesday 04 November 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5709	0.0042
NZD/AUD	0.8731	0.0054
NZD/JPY	88.010	-0.84
NZD/EUR	0.4955	-0.0010
NZD/GBP	0.4346	0.0032
NZD/CNH	4.0680	-0.0161
AUD/USD	0.6537	0.0007
AUD/EUR	0.5673	-0.0047
EUR/USD	1.1521	0.0108
USD/CNH	7.1252	-0.0807
GBP/USD	1.3137	-0.0001
EUR/GBP	0.8769	0.0082

INT RATES	NZ	Australia
OCR/Cash	2.50%	3.60%
90 day bills	2.52%	3.69%
2 year swap	2.56%	3.51%
10 year Govt	4.20%	4.45%

With little data of note …

There is actually quite a lot to chat about this morning! Starting with the releases …

- US factory activity shrank in October for an 8th straight month after the ISM manufacturing PMIs fell from 49.1 to 48.7 in October, below forecasts at 49.5.
- The Atlanta Fed Q3 GDPNow growth estimate rose to 4.0% from 3.9%.
- The RatingDog Chinese manufacturing PMIs index fell to 50.6 in October from September's 6-month high of 51.2, missing expectations at 50.9.
- Australia S&P global manufacturing PMIs fell from 51.4 to 49.47 in October.
- The other Australian headlines saw the Melbourne Institute private inflation indicator ease from 0.4% to 0.3% on the month, although the annual gauge firmed from 3.0% to 3.1%. Household spending rose +0.2% on the month while building permits surged 12.0% in September.
- In New Zealand, building consents rose 7.2% in September to be up 27.3% on the year.
- Finally, the RBNZ confirmed, "*The large banks are well placed to withstand solvency, liquidity impact of severe scenarios caused by worsening geopolitical risks*," and to add to the positive news, one of the Big 4 announced a 13% rise in their full year profits!

We also had a trio of Fed speakers on the newswires … Austin Goolsbee started with, "*My threshold for cutting in December is higher than at previous meeting. I am uneasy with frontloading rate cuts. There are still concerns about the jobs market, but I'm more worried about inflation.*" San Fran President Mary Daly added, "*The rate cut was appropriate. We still have inflation above target and need to get it down. The labour market has softened quite a bit. We need to keep policy modestly restrictive*," while Governor Christopher Waller continued to lobby for the top job, stating, "*We know inflation is going to come back down. That's why I'm still advocating that we cut policy rates in December. That's what all the data is telling me to do.*"

So … what did it all mean?

The releases and central bank comments added to the recent trend, with the USD-index gaining at the peripheral while the NZD and AUD eased a touch lower. US treasury yields firmed 3bps with the 2-years at 3.61% and the 10-years getting to 4.11%. Equity markets opened in positive territory, although most of those gains were soon lost with exchanges eventually cementing in gains between 0.0%-0.75%. Commodity markets were quiet, although silver and copper eased 1.2% while soybeans and wheat gained 1.6%.

Of interest … OpenAI has struck a USD38bn computing deal with Amazon Web Services. Despite being a lossmaking start-up, OpenAI has now committed to spending close to USD1.5tn to secure processing power!

And finally, on the lock-out, after President Donald Trump suggested he "*won't be extorted*" by Democrats, Goldman Sachs believes the current US shutdown could have the biggest economic impact on record, cutting Q4 growth by more than 1.0% if it lasts 6 weeks, with a partial rebound expected in early 2026 as spending resumes.

TACO is at it again!

A new analysis from Yale University suggests the 'effective' US tariff rate on Chinese imports is far lower at 27.8%, and not the 57% figure Trump has repeatedly referenced … and after the recently agreed 10% tariff reduction, the effective US tariff rate now stands closer to 17.8% rather than the 47% level quoted by Trump! These discrepancies arise because the higher number refers to the statutory tariff rate, whereas the effective rate is what's actually paid once exemptions, exclusions, and product-specific variations are factored in. The report highlights that key sectors such as semiconductors, pharmaceuticals, and rare earths remain largely exempt from tariffs.

Daily Rates

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FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	66.50				
NZD/USD	0.5709	0.0008	0.0022	0.0042	0.0074
NZD/AUD	0.8731	0.0009	0.0027	0.0054	0.0110
NZD/JPY	88.0100	-0.15	-0.46	-0.8446	-1.60
NZD/EUR	0.4955	-0.0002	-0.0006	-0.0010	-0.0023
NZD/GBP	0.4346	0.0006	0.0017	0.0032	0.0058
AU TWI	61.30				
AUD/USD	0.6537	0.0002	0.0005	0.0007	0.0003
AUD/NZD	1.1450	-0.0012	-0.0038	-0.0074	-0.0153
AUD/JPY	100.86	-0.27	-0.84	-1.60	-3.03
AUD/EUR	0.5673	-0.0008	-0.0025	-0.0047	-0.0095
AUD/GBP	0.4976	0.0001	0.0004	0.0005	0.0004
USD Index	99.85				
EUR/USD	1.1521	0.0019	0.0058	0.0108	0.0199
USD/JPY	154.17	-0.47	-1.40	-2.64	-4.69
GBP/USD	1.3137	0.0001	0.0000	-0.0001	-0.0008
EUR/GBP	0.8769	0.0014	0.0044	0.0082	0.0154
USD/CNY	7.1201	-0.0139	-0.0388	-0.0730	-0.1320

	Spot Mid NZD/...	AUD/...
CAD	0.8024	0.9188
CHF	0.4609	0.5279
CNY	4.0585	4.6484
DKK	3.6982	4.2353
FJD	1.2821	1.4683
HKD	4.4361	5.0804
KRW	816.63	935.23
MYR	2.3956	2.7436
NOK	5.7778	6.6205
SEK	5.4129	6.1990
SGD	0.7446	0.8528
TWD	17.62	20.18
ZAR	9.88	11.31

EQUITIES	Index
NZX50	13,556
ASX200	8,895
Dow Jones	47,347
S&P 500	6,859
FTSE100	9,701
DAX 40	24,132
Nikkei	52,411

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.59%	3.59%
90 day bank bills	2.52%	3.69%
1 year swap	2.43%	3.48%
2 year swap	2.56%	3.51%
3 year swap	2.72%	3.54%
5 year swap	3.05%	3.72%
10 year swap	3.65%	4.14%
3 year Govt bond	3.00%	3.67%
5 year Govt bond	3.43%	3.87%
10 year Govt bond	4.20%	4.45%

COMMODITIES	USD
Brent Crude	64.92
Gold	3,997.85
Silver	48.06
Iron Ore	107.27
CRB Index	376.84

	NZD
NZ Carbon	52.50