

Market Alert

Tuesday 02 December 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5732	0.0040
NZD/AUD	0.8752	0.0058
NZD/JPY	89.115	-0.83
NZD/EUR	0.4935	-0.0010
NZD/GBP	0.4337	0.0031
NZD/CNH	4.0529	-0.0154
AUD/USD	0.6547	0.0002
AUD/EUR	0.5637	-0.0049
EUR/USD	1.1613	0.0103
USD/CNH	7.0710	-0.0757
GBP/USD	1.3214	-0.0003
EUR/GBP	0.8785	0.0078

INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.46%	3.72%
2 year swap	2.84%	3.76%
10 year Govt	4.43%	4.67%

I've placed my order with Father Christmas ...

... and this year I'm asking for a pair of running shoes and I'm about to start training ... as I'm planning to do the DC 50 ... or as its otherwise known, the Taco Bell DC 50!

It is, as the name would imply, a 50km run, although participants must also stop at 9 Taco Bells where they must purchase and eat an item off the menu. As per the rules, by the 4th Taco Bell, entrants must have eaten a Chalupa Supreme or a Crunch Wrap Supreme, and by the 8th stop they must have downed a Burrito Supreme or Nachos Bell Grande. Receipts must be kept, and drinks don't count. What could possibly go wrong ... but from Boxing Day I'm in training!

The big scandal in markets overnight ...

... was the move in Japanese bonds, or JGBs, which sold off on expectations of a possible BoJ rate hike at their next meeting on 19-December. JGB yields were higher across the board, with the 10-year yield firming 7bps to reach 1.88%, its highest yield since 2006.

This move higher was replicated in the US yields, as the 10-year treasury yield also firmed 8bps to reach 4.140%, while the 2-year firmed 5bps to 3.55%. The rationale for the US move was that higher rates in Japan could encourage domestic investors to keep more capital in their domestic bond market rather than in higher-yielding assets abroad, such as US treasuries.

But while JGBs are running with the possibility of higher Japanese rates, the move isn't being replicated to the same degree in currency markets, with USD/JPY continuing to trade around the 155.50 level, while NZD/JPY and AUD/JPY are flatlining at 89.10 and 101.80, respectively. But I guess that is symbolic of currency markets in general as the USD-index and most crosses are largely unchanged. The only move of note has been in EUR/USD which has firmed to 1.1615.

Unfortunately, the same can't be said for the cryptocurrencies which are continuing to lose ground. Following its 17% slide in November, Bitcoin tumbled 6.0% overnight to be below USD85k.

Equity markets have also started December on the back foot with most exchanges trading in the red, broadly 0.25%-0.75% lower. Conversely,

commodity markets are largely trading in the green with oil prices 1.3% higher after OPEC+ reaffirmed its decision to suspend production increases, while silver prices rallied a staggering 3.7% on supply concerns.

Looking at the actual releases ... they painted a depressing story ...

- US ISM manufacturing PMIs for the US fell to their lowest level in 4 months, dropping from 48.7 to 48.2. The index has now been in contractionary territory for 9 consecutive months.

- Canadian manufacturing PMIs fell to 48.4 in November from October's 49.6, extending the index's period in contractionary territory to a 10th straight month.

- Net UK mortgage approvals fell slightly to 65.0k in October from September's revised 65.6k.

- The Chair of the UK's OBR has resigned after the Budget was leaked ahead of schedule.

- Blackstone, Apollo and KKR signed up to a UK stress test of private credit.

Word on the street suggests ...

... the White House is preparing for the possibility the Supreme Court will overrule the administration's IEEPA tariffs, but before we all get too elastic, the report suggests the White House is preparing alternative policy options and that tariffs are here to stay.

Finally, President Trump confirmed he has decided on his pick to replace Fed Chair Jerome Powell, but he's not telling anyone ... yet!



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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	66.60					CAD	0.8015 0.9158
NZD/USD	0.5732	0.0008	0.0021	0.0040	0.0066	CHF	0.4606 0.5265
NZD/AUD	0.8752	0.0009	0.0028	0.0058	0.0117	CNY	4.0575 4.6345
NZD/JPY	89.1150	-0.18	-0.43	-0.8270	-1.63	DKK	3.6844 4.2097
NZD/EUR	0.4935	-0.0002	-0.0005	-0.0010	-0.0025	FJD	1.2850 1.4683
NZD/GBP	0.4337	0.0006	0.0016	0.0031	0.0053	HKD	4.4627 5.0990
						KRW	841.95 962.00
AU TWI	61.30					MYR	2.3648 2.7019
AUD/USD	0.6547	0.0002	0.0003	0.0002	-0.0014	NOK	5.8033 6.6308
AUD/NZD	1.1422	-0.0014	-0.0037	-0.0078	-0.0157	SEK	5.4149 6.1870
AUD/JPY	101.77	-0.32	-0.81	-1.62	-3.19	SGD	0.7424 0.8483
AUD/EUR	0.5637	-0.0009	-0.0024	-0.0049	-0.0103	TWD	17.99 20.56
AUD/GBP	0.4952	0.0001	0.0002	0.0002	-0.0006	ZAR	9.79 11.19
USD Index	99.38					EQUITIES	
EUR/USD	1.1613	0.0021	0.0052	0.0103	0.0186		Index
USD/JPY	155.46	-0.53	-1.31	-2.51	-4.54	NZX50	13,448
GBP/USD	1.3214	0.0000	-0.0001	-0.0003	-0.0013	ASX200	8,565
EUR/GBP	0.8785	0.0016	0.0041	0.0078	0.0147	Dow Jones	47,562
USD/CNY	7.0717	-0.0154	-0.0383	-0.0730	-0.1317	S&P 500	6,842
						FTSE100	9,703
						DAX 40	23,589
						Nikkei	49,303
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		2.41%		3.60%		Brent Crude	63.31
90 day bank bills		2.46%		3.72%		Gold	4,239.08
1 year swap		2.53%		3.67%		Silver	58.42
2 year swap		2.84%		3.76%		Iron Ore	106.09
3 year swap		3.08%		3.84%		CRB Index	376.65
5 year swap		3.41%		4.02%			
10 year swap		3.91%		4.38%			
3 year Govt bond		3.34%		3.94%			
5 year Govt bond		3.79%		4.15%			NZD
10 year Govt bond		4.43%		4.67%		NZ Carbon	41.00

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