

# Market Alert

Wednesday 17 December 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5787	0.0038
NZD/AUD	0.8719	0.0061
NZD/JPY	89.535	-0.83
NZD/EUR	0.4924	-0.0010
NZD/GBP	0.4312	0.0031
NZD/CNH	4.0704	-0.0167
AUD/USD	0.6636	-0.0005
AUD/EUR	0.5646	-0.0052
EUR/USD	1.1753	0.0098
USD/CNH	7.0340	-0.0740
GBP/USD	1.3418	-0.0010
EUR/GBP	0.8756	0.0079

  

INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.48%	3.76%
2 year swap	2.94%	3.91%
10 year Govt	4.57%	4.85%

## Mixed messages

Markets had plenty to decipher overnight, including the delayed non-farm payrolls data for October and November. October's figures were a bit of a shocker, with 105,000 jobs shed from the economy, while November's numbers ended up stronger than expectations as 64,000 jobs were added. Nonetheless, the unemployment rate climbed above expectations to reach 4.6% which is the highest level since 2021.

US retail sales painted a mixed picture of the US consumer. Headline retail sales came in slightly below expectations at flat in October, whereas the retail sales control group, which is thought of as a better measure of the underlying consumer demand, came in much stronger than expectations, increasing by 0.8% in the month.

NEC Director, and a potential front runner for Fed Chair, Kevin Hasset decided to give his 2 cents on where he thinks US interest rates will be heading, stating, "*there is plenty of room to cut interest rates*" and that "*US rates are out of touch with the rest of the world.*" Markets showed no real reaction to either the data or Hasset's comments and continue to price the next Fed rate cut in June 2026.

## NZ Inc

Yesterday we had the NZ Treasury's *Half Year Economic and Fiscal Update* ("HYEFU"), which showed a tepid outlook for the local economy. Treasury forecasts imply an OCR at, or around, 2.0% for the foreseeable future. On the fiscal side, the deterioration continues with the return to operating surplus delayed to 2029/30. All in all, it means that the government will have to continue to keep a close eye on every penny and is unlikely to contribute meaningfully to the economic recovery.

Yesterday's food price and selected price indexes showed an easing of underlying inflation pressure, while remnants of sticky inflation remain present. Food prices fell 0.4% in the month, improving the annual food inflation figure slightly to 4.4% on the year, while annual rental inflation continues to cool.

The REINZ house price index saw New Zealand house prices decrease by 0.2% in the year to November, although the median house price rose by 2.3%. The sales count fell by 5.7% over the year,

although the seasonally adjusted count fell by only 0.2%.

The GDT auction held on 16 December saw the index down 4.4% for the ninth consecutive fall in the index. Whole Milk Powder was the biggest loser, down 5.7%, followed by Anhydrous Milk Fat, down 5.2%. Butter was down 2.5% and Skim Milk Powder was down 2.1%. Cheddar saw no change, while Mozzarella and Lactose both saw large gains, up 6.7% and 14.4%, respectively.

## So where are we?

The most notable move overnight was a further decrease in oil prices as concerns remain around a potential supply glut in 2026. Oil prices are now at the lowest level since April 2021, which should help contain some of the inflationary pressures globally.

Otherwise, it was a relatively muted session overnight with the USD index falling marginally to 98.18. Unfortunately, this did not result in any gains for the NZD/USD as it remains below the 0.5800 level. US Treasury yields softened slightly, with the US 10-year now 2bps lower at 4.16%, with US equity markets also softening as the major tech companies came under some selling pressure.

Finally, Nasdaq has announced it plans to extend its trading hours to be open 24 hours, 5-days a week. The press release is named, *The Markets Never Sleep, Should Trading?* But it might be more appropriate to call it *The Markets Never Sleep, Should Your Analyst?*



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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	66.70					CAD	0.7951 0.9121
NZD/USD	0.5787	0.0007	0.0020	0.0038	0.0057	CHF	0.4598 0.5276
NZD/AUD	0.8719	0.0010	0.0029	0.0061	0.0123	CNY	4.0736 4.6721
NZD/JPY	89.5350	-0.17	-0.42	-0.8306	-1.71	DKK	3.6769 4.2178
NZD/EUR	0.4924	-0.0002	-0.0005	-0.0010	-0.0026	FJD	1.2936 1.4839
NZD/GBP	0.4312	0.0006	0.0016	0.0031	0.0050	HKD	4.5003 5.1623
						KRW	852.61 978.03
AU TWI	61.90					MYR	2.3620 2.7095
AUD/USD	0.6636	0.0001	0.0001	-0.0005	-0.0032	NOK	5.8883 6.7545
AUD/NZD	1.1464	-0.0013	-0.0039	-0.0083	-0.0166	SEK	5.3751 6.1658
AUD/JPY	102.76	-0.31	-0.82	-1.68	-3.41	SGD	0.7454 0.8550
AUD/EUR	0.5646	-0.0009	-0.0025	-0.0052	-0.0111	TWD	18.20 20.87
AUD/GBP	0.4943	0.0001	0.0002	-0.0001	-0.0015	ZAR	9.69 11.11
USD Index	98.23					EQUITIES	
EUR/USD	1.1753	0.0020	0.0051	0.0098	0.0176		Index
USD/JPY	154.73	-0.49	-1.26	-2.42	-4.43	NZX50	13,425
GBP/USD	1.3418	-0.0001	-0.0005	-0.0010	-0.0028	ASX200	8,599
EUR/GBP	0.8756	0.0015	0.0041	0.0079	0.0146	Dow Jones	48,035
USD/CNY	7.0417	-0.0126	-0.0353	-0.0698	-0.1280	S&P 500	6,764
						FTSE100	9,685
INTEREST		New Zealand		Australia		DAX 40	24,077
RATES		Mid		Mid		Nikkei	49,383
30 day bank bills		2.41%		3.60%		COMMODITIES	
90 day bank bills		2.48%		3.76%			USD
1 year swap		2.58%		3.83%		Brent Crude	59.16
2 year swap		2.94%		3.91%		Gold	4,308.32
3 year swap		3.22%		3.99%		Silver	63.68
5 year swap		3.59%		4.17%		Iron Ore	106.10
10 year swap		4.10%		4.51%		CRB Index	369.81
3 year Govt bond		3.42%		4.15%			NZD
5 year Govt bond		3.91%		4.35%		NZ Carbon	36.85
10 year Govt bond		4.57%		4.85%			

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