

Market Alert

Thursday 18 December 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5779	0.0037
NZD/AUD	0.8748	0.0061
NZD/JPY	89.935	-0.87
NZD/EUR	0.4920	-0.0011
NZD/GBP	0.4319	0.0029
NZD/CNH	4.0678	-0.0180
AUD/USD	0.6604	-0.0004
AUD/EUR	0.5622	-0.0051
EUR/USD	1.1744	0.0099
USD/CNH	7.0410	-0.0756
GBP/USD	1.3376	-0.0006
EUR/GBP	0.8776	0.0077

INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.49%	3.78%
2 year swap	2.96%	3.96%
10 year Govt	4.58%	4.86%

The big news overnight was

The announcement that President Trump has designated the Venezuelan government a 'terrorist' regime and ordered a blockade of sanctioned oil tankers. This saw oil prices rally 1.5%, although both remain below the USD60.00 per barrel level with the Crude future at USD56.05 and Brent at USD59.75.

The other headlines saw:

- Japan generated its first trade surplus since June at JPY322.2bn in November, up from JPY 120.8bn in the same month a year earlier and ahead of estimates at JPY71.2bn. Exports rose 6.1% while imports increased at a slower 1.03%.
- UK annual inflation slowed from 3.6% to 3.2% in November, it's lowest level in eight months but above forecasts at 3.5%.
- German Ifo business sentiment

decreased from November's downwardly revised 88.0 to 87.6 in December. Expectations had been at 88.2.

- China created 12.1m urban jobs in the first 11 months of 2025, ahead of its 12m target for the year.
- The Melbourne Institute's Leading Economic Index 6-month annualised growth rate was 0.16% in November, down from October's 0.32%.
- New Zealand consumer confidence rose to its highest of the year, firming from 90.9 to 96.5 in Q4, although it remains just below its long-term average.
- But on the other side of the ledger, the NZ current account deficit blew out from Q2's NZD1.3bn deficit to NZD8.37bn.

Fed member Raphael Bostic announced, "GDP growth is solid (and I) see that continuing in 2026. The rate cut was a close call, but inflation is more worrying than the jobs market. I'm hoping the stronger economy will take pressure off the jobs market." Colleague Christopher Waller, who is on President Trump's shortlist to become the next Fed chair, believes, "Inflation will start to fall in next 3-4 months and rates can come down at moderate pace. There's not going to be a re-acceleration in inflation. The jobs market is very soft, and current payrolls growth not good."

Collectively

The headlines contributed to a 'mixed' session. The USD-index firmed back to the 98.00 level, and despite 2 of the big 4 Australian banks calling for an RBA rate

hike in February, the AUD fell to a 2-week low while the CNH weakened from its 14-month high. The NZD was also a touch lower as it continues to trade just below the 0.57800 level, while it posted modest gains against the AUD, JPY and GBP.

Bond yields were marginally higher after the US treasury sold USD13bn of 20-year bonds at a high yield of 4.798%. The bid to cover ratio was a 2.67-times verse the 6-month average of 2.65-times. The 2-year US yield was flat at 3.50% while the 10-years is currently 1bps higher at 4.16%. In New Zealand, the 10-year government bond yield fell to 4.46% following the government's half-year update given it forecasted a modest reduction in near-term bond issuance with the Treasury due to issue NZD3bn fewer bonds in the year to June, and NZD2bn fewer in the FY2027 year.

Global equity markets were broadly lower amid the tech overhang falling between 0.25%-0.75%, while the NASDAQ dropped 1.5%. Conversely, commodity markets firmed driven by higher energy prices due to the blockade, while silver continues to out-perform rallying another 4.3%.

On a side note

The RBNZ announced it would lower the capital requirements for the nation's banks from 16.0% to 12.0% of common equity tier 1 capital, but against this, the tier 2 capital requirement was raised from 2.0% to 3.0%. This, in true Tui billboard fashion, will allow banks to lower their funding costs as they won't be required to write as much capital against their balance sheets.



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Daily Rates

Thursday 18 December 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	66.70					CAD	0.7962 0.9104
NZD/USD	0.5779	0.0007	0.0020	0.0037	0.0056	CHF	0.4591 0.5252
NZD/AUD	0.8748	0.0009	0.0029	0.0061	0.0123	CNY	4.0681 4.6520
NZD/JPY	89.9350	-0.17	-0.42	-0.8687	-1.71	DKK	3.6741 4.2008
NZD/EUR	0.4920	-0.0002	-0.0005	-0.0011	-0.0027	FJD	1.2916 1.4767
NZD/GBP	0.4319	0.0005	0.0015	0.0029	0.0046	HKD	4.4938 5.1380
						KRW	853.06 975.35
AU TWI	61.70					MYR	2.3601 2.6984
AUD/USD	0.6604	0.0001	0.0001	-0.0004	-0.0030	NOK	5.8978 6.7432
AUD/NZD	1.1427	-0.0013	-0.0039	-0.0081	-0.0163	SEK	5.3701 6.1399
AUD/JPY	102.90	-0.30	-0.82	-1.70	-3.38	SGD	0.7456 0.8525
AUD/EUR	0.5622	-0.0008	-0.0024	-0.0051	-0.0110	TWD	18.18 20.79
AUD/GBP	0.4935	0.0001	0.0001	-0.0002	-0.0018	ZAR	9.68 11.07
USD Index	98.37					EQUITIES	
EUR/USD	1.1744	0.0019	0.0051	0.0099	0.0176		Index
USD/JPY	155.63	-0.48	-1.26	-2.46	-4.41	NZX50	13,296
GBP/USD	1.3376	-0.0001	-0.0003	-0.0006	-0.0022	ASX200	8,585
EUR/GBP	0.8776	0.0015	0.0039	0.0077	0.0141	Dow Jones	47,944
USD/CNY	7.0434	-0.0122	-0.0347	-0.0707	-0.1270	S&P 500	6,735
						FTSE100	9,774
						DAX 40	23,961
						Nikkei	49,512
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		2.41%		3.61%		Brent Crude	59.74
90 day bank bills		2.49%		3.78%		Gold	4,340.24
1 year swap		2.63%		3.84%		Silver	66.54
2 year swap		2.96%		3.96%		Iron Ore	106.36
3 year swap		3.23%		4.03%		CRB Index	365.09
5 year swap		3.61%		4.17%			
10 year swap		4.13%		4.52%			
3 year Govt bond		3.43%		4.17%			
5 year Govt bond		3.93%		4.37%			NZD
10 year Govt bond		4.58%		4.86%		NZ Carbon	36.71

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