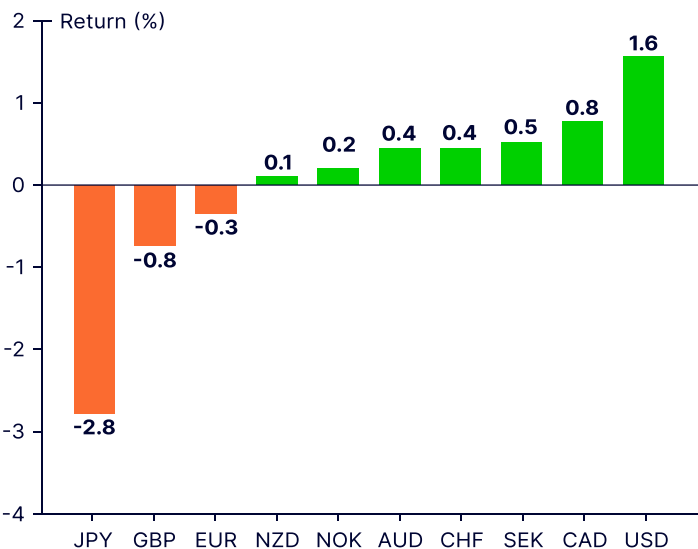


## Summary

Risk sentiment was broadly positive in October, aside from a brief tariff scare on 10 October. Equities rallied, and credit spreads hovered near historically tight levels. Currency markets, however, were driven more by country-specific fundamentals and policy outlooks than by global macro sentiment.

The yen was the biggest loser after the election of new Prime Minister Takaichi sparked concerns about fiscal expansion and a weak-yen policy. Later in the month, the BoJ adopted a more dovish stance than investors anticipated. The British pound also underperformed amid fresh signs of disinflation and expectations of fiscal austerity ahead of 26 November autumn budget.

Figure 1: October 2025 Currency Return vs. G10 Average



Source: Bloomberg and State Street Global Investment Management, as of 31 October 2025. **Past performance is not a reliable indicator of future performance.**

The US dollar emerged as the clear winner—initially buoyed by negative developments in Japan, the UK, and early-month French political worries, and later by a notable hawkish shift from the Federal Reserve(Fed). The Canadian dollar tracked the US dollar higher, supported by stabilizing growth fundamentals and hints that the Bank of Canada(BoC) may be nearing the end of its easing cycle. The Australian dollar sat in the middle of the G10 pack but stood out for its steady rally after 22 October, driven by stronger-than-expected inflation and a one-year extension of the US-China trade truce.

Looking ahead to the next 1–2 months, we expect recent trends to persist. Currency markets should remain focused on country-specific fundamentals—particularly growth, monetary policy outlooks, and political developments. The main wildcard would be a broad risk-off move following the nearly uninterrupted six-month equity rally. Despite valuation concerns, equity strength continues, supported by robust US growth and Fed rate cuts. Even if optimistic earnings projections hold, a healthy correction feels overdue and could introduce some currency volatility in the coming weeks.

Figure 2: August 2025 Directional Outlook

	Tactical Outlook	Strategic Outlook
USD	—	✓
CAD	✓	—
EUR	✓	✓
GBP	✓	✓
JPY	✓	✓
CHF	✓	✓
NOK	✓	✓
SEK	✓	✓
AUD	—	—
NZD	—	—

Note: All individual currency views in the table above are relative to the G-10 average. Source: State Street Investment Management, as of 31 October 2025.

Following the 29 October Fed meeting and no evident slowdown in US growth, conditions favor higher short-term yields and additional dollar strength in the near term. That said, a dramatic, sustained rally seems unlikely given lackluster labor markets, lingering tariff risks, and the dollar's muted response to the recent 50 bps of Fed easing.

The yen looks well positioned to outperform as it appears the most misvalued vs. falling US yields, though we first need to get past market worries of looser fiscal and easier monetary policy after Sanae Takaichi as the new LDP leader as well as the recent hawkish Fed shift. The near-term risk is additional yen weakness bringing USD/JPY back up toward 155–157 where it began the year, a small loss compared to current levels around 154. Beyond that we see Takaichi delivering moderate policies that support growth, inflation, and a Bank of Japan (BoJ) rate hike by early 2026. This makes yen quite attractive over the next few months.

The Australian dollar's outlook has improved, supported by the US–China trade truce and higher inflation, which should keep the Reserve Bank of Australia (RBA) on hold for at least the next couple of meetings. While employment growth remains sluggish but positive, the risk of a temporary correction in elevated equity markets introduces some near-term uncertainty.

The Norwegian krone is similarly sensitive to equity market drawdowns and weaker oil prices. Should investor concerns about demand or OPEC production growth push oil below \$60/barrel, the krone could face pressure. Otherwise, its historically cheap valuation, solid growth, high yields, and strong sovereign balance sheet should provide support.

The Canadian dollar has been out of favor for some time, but growth data has stabilized, and the BoC appears near the end of its easing cycle—making the Canadian dollar attractive in our scorecards. However, the upcoming renegotiation of the United States–Mexico–Canada Agreement (USMCA) trade agreement (or Canada–United States–Mexico Agreement [CUSMA] in Canada) poses a significant risk. Tough US negotiating tactics and resulting uncertainty could weigh on both the Canadian economy and the currency in the months ahead.

The British pound, Swiss franc, and euro rank lowest in our scorecards. The pound looks vulnerable as fiscal austerity, weak labor markets, and renewed disinflation increase the likelihood of accelerated Bank of England (BoE) easing and further softness through 2026.

The franc faces challenges from low inflation, zero interest rates, and high tariffs, while the Swiss National Bank has stepped up interventions to curb the franc strength—primarily against the euro. The euro appears relatively resilient in an equity market correction but remains constrained by sluggish growth, French political gridlock, and the risk of additional European Central Bank (ECB) rate cuts next year.

We maintain our call for a multi-year US dollar bear market, projecting a decline of at least 15% over several years. While US innovation and flexible labor and capital markets remain attractive for investment, the degree of economic outperformance is expected to narrow. Moreover, the US dollar's role as a safe-haven currency will likely diminish due to rising policy and debt risks. Even investors bullish on US corporate exceptionalism will be incentivized to hedge macro risk through higher US dollar hedge ratios—allowing participation in US growth while mitigating systemic risks.

Over this period, we favor currencies with:

- Positive net international investment positions (strong potential for repatriation out of US assets).
- Fiscal and monetary flexibility (ability to manage global economic shifts and invest in domestic growth).
- Historically cheap valuations vs. US dollar (pricing in pessimism and offering room for recovery).

On these criteria, the Japanese yen, Swedish krona, and Norwegian krone stand out as likely top performers. The Australian dollar, euro, Canadian dollar, and British pound should also see meaningful gains against the US dollar, in that order. The Swiss franc is most at risk of underperforming on a total return basis, given its negative interest rate carry. To offset this, the franc would need to appreciate roughly 3.5% annually over the next five years—a tall order for a currency already near the upper end of its long-term valuation range.

## Review and Outlook by Currency

### US Dollar (USD)

The US dollar rose 1.6% against the G10 average in October, marking its strongest performance in the group. This gain was fueled by two sharp rallies during the month. The first, from October 6–9, stemmed largely from negative developments abroad rather than positive US news, which was limited due to the suspension of economic data releases during the government shutdown. Events such as Takaichi's election as Japanese Prime Minister, the resignation of the French Prime Minister, and—though less impactful—a surprise 50bp rate cut in New Zealand made the dollar more attractive. Mid-month, tame CPI (Consumer Price Index) data created a brief soft patch before a surprisingly hawkish Fed meeting on the 29 October triggered a second surge into month-end. While the Fed cut rates by 0.25% as expected, the meeting featured an unusual two-way dissent: one anticipated vote for a 50bp cut from Stephen Miran and another unexpected dissent favoring no cut from the Kansas City Fed president. Chair Powell reinforced the hawkish tone by emphasizing that a December cut was far from certain and highlighting strong hawkish sentiment within the committee. Two-year yields jumped 12bps as markets scaled back easing expectations, sending the dollar higher into month-end.

Looking ahead, we see an upside bias for the dollar going into November but remain broadly neutral over the next one to two months. The dollar continues to benefit from strong consumption, healthy AI-driven capex, fiscal expansion, sticky inflation, robust equity returns supported by elevated corporate earnings expectations, and the Fed's hawkish shift. However, labor markets remain soft, growth is expected to slow from its blistering Q2–Q3 pace near 4% to the low-mid 2% range in 2026, and the Fed has already cut 50bps with a trajectory toward further reductions—albeit slower than markets had hoped. These factors are likely to cap the near-term rally and lead to gradual softness in 2026.

Longer term, we maintain our call for a multi-year US dollar bear market, projecting at least a 15% decline over the next 2–4 years. While innovative companies and flexible labor and capital markets will keep the US attractive for investment, we expect US economic

outperformance to diminish and the dollar's safe-haven appeal to weaken materially over the next decade compared to the last. US exceptionalism is real but overstated. Key tailwinds—high fiscal deficits, globalization, and ultra-low interest rates—are fading, while a pivot toward a more insular “America First” stance makes the US a less reliable financial, trade, and political partner globally.

Meanwhile, investors have long focused on low productivity in the EU, UK, Canada, and Australia, as well as China's structural growth headwinds. While we do not foresee dramatic productivity gains outside the US, we expect marginal improvement relative to chronically pessimistic expectations, aided by US tariff policy encouraging freer trade and fiscal investment abroad.

Taken together, both the return and risk profile of US assets should deteriorate relative to global alternatives. This shift incentivizes investors to adopt more balanced portfolios, likely through increased currency hedging—allowing continued exposure to US innovation while mitigating macro and policy risks. The BEA's net international investment position report shows non-US investors hold over \$33 trillion in US portfolio investments and more than \$62 trillion in total US investments excluding derivatives. Even a modest 10–15% reallocation or a 10% increase in average US dollar hedge ratios implies \$3+ trillion in dollar sales. Even half that amount could sustain a prolonged USD bear market, even if the US remains among the top-performing economies. Should extreme policy proposals materialize, the flight from the dollar could be deeper and faster.

### Canadian Dollar (CAD)

The Canadian dollar gained 0.8% in October relative to the G10 average, closely tracking the US dollar with a daily correlation above 0.66. Strong rallies occurred from October 6–9 and again from October 29–31. Beyond these moves, Canadian economic data showed signs of stabilization. After a weak start with disappointing PMI figures, the employment report surprised to the upside with +60.4k jobs versus +5k expected. Housing starts and retail sales also beat expectations, while the Bank of Canada (BoC) business outlook survey improved slightly, though it remained negative. Inflation ticked higher to 2.4% versus 2.2% expected, and trimmed mean core

rose to 3.1% versus 3.0%. On 29 October, the BoC cut rates by 0.25% to 2.25% and delivered a balanced outlook. While not as hawkish as the Fed, the BoC's decision to avoid signaling steady cuts helped support the Canadian dollar into month-end.

Our models favor the Canadian dollar on improved commodity prices and strong local equity returns, partly driven by robust earnings from commodity-linked companies. While our economic indicator remains weak, it is showing signs of improvement. The strong employment report is encouraging, and we expect the cumulative impact of easing policy rates from 5% to 2.25% over the past 18 months to begin supporting growth. We are also watching for fiscal investment and measures to aid tariff-impacted sectors in the upcoming government budget, which could further underpin stabilization and recovery.

The key risk for the Canadian dollar heading into 2026 is the renegotiation of the USMCA trade agreement (CUSMA in Canada). We anticipate tough negotiating tactics from the US, which could weigh on sentiment, threaten growth, and increase the likelihood of lower rates.

In the medium term, we are more constructive. The Canadian dollar screens cheap on our long-run fair value metrics. We expect the North American tariff dispute to ultimately result in a renegotiated USMCA that preserves favorable relative tariffs for the region. Canada also has more flexibility than the US for rapid monetary and fiscal stimulus, as well as room for deregulation and expanded trade beyond North America. We see scope for USD/CAD to fall into the low 1.30s in 2026 as tariff clarity improves, the Fed resumes rate cuts, and Canada benefits from BoC easing and fiscal support. In the longer term, given our US dollar bear market thesis, we expect USD/CAD to trade below 1.20 in coming years, though the Canadian dollar may remain sluggish versus the broader G10 ex-US as a weak US dollar acts as a headwind.

## Euro (EUR)

The euro fell 0.3% against the G10 average in October, trading largely sideways within a narrow range. The month began on a soft note following the resignation of the French prime minister, a slight uptick in unemployment to 6.3%, weak year-over-year retail

sales, and lower-than-expected producer price inflation. The euro briefly moved into positive territory on 10 October as equity markets slumped in response to President Trump's threat of a 100% tariff hike on China over rare earth export restrictions. However, Trump walked back those threats over the weekend, sending the euro back toward its lows on 13 October. Mid-month, a strong equity rally, US dollar softness, and the failure of a no-confidence motion against French PM Lecornu pushed the euro higher again—though gains were short-lived. Improved US-China negotiations later in the month sparked a broad risk rally favoring pro-cyclical currencies such as the Australian dollar, New Zealand dollar, Canadian dollar, and the Scandinavian units, leaving the euro underperforming and stuck in negative territory through month-end.

In the near term, we maintain a negative stance on the euro—not due to weak EU fundamentals, but because they appear lackluster relative to other G10 opportunities. Our economic score for the EU ranks second in the G10, yet absolute growth remains subdued. The ECB is likely near the end of its rate-cutting cycle, but with policy rates at 2%, carry opportunities elsewhere are more compelling. Relative equity underperformance and rising commodity prices also weigh on the outlook. We prefer the US dollar, Australian dollar, and Norwegian krone for their higher yields and stronger near-term growth prospects, and we also favor the yen on valuation and an expected reduction in Japan's fiscal risk premium despite its ultra-low yields.

In the medium term, we are constructive on the euro, though it remains expensive on a trade-weighted basis. Positive drivers include strong household balance sheets, low unemployment, real wage growth, increased defense spending, and the proposed €500 billion German infrastructure fund. Additionally, as the US becomes a less reliable trade and security partner, EU investors have a strong case to reduce concentrated US exposure or increase currency hedging over the next few years—supporting EUR/USD over the long term. We see scope for EUR/USD to move toward 1.30+ in the next 3–5 years. Against other G10 currencies, however, the outlook is less favorable. The euro is expensive versus the yen, krone, krona, and Australian dollar and is likely to underperform these currencies over the coming years once tariff-related growth risks and heightened equity volatility subside.

## British Pound (GBP)

The British pound fell 0.8% against the G10 average in October, marking the second-worst performance in the group. Early in the month, sterling was supported by expectations for a cautious BoE stance as the Decision Maker Panel survey signaled elevated inflation expectations—offsetting weaker manufacturing PMI data. Strong home prices, average weekly earnings at 5% YoY (up from 4.7%), and a rebound in manufacturing production helped sustain the rally through October 16, despite unemployment edging up to 4.8% from 4.7%. From there, the currency drifted lower until a downside CPI surprise on 22 October triggered a steady decline into month-end. Headline CPI printed at 3.8% YoY versus 4% expected, while core came in at 3.5% versus 3.7%. Other data was relatively solid—retail sales ex-auto fuel rose +0.6% MoM versus -0.6% expected—but the inflation miss combined with concerns that the delayed autumn budget (now due November 26) would deliver fiscal tightening weighed heavily on sentiment, reinforcing expectations for a more dovish policy path.

In the near term, we remain modestly negative on the pound. Sterling rests on a fragile foundation of high debt, persistent current account deficits, and near-stagflation conditions. The upcoming autumn budget is expected to add fiscal constraint, complicating efforts to support the pound growth, which is running slightly below 1% YoY on a 3M/3M basis, while unemployment sits at a four-year high of 4.8%. Monetary policy flexibility is limited by core CPI at 3.5% versus the 2% target, restricting scope for rate cuts in response to downside surprises. While relatively high yields offer marginal support, they reflect underlying economic fragility rather than strength.

In the long term, the outlook improves somewhat—at least against the US dollar and franc. While the pound looks challenged versus most G10 currencies, we expect stabilization against the US dollar in the low 1.30s this year and a move toward 1.45+ over a 3–5 year horizon. We also see the pound outperforming the expensive, low-yielding Swiss franc on a total return basis. Beyond the US dollar and franc, however, sterling is likely to struggle over the medium term.

## Japanese Yen (JPY)

The yen fell 2.8% against the G10 in October. After a quiet start, the currency dropped sharply following Sanae Takaichi's victory in the LDP leadership election on 6 October. Pre-election polling favored the more moderate Koizumi, so Takaichi's win surprised markets and sparked fears of fiscal expansion and a weak-yen policy reminiscent of Abenomics. The yen slid to an intramonth loss of nearly 2.6% over the next few days. President Trump's 10 October threat of steep tariffs on China triggered an equity selloff that briefly halted the decline, allowing the yen to recover more than half its losses by 16 October. After a short period of stability, the yen resumed its slide on 21 October following Takaichi's official appointment as PM and reports that the BoJ might hold rates at its 29 October meeting. Those fears were confirmed when the BoJ kept rates at 0.5% and delivered a cautious “wait-and-see” outlook. The dovish tone, combined with the Fed's hawkish shift, reinforced yen weakness into month-end.

Our tactical models are neutral on the yen. The Fed-BoJ policy divergence and PM Takaichi's historical bias toward loose fiscal and monetary policy suggest some additional downside risk into November. However, we view this weakness as a buying opportunity over a multi-month horizon. While concerns about higher fiscal spending and delayed BoJ hikes are valid, we expect only moderate fiscal stimulus that supports growth and sustains above-target inflation. The BoJ is likely waiting to assess the new government's fiscal stance and spring 2026 wage negotiations before tightening further. Ultimately, we expect the BoJ to raise rates toward 1% by end-2026 while the Fed eases by 50–75bps, compressing carry by 1–1.25% in favor of the yen. This should be enough to push USD/JPY toward 135 by end-2026. Longer term, consistent with our US dollar bear market thesis, we see further upside with the yen likely returning to the 120–130 range over the next 3–5 years.



## Swiss Franc (CHF)

The Swiss franc gained 0.4% against the G10 in October. Early softness from weak PMI data and lower-than-expected inflation (+0.2% MoM vs. +0.3% expected) was quickly reversed after the resignation of French PM Lecornu on 6 October, as the franc benefited from its safe-haven status during periods of EU political uncertainty. President Trump's 10 October threat of steep tariffs on China drove risk assets lower and sent the franc sharply higher. After a brief correction, the franc extended gains through mid-month, leading the G10 with a 1.2% rise versus the group average by 20 October. From there, gains gradually eroded as the US-China trade truce was extended, equities rallied, and the Fed's hawkish shift weighed on low-yielding currencies like the franc.

Looking ahead, we expect the franc to materially underperform G10 peers. The franc is the most expensive G10 currency on our long-run fair value metrics and offers the lowest yields and inflation in the group. US tariffs—even if partially rolled back—are likely to add a deflationary impulse. In response, we expect the Swiss National Bank (SNB) to remain open to direct FX intervention, as seen with over 5 billion in franc selling during Q2. The SNB may even consider negative policy rates, though this would likely require a significant deterioration in CPI. On a total return basis, the increasingly negative carry on long the franc positions makes outperformance difficult. Against the US dollar, for example, the franc would need to appreciate another 10–15% over the next 3–5 years just to offset negative carry.

Additionally, portfolio rebalancing away from the US dollar is unlikely to benefit the franc as much as other currencies. Swiss investors already hedge a large share of FX risk, leaving limited scope for higher hedge ratios—and thus less incremental US dollar selling and franc buying. In short, the franc faces structural headwinds that make sustained outperformance improbable.

## Norwegian Krone (NOK)

The Norwegian krone gained 0.2% against the G10 in October. Early strength was supported by firm equity markets, stable oil prices, and the appeal of Norway's 4% policy rate—especially as US rate cuts loomed—helping the krone through 08 October. Mid-month proved more challenging as fears of an oil supply glut pushed Brent crude below \$65/barrel to \$60, while President Trump's tariff escalation threats with China unsettled risk sentiment and pressured equities, adding downside risk for the krone. Later in the month, two developments helped the krone recover and finish positive:

- US sanctions on Russian oil triggered a sharp three-day, 9% rebound in Brent prices starting 21 October
- Trump's tone on China shifted toward compromise, culminating in a one-year trade truce that rolled back extreme tariff threats while maintaining elevated tariffs. In return, China eased rare earth export restrictions and pledged to purchase US soybeans.

We retain a positive tactical bias on the krone despite risks from potential oil weakness and equity volatility. Norwegian growth remains resilient, and following the Fed's rate cut, Norway now offers the highest yield in the G10—technically tied with the UK at 4%, but with Norges Bank expected to ease more slowly than the BoE, short-term yields favor the krone. While historically vulnerable to equity swings, oil prices are holding in the mid-60s and equity trends remain supportive. Risks include pressure on oil from increased OPEC+ output and sluggish demand if tariffs weigh on global growth, as well as renewed equity volatility amid policy uncertainty. These factors suggest periods of substantial the krone volatility despite our model's constructive outlook.

In the long term, the krone screens historically cheap versus fair value and benefits from steady growth potential and a strong fiscal position. Norway's significant monetary and fiscal flexibility should mitigate long-term damage from tariff shocks. We expect the krone to deliver solid gains once tariffs peak, risky assets and oil reprice, and markets shift focus toward tariff reductions and stimulus.

## Swedish Krona (SEK)

The Swedish krona gained 0.5% against the G10 average in October. The month began on a positive note following the September Riksbank meeting, where policymakers signaled the easing cycle was likely complete. Strong PMI data on October 3 reinforced the upbeat tone. However, weaker-than-expected CPI (0.9% YoY vs. 1.0% expected) on 08 October weighed slightly on the krona. A few days later, President Trump's threat of ultra-high tariffs on China triggered an equity market correction, pushing the krona into negative territory despite stronger-than-expected August GDP data released the same day. Mid-month, optimism around US-China negotiations improved risk sentiment and powered an equity rebound, lifting the krona through 24 October before stabilizing. The hawkish Fed outcome on 29 October pressured low-yielding currencies, but robust Q3 GDP (1.1% QoQ vs. 0.7% expected) helped the krona hold its monthly gain.

Our near-term outlook for the krona is modestly negative. After leading the G10 in 2025 (+9% vs. the G10 average), the krona appears poised for a pause. As a small, open economy with a less liquid currency, the krona is vulnerable to volatility—particularly in sympathy with euro swings as France navigates political uncertainty, regional growth faces tariff headwinds, and equity markets risk a healthy pullback. The Fed's hawkish shift also weighs on the krona given its low yield.

Beyond the near term, we are more constructive. The medium-term trend in Fed policy still favors easing, while the Riksbank is likely on hold—shifting rate differentials in Sweden's favor. Growth is improving, and Sweden offers an attractive way to play potential EU fiscal stimulus given French debt concerns. Sweden's strong fundamentals—33% debt/GDP, material defense sector exposure, and historically cheap real effective exchange rate—support the case for the krona. Additionally, under our long-term US dollar bear market thesis, gradual portfolio rebalancing away from US assets and higher hedge ratios should provide a tailwind for the krona.

## Australian Dollar (AUD)

The Australian dollar gained 0.4% against the G10 average in October. Most of the month was challenging, with the Australian dollar down 1.25% by mid-month and remaining negative until 28 October. Softer services

and composite PMI on 02 October set a weak tone early on. A brief rebound followed firm September inflation (+0.4% MoM), but President Trump's threats of 100%+ tariffs on China sent the Australian dollar sharply lower. While Trump softened his stance the following week, AUD was hit again by an unexpected rise in unemployment to 4.5% from 4.2% on 15 October. Linger uncertainty around US-China negotiations and the employment shock kept AUD depressed through the 22nd. From there, the announcement of a one-year US-China trade truce sparked a strong recovery, which was extended by a sharp jump in Q3 CPI (3.5% YoY vs. 3.1% prior) on 28 October, driving the Australian dollar higher into month-end.

Our tactical models have shifted to a modestly positive bias on the Australian dollar near term. The US-China trade deal suggests a period of relative stability, reducing tariff risk premium. The stronger-than-expected Q3 CPI print, alongside improving consumer spending and robust home price gains, should keep the RBA sidelined for 3–6 months barring negative surprises—solidifying the Australian dollar as one of the higher-yielding G10 currencies heading into 2026. Australia also has ample fiscal space and capacity for stimulus if global growth falters, an enviable position in a world of high sovereign debt. While the recent slowdown in job creation and uptick in unemployment is a concern, job and real wage growth remain positive, and household and government spending outlooks are supportive.

That said, several factors temper our enthusiasm. Australia faces weak business investment, high household debt burdens, and a structural downshift in productivity growth. The Australian dollar is also sensitive to equity market volatility, which appears more likely after a strong six-month rally. These risks limit the near-term upside.

In the long term, we are constructive. The Australian dollar is significantly undervalued versus our fair value estimates. Growth has been resilient, inflation is higher than expected, and Australia retains ample fiscal and monetary flexibility to mitigate tariff-related shocks. Additionally, Australian investors hold substantial unhedged US dollar exposure, which we expect to shift toward higher hedge ratios or more diversified global portfolios. Once markets adjust to the new tariff regime, the Australian dollar has room for a material long-term rally.

## New Zealand Dollar (NZD)

The New Zealand dollar gained 0.1% against the G10 average in October, finding some stability after a challenging Q2. The currency started the month with a relief rally alongside global equities following September's sharp selloff, though the move lacked strong domestic drivers. On 7 October, the Reserve Bank of New Zealand (RBNZ) cut rates by 50bps to 2.5%, which, combined with rising US-China trade tensions, pushed the New Zealand dollar lower through mid-month. As negotiations progressed and risk assets rebounded, the New Zealand dollar recovered to finish slightly positive for the month.

Our tactical view is neutral on the New Zealand dollar near term. Weak GDP and high unemployment point to subdued inflation, low policy rates, and a generally soft currency. While the US-China trade truce and a marginally improved Chinese growth outlook are supportive, these positives are offset by the Fed's hawkish tone. The RBNZ is expected to ease further toward 2.0%, a very low level for an economy with a moderate fiscal deficit and a near 6% current account deficit. The New Zealand dollar also remains highly sensitive to global risk sentiment, which is likely to stay volatile amid policy uncertainty. The one factor limiting our negative bias is that the New Zealand dollar has already priced in much of this pessimism after significant prior declines.

In the long term, our outlook is mixed. The New Zealand dollar screens cheap versus the US dollar and franc on our fair value estimates, suggesting room for appreciation, but the currency looks expensive relative to the yen and the Scandinavian currencies.



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\* This figure is presented as of June 30, 2025 and includes ETF AUM of \$1,689.83 billion USD of which approximately \$116.05 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Investment Management are affiliated. Please note all AUM is unaudited.

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ID3466350-4948703.38.1.GBL.RTL 1125 Exp. Date: 11/30/2026