

Research Markets Today

1 September 2025

Events Round-Up

NZ: ANZ consumer confidence, Aug: 92 vs. 94.7 prior.
 JN: Tokyo CPI (y/y%), Aug: 2.6 vs. 2.6 exp.
 JN: Tokyo CPI x fr. fd, energy (y/y%), Aug: 3.0 vs. 3.0 exp.
 GE: Unemployment rate (%), Aug: 6.3 vs. 6.3 exp.
 GE: CPI EU harmonized (y/y%), Aug: 2.1 vs. 2.0 exp.
 CA: GDP (ann'l sd q/q%), Q2: -1.6 vs. -0.7 exp.
 US: Personal income (m/m%), Jul: 0.4 vs. 0.4 exp.
 US: Real personal spending (m/m%), Jul: 0.3 vs. 0.3 exp.
 US: Core PCE deflator (m/m%), Jul: 0.3 vs. 0.3 exp.
 US: Core PCE deflator (y/y%), Jul: 2.9 vs. 2.9 exp.
 US: Goods trade balance (\$b), Jul: -103 vs. -90 exp.
 US: Chicago PMI, Aug: 41.5 vs. 46.5 exp.
 US: U. of Mich. consumer sent., Aug: 58.2 vs. 58.6 exp.
 US: U. of Mich. 5-10y inflation exp., Aug: 3.5 vs. 3.9 exp.

Good morning

Global equities fell on Friday, but major indices have made strong gains during the month. The S&P advanced 1.9% in August, its fourth straight month of gains. US consumption and inflation data was broadly in line with consensus estimates and didn't alter expectations the Federal Reserve will cut rates later in the month. After the weekly close, a US court has found most of the Trump administration's tariffs to be illegal. However, the tariffs will stay in place pending a further appeal to the Supreme Court. A permanent halt on tariffs would reduce revenues which provide an offset to the administration's tax cuts.

US real consumption increased 0.3% in July, which is the fastest pace since March, but the trend remains weaker than last year. The annualised growth rate for the three months to July is 1.0%. The core PCE deflator, which is the Fed's favoured inflation gauge, increased 0.3% taking the annual rate to 2.9%. Further rises in goods prices are expected in coming months as tariffs filter through. The headline reading for the Michigan consumer sentiment survey was stable, although 5-10-year inflation expectations declined from the initial release.

The data did little to alter market expectations for rate cuts by the US central bank. Federal Reserve Governor Waller, who dissented at the July FOMC, said he would again support a cut this month. He favours additional easing over coming months with the pace driven by

incoming data. Waller outlined that the risks around the labour market have increased, and a risk management approach, suggests the FOMC should be cutting the policy rate now. Separately, San Francisco Fed President Daly signalled openness to a September cut.

US treasuries were mixed across tenors with a curve steepening bias. Front end yields were little changed, and 10-year notes closed 3bp higher at 4.23%, despite month end buying related to the 0.11 US treasury index extension. The pace of new corporate issuance is expected to pick up this week. Syndicate desks are forecasting US\$55 billion in traditionally one of the busiest periods of the year. European bond markets largely matched the moves in treasuries ending the session higher in yield and steeper. European regional CPI releases were near consensus estimates.

An initial move higher in the US dollar faded and G10 currencies are little changed since the local close on Friday. The Canadian dollar recovered from an earlier dip after the economy contracted more than expected in Q2, as tariffs impacted exports. The market increased the chance of a September rate cut by the Bank of Canada to around 50%. The NZD traded in a narrow range against the US dollar and is little changed on the other major cross rates.

Headline Tokyo CPI, a leading indicator of nationwide inflation, dipped to 2.6% in August. However, the decline was attributable to government utility subsidies. The annual core reading which strips out volatile fresh food and energy prices was 3.0%. This is only marginally lower than the previous month and supports the Bank of Japan's tightening bias. Although the central bank is expected to leave rates steady in September, there is 13bp of tightening priced for October.

NZ consumer confidence remained depressed in August declining to 92.0 from 94.7 in July. Current levels correspond with levels from last August when the Cash Rate was significantly higher. The series is well below its long term mean of 112 and will need to lift to be consistent with our forecast pickup in household spending.

It was a quiet end to last week for the NZ fixed income market. The swap curve was largely unchanged near the cycle lows. It was similarly quiet for NZ government bonds with limited movement across the nominal curve. Inflation-linked-bonds outperformed nominals related to

month end benchmark reweighting. Australian 10-year government bond futures are unchanged since the local close on Friday, suggesting limited directional bias for NZ yields on the open.

Building permits for July is the only domestic data of note today. The RatingDog (previously Caixin) manufacturing PMI in China is expected to remain stable. The official PMIs released in the weekend remained subdued but were in line with expectations. The US labour day holiday is likely to weigh on market activity. It is a quiet week ahead for NZ economic data. Key international releases are US-centric with the manufacturing and services ISM, along with the US labour market report, which will help to firm

expectations for the September FOMC. Q2 GDP is released in Australia and preliminary Eurozone CPI data is scheduled.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Building Permits (m/m%)	Jul	-6.4	10:45	
AU	Building Approvals (m/m%)	Jul	-1.1	11.9	13:30
CH	China PMI Mfg	Aug	49.8	49.5	13:45
EC	Unemployment Rate	Jul	6.2	21:00	

Currencies							Equities					Commodities		
FX Majors		Indicative overnight ranges (*)			Other FX			Major Indices				Price (Near futures, except CRB)		
	Last	% Day	Low	High		Last	% Day		Last	% Day	% Year		Last	Net Day
NZD	0.5896	+0.2	0.5881	0.5906	CHF	0.8005	-0.1	S&P 500	6,460	-0.6	15.5	Oil (Brent)	67.48	-0.7
AUD	0.6540	+0.1	0.6523	0.6549	SEK	9.457	-0.2	Dow	45,545	-0.2	10.2	Oil (WTI)	64.01	-0.9
EUR	1.1687	+0.0	1.1651	1.1709	NOK	10.059	-0.1	Nasdaq	21,456	-1.1	22.5	Gold	3487.2	+1.2
GBP	1.3505	-0.1	1.3446	1.3517	HKD	7.796	+0.0	Stoxx 50	5,352	-0.8	7.8	HRC steel	793.0	-2.1
JPY	147.04	+0.1	146.77	147.41	CNY	7.131	+0.0	FTSE	9,187	-0.3	9.6	CRB	302.4	+0.2
CAD	1.3740	-0.1			SGD	1.284	+0.1	DAX	23,902	-0.6	26.4	Wheat Chic.	534.3	+1.0
NZD/AUD	0.9016	+0.1			IDR	16,500	+0.9	CAC 40	7,704	-0.8	0.8	Sugar	16.37	-0.7
NZD/EUR	0.5045	+0.2			THB	32.34	+0.2	Nikkei	42,718	-0.3	10.5	Cotton	65.21	-1.3
NZD/GBP	0.4366	+0.3			KRW	1,390	+0.4	Shanghai	3,858	+0.4	35.7	Coffee	386.1	+2.3
NZD/JPY	86.69	+0.3			TWD	30.57	+0.1	ASX 200	8,973	-0.1	10.9	WM powder	3715	-0.5
NZD/CAD	0.8101	+0.1			PHP	57.14	+0.1	NZX 50	12,931	+0.2	3.9	Australian Futures		
NZ TWI	68.06	+0.2						VIX Index	15.36	+6.4	-1.9	3 year bond	96.59	-0.01
Interest Rates												10 year bond 95.69 0.00		
Rates		Swap Yields			Benchmark 10 Yr Bonds			NZ Government Bonds			NZ BKBM and Swap Yields			
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg	
USD	4.50	4.85	3.39	3.69	USD	4.23	0.03	15-Apr-27	2.97	0.00	BKBM 1-mth	3.10	0.00	
AUD	3.60	3.57	3.25	4.16	AUD	4.27	-0.01	15-May-28	3.18	-0.00	BKBM 3-mth	3.01	-0.01	
NZD	3.00	3.01	2.87	3.88	NZD	4.35	0.02	20-Apr-29	3.38	-0.00	1 year	2.81	0.00	
EUR	2.00	2.05	2.06	2.66	GER	2.72	0.03	15-May-30	3.59	-0.00	2 year	2.87	0.01	
GBP	4.00	4.30	3.75	4.19	GBP	4.72	0.02	15-May-31	3.80	0.00	3 year	3.01	0.01	
JPY	0.48	-0.03	0.86	1.41	JPY	1.60	-0.02	15-May-32	3.99	0.00	5 year	3.31	0.00	
CAD	2.75	4.97	2.51	3.06	CAD	3.38	-0.05	14-Apr-33	4.13	0.01	7 year	3.58	-0.00	
								15-May-34	4.25	0.01	10 year	3.88	-0.00	
								15-May-35	4.35	0.02	15 year	4.17	-0.00	
								15-May-36	4.46	0.01	NZ Inflation-Indexed Bonds			
								15-May-37	4.59	0.01	Sep-30	1.75	-0.06	
								15-May-41	4.91	0.01	Sep-35	2.52	-0.05	
								15-May-51	5.18	0.01	Sep-40	2.95	-0.05	
								15-May-54	5.21	0.00				

NZD exchange rates

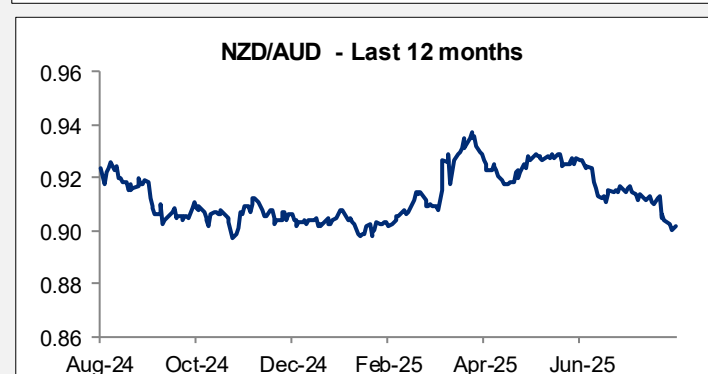
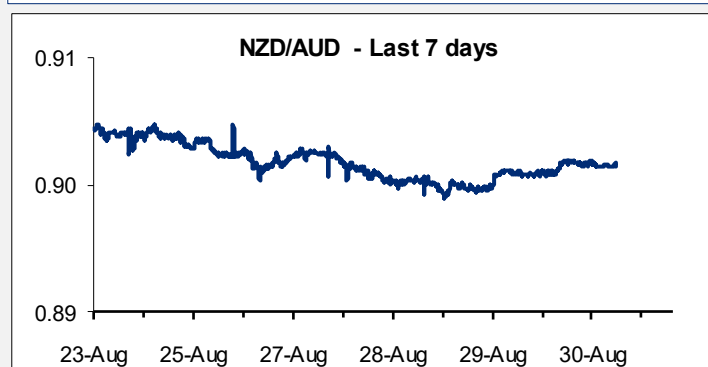
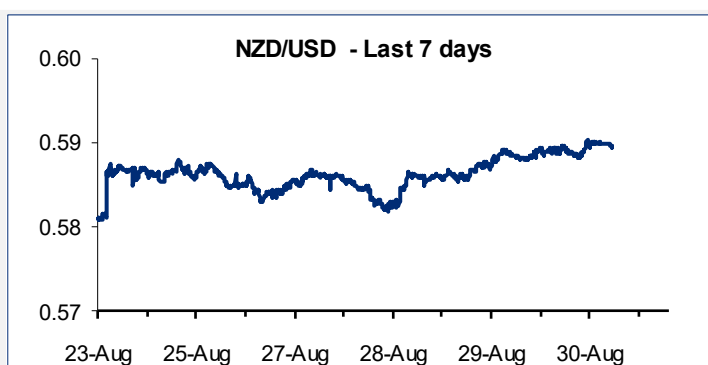
30/08/2025	NY close	Prev. NY close
USD	0.5896	0.5884
GBP	0.4366	0.4354
AUD	0.9016	0.9008
EUR	0.5045	0.5036
JPY	86.69	86.45
CAD	0.8101	0.8090
CHF	0.4717	0.4715
DKK	3.7643	3.7595
FJD	1.3293	1.3282
HKD	4.5939	4.5862
INR	51.98	51.56
NOK	5.9276	5.9248
PKR	166.02	165.80
PHP	33.67	33.61
PGK	2.4112	2.4125
SEK	5.5731	5.5784
SGD	0.7567	0.7546
CNY	4.2022	4.1957
THB	19.09	19.05
TOP	1.3648	1.3770
VUV	70.53	70.53
WST	1.6164	1.5992
XPF	60.18	60.05
ZAR	10.4050	10.4133

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.23	6.41
3 Months	18.95	19.45
6 Months	36.40	37.80
9 Months	51.36	53.36
1 Year	61.58	65.89

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.69	5.15
3 Months	15.16	16.22
6 Months	29.80	32.94
9 Months	43.52	47.70
1 Year	54.79	64.07



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