

Research Markets Today

2 October 2025

Events Round-Up

NZ: Building Permits MoM, Aug: 5.8 vs. 5.4 exp.
 JN: Tankan Large Mfg Index, 3Q: 14 vs. 14 exp.
 EC: CPI Estimate YoY, Sep P: 2.2 vs. 2.2 exp.
 EC: CPI Core YoY, Sep P: 2.3 vs. 2.3 exp.
 US: ADP Employment Change, Sep: -32 vs. 50.5 exp.
 US: ISM Manufacturing, Sep: 49.1 vs. 49.0 exp.

Good morning

After a soft tone for risk sentiment in Asia, as the US government shutdown took effect, the S&P has recovered from an initial dip on open to be little changed. European equity indices registered solid gains. A weaker than expected ADP private payrolls reading was consistent with other data indicating the labour market is slowing and contributed to lower bond yields. The US dollar was mixed against G10 currencies and oil prices extended the recent decline. Brent crude traded towards US\$65 per barrel.

The shutdown came after Republicans and Democrats failed to come to an agreement to fund the federal government into the new fiscal year. President Trump said the government may consider the permanent dismissal of some federal workers during the shutdown. Key economic data releases are likely to be disrupted. This includes the September labour market report from the Bureau of Labor Statistics, which was scheduled for release Friday.

The ISM manufacturing index edged higher to 49.1 in September aligning with the consensus estimate. The index continues to paint a downbeat picture with the index remaining below 50 for the seventh consecutive month. Respondents still noted the impact of tariffs as a drag in many industries. The new orders index dipped to 48.9 while employment increased but remains at a subdued 45.3 level. The prices paid index dropped to an eight-month low of 61.9.

ADP reported a 32k decline in private sector payrolls in September compare with an expected 51k increase. The fall was below all the estimates in the Bloomberg survey. Although we have often noted the inconsistent relationship with official payrolls, this report will gain more attention than normal given the likely delayed publication of the September labour market report. ADP's chief

economist noted that despite the strong economic growth, US employers have been cautious about hiring.

The Supreme Court has blocked President Trump from immediately removing Federal Reserve Governor Lisa Cook. The court said it had deferred the decision to hear more arguments which means she can continue at the central bank until early next year. The ruling will reduce concerns that the president will be able to force out other members of the Fed's policy-setting board.

The ADP data contributed to a firming in Fed easing expectations. The market is pricing 47bp of cuts by December, up from 43bp ahead of the data. This supported a rally for US treasuries led by the front end of the curve. 2-year yields dropped 5bp to 3.56%. 10-year yields declined to 4.08% before retracing to 4.12%.

Euro area CPI increased at a 2.2% annual rate in September, which was in line with the consensus estimate, despite the regional releases suggesting the risk of an upside surprise. The core reading was unchanged at 2.3%, and services inflation rose to 3.2% from 3.1%. There was limited reaction in European rates markets. Bund yields are close to unchanged across the curve.

In currency markets, the US dollar struggled for direction as traders processed the shutdown and weak ADP print. The dollar index oscillated in broad range but is little changed from the local close yesterday. NZD/USD is modestly higher in overnight trade. NZD/EUR is the main mover of the major cross rates, and is close to 0.5% higher, having traded up towards 0.4960.

Japan's large manufacturers have shown increased confidence for the second consecutive quarter, bolstering the case for the Bank of Japan to raise interest rates. This data aligns with growing market expectations for a rate hike. Last month, two board members unexpectedly opposed maintaining the current rate, and even a typically dovish board member highlighted the need for policy adjustments earlier this week.

The NZ swap curve steepened the local session yesterday with NZD rates not able to sustain lower levels on a cross-market basis after the post-RBA selloff in Australian rates. 10-year rates closed 4bp higher at 3.70%. 2-year rates were unchanged at 2.67% which saw the 2y/10y curve trade back towards the April peak.

The NZ government bond curve also steepened with 10-year bonds closing 3bp higher at 4.22%. The market looks ahead to the weekly tender today. The NZ\$450 million of nominal bonds are split across the May-30 (\$250m) and May-35 (\$200m) lines. These two maturities have made up more than half of the tender issuance since the new fiscal year began on 1 July.

It is a quiet day ahead on the economic calendar. There is no domestic data of note. The Bureau of Labour Statistics has said the weekly jobless claims are subject to delay if the shutdown is still in effect.

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Coming Up

		Period	Cons.	Prev.	NZT
AU	Trade Balance	Aug	6200	7310	14:30
EC	Unemployment Rate	Aug	6.2	6.2	22:00
US	Initial Jobless Claims	27 Sep	225	218	01:30

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	0.5816	+0.4	0.5803	0.5831	CHF	0.7978	+0.2	S&P 500	6,695	+0.1	17.3	Oil (Brent)	65.45	-0.9
AUD	0.6611	-0.0	0.6599	0.6629	SEK	9.375	-0.4	Dow	46,377	-0.0	10.0	Oil (WTI)	61.86	-0.8
EUR	1.1730	-0.0	1.1716	1.1779	NOK	9.914	-0.8	Nasdaq	22,730	+0.3	26.9	Gold	3862.1	+0.6
GBP	1.3477	+0.2	1.3454	1.3527	HKD	7.782	-0.0	Stoxx 50	5,581	+0.9	12.7	HRC steel	806.0	+0.8
JPY	147.14	-0.5	146.59	147.32	CNY	7.121	-0.0	FTSE	9,446	+1.0	14.1	CRB	300.6	-0.7
CAD	1.3947	+0.2			SGD	1.288	-0.1	DAX	24,114	+1.0	25.5	Wheat Chic.	523.3	-0.8
NZD/AUD	0.8797	+0.4			IDR	16,635	-0.2	CAC 40	7,967	+0.9	5.2	Sugar	16.15	-2.7
NZD/EUR	0.4958	+0.4			THB	32.44	-0.0	Nikkei	44,551	-0.8	17.8	Cotton	63.32	+0.4
NZD/GBP	0.4316	+0.1			KRW	1,403	-0.1	Shanghai	3,883	+0.5	19.1	Coffee	383.4	+2.3
NZD/JPY	85.58	-0.1			TWD	30.45	-0.0	ASX 200	8,846	-0.0	7.9	WM powder	3630	+0.1
NZD/CAD	0.8112	+0.6			PHP	58.15	-0.1	NZX 50	13,434	+1.1	7.9	Australian Futures		
NZ TWI	67.02	+0.3						VIX Index	16.19	-0.6	-15.9	3 year bond	96.40	-0.03
Interest Rates												7 year bond		
												10 year bond		
												95.63		
												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	4.25	4.85	3.34	3.62	USD	4.11	-0.04	15-Apr-27	2.72	0.01	BKBM 1-mth	2.91	-0.02	
AUD	3.60	3.61	3.46	4.30	AUD	4.37	0.07	15-May-28	2.93	0.01	BKBM 3-mth	2.78	-0.02	
NZD	3.00	2.78	2.64	3.73	NZD	4.22	0.03	20-Apr-29	3.15	0.01	1 year	2.56	0.01	
EUR	2.00	2.03	2.15	2.68	GER	2.71	0.00	15-May-30	3.37	0.01	2 year	2.64	0.00	
GBP	4.00	4.21	3.75	4.15	GBP	4.70	-0.00	15-May-31	3.60	0.02	3 year	2.81	0.02	
JPY	0.48	-0.03	0.95	1.51	JPY	1.65	0.00	15-May-32	3.81	0.02	5 year	3.14	0.03	
CAD	2.50	4.97	2.31	2.88	CAD	3.19	0.00	14-Apr-33	3.96	0.02	7 year	3.42	0.03	
								15-May-34	4.11	0.03	10 year	3.73	0.04	
								15-May-35	4.22	0.03	15 year	4.04	0.04	
								15-May-36	4.33	0.03	NZ Inflation-Indexed Bonds			
								15-May-37	4.46	0.03	Sept-30	1.58	0.02	
								15-May-41	4.79	0.03	Sept-35	2.41	0.04	
								15-May-54	5.08	0.03	Sept-40	2.84	0.03	
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* These are indicative ranges from 5pm NZT;
please confirm rates with your BNZ dealer
Rates are as of: NZT 06:15
Source: Bloomberg

NZD exchange rates

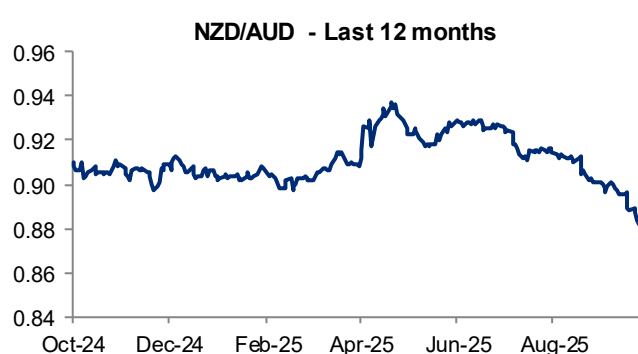
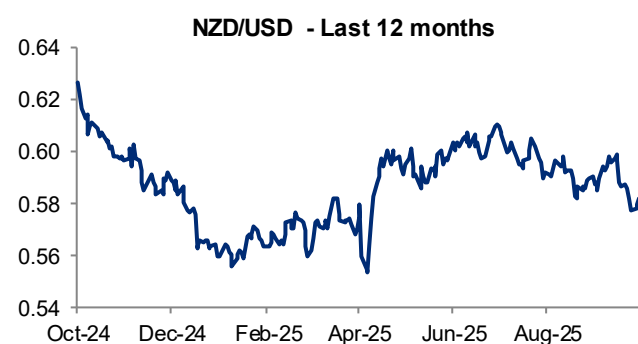
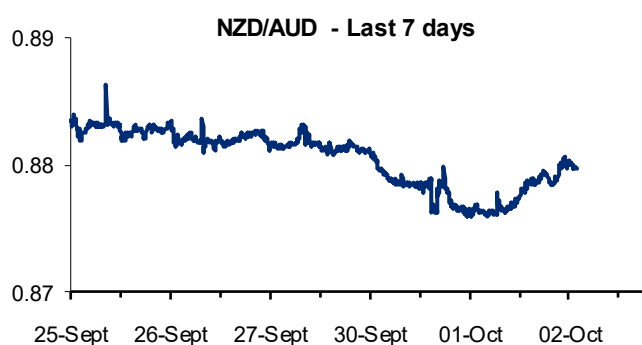
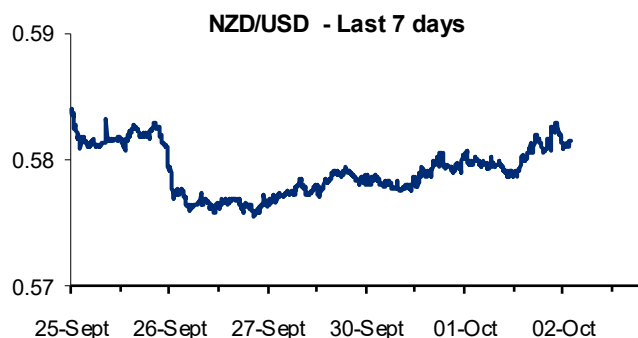
2/10/2025	6:15 am	Prev. NY close
USD	0.5816	0.5794
GBP	0.4316	0.4309
AUD	0.8797	0.8762
EUR	0.4958	0.4938
JPY	85.58	85.69
CAD	0.8112	0.8065
CHF	0.4640	0.4614
DKK	3.7022	3.6860
FJD	1.3105	1.3159
HKD	4.5258	4.5093
INR	51.58	51.44
NOK	5.7661	5.7912
PKR	163.66	163.05
PHP	33.82	33.72
PGK	2.4163	2.3962
SEK	5.4525	5.4560
SGD	0.7493	0.7475
CNY	4.1424	4.1267
THB	18.82	18.77
TOP	1.3649	1.3723
VUV	69.87	69.64
WST	1.5912	1.5908
XPF	59.13	58.90
ZAR	10.0138	10.0065

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.09	7.23
3 Months	20.85	21.25
6 Months	39.20	40.19
9 Months	54.88	56.87
1 Year	68.57	71.33

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.72	7.07
3 Months	22.54	23.42
6 Months	46.76	49.31
9 Months	70.02	74.33
1 Year	94.43	101.22



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