

Research Markets Today

2 September 2025

Events Round-Up

NZ: Building permits (m/m%), Jul: 5.4 vs. -6.4 prev.

AU: Building approvals (m/m%), Jul: -8.2 vs. -5.0 exp.

CH: RatingDog PMI manufacturing, Aug: 50.5 vs. 49.8 exp.

EA: Unemployment rate (%), Jul: 6.2 vs. 6.2 exp.

Good Morning

Markets have begun the week on a very quiet note with the US closed for the Labour Day holiday.

There has been no market reaction to the federal appeals court ruling, after the close on Friday, that Trump had no legal authority to impose country tariffs under the International Emergency Economic Powers Act. The ruling is no surprise, and we said at the time of their imposition that the tariffs would be contested in court as there was no emergency to introduce them. The tariffs will remain for now and dragged out further in the courts, hence the market's collective yawn at the decision.

On social media, Trump claimed a one-sided trade relationship between the US and India, noting "we sell them very little" and claimed "they now have offered to cut their tariffs to nothing", following the US move to impose a 50% tariff on India (which covers only 55% of India's exports to the US as the deal excludes electronics and pharmaceuticals).

If India was smarting from the 50% tariff, doubled last week as a penalty for buying Russian oil, there was no sign of that on display as it was hugs and hand holding all round at a summit between Modi, Putin and Xi in Shanghai. Modi said India and Russia share a special and privileged partnership, standing by each other in difficult times. Modi visited China for the first time in seven years, and political analysts noted that Trump's policy actions had helped "reset" the relationship between India and China.

Turning to the markets, there have been small movements all round. S&P500 futures were up less than 0.2% at the European close, while the Euro Stoxx 600 index rose 0.2%.

US Treasury futures imply about a 1bp lift in the 10-year yield while UK and European 10-year bond yields rose 2-3bps. The domestic rates market was quiet, with NZGB yields up 1-3bps and swap rates up 1-2bps, with marginally steeper curves.

In the week ahead the key focus will be on the US employment report on Friday night, which is a key risk event for financial markets and could have a bearing on how markets trade through the rest of September. The nonfarm payrolls print is widely seen as the only real hurdle getting in the way of a September rate cut by the Fed. The market sees payrolls rising 75k and the unemployment rate ticking up to 4.3%. Stronger employment and a lower unemployment rate would add some uncertainty about the rate decision and challenge market pricing, where 22bps of rate cuts have been priced. A weak print would lock in a rate cut as a done deal and, if it is considerably weaker than expected, then the chance of a 50bps cut might well be priced.

Of the major currencies we focus on, none have moved more than 0.3% from their Friday close. GBP is up 0.3% while the yen is 0.1% weaker, and that covers the range of movement. The NZD has been hovering around 0.59, barely higher from last week's close. The AUD is a touch stronger at 0.6550.

Gold and silver prices are hovering near record highs, seen as safe havens in an environment where investors are concerned about the direction of US policy, including threats to the independence of the Federal Reserve. Meanwhile, Bitcoin's allure as "digital gold" has faded a little, with the cryptocurrency trading around its lowest level in a month.

On the calendar today, NZ terms of trade and Australian current account data are released. Euro area CPI and US ISM manufacturing data are released tonight. The former is expected to see annual inflation remaining unchanged at 2.0%, while the latter is expected to lift a point to 49, remaining in contractionary territory.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Terms of trade index (q/q%)	Q2	1.9	1.9	10:45
AU	Current account bal. (\$b)	Q2	-16	-15	13:30
EC	CPI (y/y%)	Aug	2.0	2.0	21:00
EC	CPI core (y/y%)	Aug	2.2	2.3	21:00
US	ISM manufacturing	Aug	49.0	48.0	02:00

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	0.5900	+0.1	0.5890	0.5915	CHF	0.8011	+0.1	S&P 500	6,460	-0.6	14.4	Oil (Brent)	68.15	+1.0
AUD	0.6552	+0.2	0.6535	0.6560	SEK	9.394	-0.7	Dow	45,545	-0.2	9.6	Oil (WTI)	64.61	+0.9
EUR	1.1706	+0.2	1.1697	1.1736	NOK	9.994	-0.6	Nasdaq	21,456	-1.1	21.1	Gold	3516.6	+0.8
GBP	1.3543	+0.3	1.3515	1.3550	HKD	7.797	+0.0	Stoxx 50	5,367	+0.3	8.3	HRC steel	793.0	+0.0
JPY	147.23	+0.1	146.90	147.31	CNY	7.138	+0.1	FTSE	9,196	+0.1	9.8	CRB	302.4	+0.2
CAD	1.3753	+0.1			SGD	1.284	+0.0	DAX	24,037	+0.6	27.1	Wheat Chic.	534.3	+1.0
NZD/AUD	0.9005	-0.1			IDR	16,419	-0.5	CAC 40	7,708	+0.1	1.0	Sugar	16.37	-0.7
NZD/EUR	0.5040	-0.1			THB	32.31	-0.1	Nikkei	42,189	-1.2	9.0	Cotton	65.21	-1.3
NZD/GBP	0.4356	-0.2			KRW	1,394	+0.3	Shanghai	3,876	+0.5	37.9	Coffee	386.1	+2.3
NZD/JPY	86.87	+0.2			TWD	30.63	+0.2	ASX 200	8,928	-0.5	10.1	WM powder	3715	+0.0
NZD/CAD	0.8114	+0.2			PHP	57.22	+0.1	NZX 50	13,070	+1.1	4.1	Australian Futures		
NZ TWI	68.06	+0.1						VIX Index	16.12	+4.9	+3.7	3 year bond	96.57	-0.03
Interest Rates												10 year bond 95.65 -0.05		
	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	0.00	15-Apr-27	2.98	0.01	BKBM 1-mth	3.10	0.00	
AUD	3.60	3.56	3.28	4.22	AUD	4.32	0.04	15-May-28	3.20	0.01	BKBM 3-mth	3.00	-0.01	
NZD	3.00	3.00	2.88	3.89	NZD	4.37	0.02	20-Apr-29	3.40	0.02	1 year	2.81	-0.00	
EUR	2.00	2.06	2.08	2.68	GER	2.75	0.02	15-May-30	3.60	0.02	2 year	2.88	0.01	
GBP	4.00	4.30	3.76	4.23	GBP	4.75	0.03	15-May-31	3.82	0.02	3 year	3.02	0.01	
JPY	0.48	-0.03	0.87	1.44	JPY	1.63	0.03	15-May-32	4.01	0.02	5 year	3.32	0.01	
CAD	2.75	4.97	2.51	3.06	CAD	3.38	-0.05	14-Apr-33	4.15	0.02	7 year	3.59	0.01	
								15-May-34	4.28	0.02	10 year	3.89	0.02	
								15-May-35	4.37	0.02	15 year	4.19	0.02	
								15-May-36	4.48	0.02	NZ Inflation-Indexed Bonds			
								15-May-37	4.61	0.02	Sept-30	1.78	0.03	
								15-May-41	4.93	0.02	Sept-35	2.57	0.04	
								15-May-51	5.20	0.02	Sept-40	2.99	0.05	
								15-May-54	5.23	0.03				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:50														
Source: Bloomberg														

NZD exchange rates

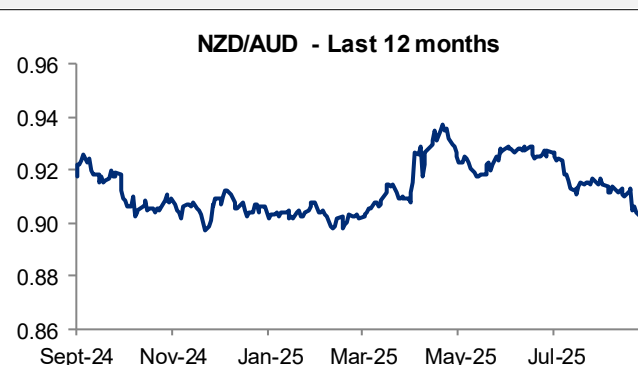
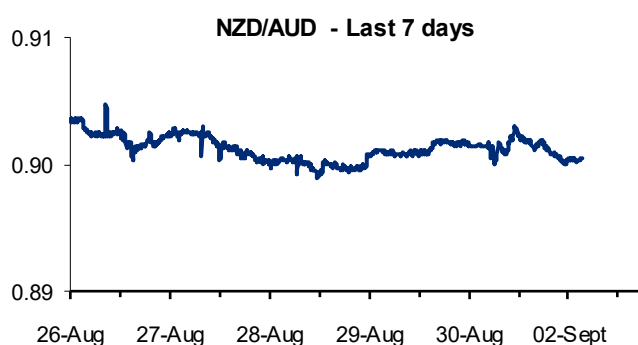
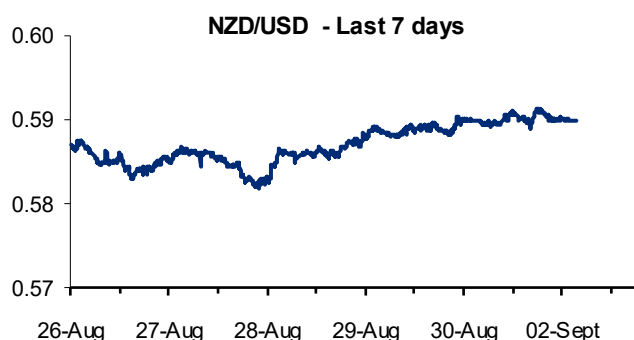
2/09/2025	6:51 am	Prev. NY close
USD	0.5900	0.5893
GBP	0.4356	0.4364
AUD	0.9005	0.9011
EUR	0.5040	0.5043
JPY	86.87	86.66
CAD	0.8114	0.8098
CHF	0.4725	0.4717
DKK	3.7614	3.7643
FJD	1.3361	1.3293
HKD	4.5992	4.5939
INR	52.03	51.98
NOK	5.8958	5.9276
PKR	166.19	166.02
PHP	33.75	33.67
PGK	2.4137	2.4112
SEK	5.5415	5.5731
SGD	0.7577	0.7567
CNY	4.2106	4.2022
THB	19.06	19.09
TOP	1.3972	1.3648
VUV	70.49	70.51
WST	1.6022	1.6164
XPF	60.20	60.18
ZAR	10.3970	10.4050

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.23	6.42
3 Months	18.96	19.39
6 Months	36.50	37.50
9 Months	51.58	53.24
1 Year	61.97	65.93

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.71	5.15
3 Months	15.10	16.18
6 Months	29.94	32.96
9 Months	43.99	48.56
1 Year	54.72	66.12



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