

Research Markets Today

4 September 2025

Events Round-Up

AU: GDP (q/q%), Q2: 0.6 vs. 0.5 exp.

CH: RatingDog PMI services, Aug: 53.0 vs. 52.5 exp.

US: JOLTS Job Openings (k), Jul: 7181 vs. 7373 exp.

Good morning

After coming under pressure in recent sessions, global bond markets got a reprieve, as weaker than expected US job openings data increased expectations for easing by the Federal Reserve. The recovery halted a bond market slide which has seen borrowing costs in some big economies reach the highest levels in years. Prior to the data, 30-year Japanese government bond (JGB) yields had reached a record high of 3.29% and 30-year UK gilts yields increased to 5.75%, the highest level in more than twenty-five years.

The bond market retracement provided a supportive backdrop for global equities. European indices advanced with the Euro Stoxx closing 0.6% higher. US equities are firmer. Brent crude prices declined to US\$67 per barrel ahead of the OPEC+ meeting in the weekend. Bloomberg reported a range of options will be considered including further increases in production. Gold prices have extended higher and reached a fresh record of US\$3575 per ounce.

US job openings fell to the lowest level in 10 months in July and there was a downward revision for the June print. For the first time since COVID there are fewer jobs than unemployed people. The decline was driven the retail sector, which may relate to businesses controlling costs, in response to the tariffs. The private sector quits rate was unchanged at 2.2%. The report strengthens the case for a cut at the September FOMC and comes ahead of US payroll numbers on Friday evening.

The JOLTs data contributed to a sharp rally across the US treasury curve as the market firmed expectations for easing by the Fed. 2-year yields dropped 5bp immediately after the release. The longer end of the curve outperformed. 30-year yields declined 7bp to 4.9%, having earlier traded to a high of 5% for the first time since July, reflecting investor concerns about fiscal trends and elevated inflation.

European government bond markets, which had already recovered off the yield highs ahead of the US data,

extended lower in yield with the same curve flattening bias seen in US treasuries. 30-year UK gilts closed 9bp lower at 5.60%. The 30-year JGB auction today will be a further test of market sentiment.

The US dollar is broadly weaker and followed yields lower after the data. The pound outperformed within G10 currencies as sentiment improved after gilt yields retraced from the highs. The NZD gained against the US dollar and is broadly stable on the major cross rates.

The Australian economy grew marginally faster than expected in the June quarter. GDP rose 0.6% in Q2 underpinned by firmer consumer spending. This was above the Reserve Bank of Australia's estimate from the August Statement on Monetary Policy. The market trimmed the amount of easing to 21bp by November compared with around 26bp ahead of the data.

Curve steepening was the dominant theme for NZ fixed income in the local session yesterday reflecting global moves in the absence of domestic catalysts. 2-year swap rates increased 2bp to 2.92% while 10-year rates underperformed and closed 6bp higher at 4.00%. This extended the recent steepening in the 2y/10y curve which reached 108bp, just below the cycle peak from April. The government curve matched the move in swaps. 10-year NZGBs closed 6bp higher at 4.48%.

After strong demand in the government bond tender last week – there was NZ\$2.4 billion in bids – NZ Debt Management have opted to offer the same lines today. There will be NZ\$450 million of nominal bonds split across the May-30 (\$225m) and May-35 (\$225m) lines. The weekly tender is likely to be cancelled next week assuming the Sep-50 inflation-indexed-bond syndication goes ahead as signalled. There will be a small parcel of Sep-30 linkers tendered today.

Q2 building data is scheduled for today and will help refine our estimate for Q2 GDP. We expect a modest drop in residential and non-residential building activity during the quarter after adjusting for inflation. Services ISM for August is the main US economic release. The consensus looks for a modest improvement to 50.9 from 50.1. The consensus for ADP employment is a for a 72k gain in August.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Volume of All Buildings (q/q%)	2Q	-1	0	10:45
AU	Trade Balance	Jul	4900	5365	13:30
US	ADP Employment Change (k)	Aug	72.5	104	00:15
US	Initial Jobless Claims	30 Aug	230	229	00:30
US	Trade Balance	Jul	-77.9	-60.177	00:30
US	ISM Services Index	Aug	50.9	50.1	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	0.5879	+0.2	0.5842	0.5884	CHF	0.8037	-0.1	S&P 500	6,420	+0.1	16.1	Oil (Brent)	67.50	-2.3		
AUD	0.6547	+0.4	0.6502	0.6554	SEK	9.420	-0.4	Dow	45,058	-0.5	10.1	Oil (WTI)	63.86	-2.6		
EUR	1.1666	+0.2	1.1608	1.1682	NOK	10.037	+0.0	Nasdaq	21,402	+0.6	24.9	Gold	3610.0	+1.3		
GBP	1.3444	+0.4	1.3333	1.3458	HKD	7.801	-0.1	Stoxx 50	5,325	+0.6	8.4	HRC steel	800.0	+0.6		
JPY	147.95	-0.3	147.88	149.14	CNY	7.142	+0.1	FTSE	9,178	+0.7	10.6	CRB	304.4	+0.7		
CAD	1.3790	+0.1			SGD	1.288	-0.0	DAX	23,595	+0.5	25.9	Wheat Chic.	522.5	-1.0		
NZD/AUD	0.8980	-0.2			IDR	16,416	+0.0	CAC 40	7,720	+0.9	1.9	Sugar	16.03	-0.6		
NZD/EUR	0.5039	+0.0			THB	32.27	-0.3	Nikkei	41,939	-0.9	13.2	Cotton	64.69	+0.2		
NZD/GBP	0.4373	-0.2			KRW	1,390	-0.4	Shanghai	3,814	-1.2	37.0	Coffee	373.7	+0.7		
NZD/JPY	86.98	-0.1			TWD	30.71	-0.0	ASX 200	8,739	-1.8	9.9	WM powder	3675	-0.8		
NZD/CAD	0.8107	+0.3			PHP	57.31	-0.3	NZX 50	13,075	-0.4	4.2	Australian Futures				
NZ TWI	67.89	+0.0						VIX Index	17.09	-0.5	-17.5	3 year bond	96.46	-0.08		
Interest Rates												10 year bond			95.61	-0.02
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	3.38	3.67	USD	4.21	-0.05	15-Apr-27		3.00	0.01	BKBM 1-mth	3.10	0.00		
AUD	3.60	3.57	3.34	4.26	AUD	4.42	0.06	15-May-28		3.23	0.02	BKBM 3-mth	3.01	0.01		
NZD	3.00	3.01	2.92	4.00	NZD	4.48	0.06	20-Apr-29		3.44	0.02	1 year	2.85	0.02		
EUR	2.00	2.08	2.09	2.68	GER	2.74	-0.05	15-May-30		3.66	0.04	2 year	2.92	0.02		
GBP	4.00	4.28	3.76	4.19	GBP	4.75	-0.05	15-May-31		3.89	0.04	3 year	3.07	0.02		
JPY	0.48	-0.03	0.84	1.43	JPY	1.63	0.01	15-May-32		4.09	0.05	5 year	3.40	0.04		
CAD	2.75	4.97	2.49	3.07	CAD	3.38	-0.06	14-Apr-33		4.24	0.05	7 year	3.68	0.05		
								15-May-34		4.38	0.06	10 year	4.00	0.06		
								15-May-35		4.48	0.06	15 year	4.31	0.07		
								15-May-36		4.59	0.06	NZ Inflation-Indexed Bonds				
								15-May-37		4.72	0.06	Sep-30	1.85	0.02		
								15-May-41		5.04	0.06	Sep-35	2.66	0.04		
								15-May-51		5.31	0.06	Sep-40	3.09	0.04		
								15-May-54		5.34	0.06					
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer																
Rates are as of: NZT 06:21																
Source: Bloomberg																

NZD exchange rates

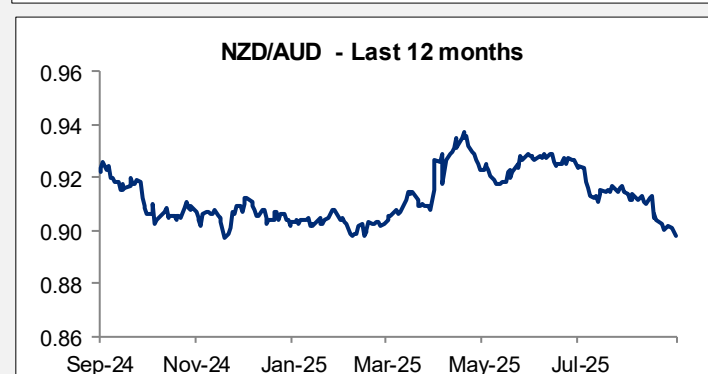
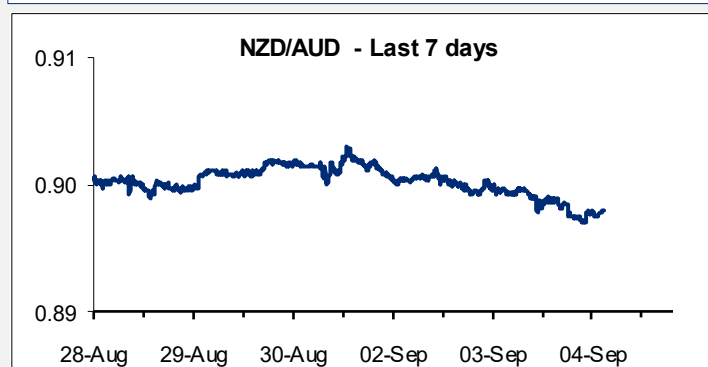
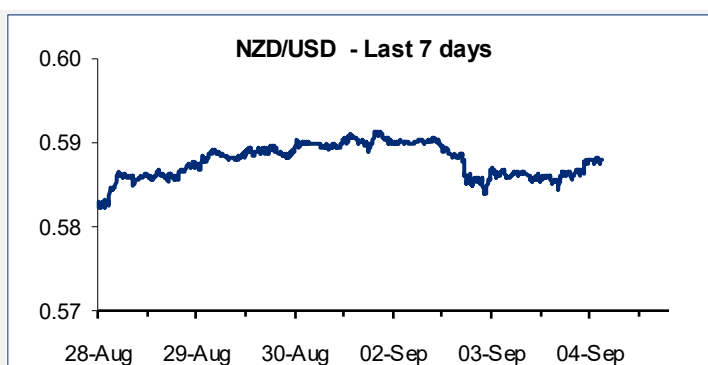
4/09/2025	6:21 am	Prev. NY close
USD	0.5879	0.5867
GBP	0.4373	0.4380
AUD	0.8980	0.8998
EUR	0.5039	0.5040
JPY	86.98	87.04
CAD	0.8107	0.8086
CHF	0.4725	0.4721
DKK	3.7618	3.7613
FJD	1.3425	1.3340
HKD	4.5861	4.5804
INR	51.78	51.72
NOK	5.9007	5.8892
PKR	165.63	165.29
PHP	33.70	33.75
PGK	2.4414	2.4006
SEK	5.5383	5.5507
SGD	0.7571	0.7558
CNY	4.1989	4.1880
THB	19.02	19.00
TOP	1.3895	1.3724
VUV	70.48	70.24
WST	1.6118	1.5940
XPF	60.10	60.04
ZAR	10.3926	10.3791

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.36	6.52
3 Months	19.05	19.48
6 Months	36.20	37.20
9 Months	50.44	52.43
1 Year	60.26	64.04

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.12	5.50
3 Months	15.95	16.92
6 Months	31.91	34.43
9 Months	46.65	51.75
1 Year	60.18	68.83



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