

# Research Markets Today

5 August 2025

## Events Round-Up

Nothing of note

## Good Morning

After a spicy end to markets last week following the shocking downward revision to US non-farm payrolls and Trump's sacking of the head of the Bureau of Labor Statistics, the new week has begun with mixed results. US equities have bounced back strongly, with the S&P500 up 1.3% with an hour left of trading – investors seeing dips in the market as a buying opportunity and not fearing signs that the labour market might be much weaker than previously thought. European markets have also bounced back, although not to the same extent, with the Euro Stoxx 600 index up 0.9%.

By comparison, US Treasuries show small net movements. After chunky falls on Friday, the 2-year rate is flat for the day, while the 10-year rate is down slightly, with a 2bps flattening of the 2s10s curve. While the 10-year rate is down less than 2bps from Friday's close, this followed a push higher during NZ trading hours, so the current yield of 4.20% is down 4bps from the NZ close. European rates markets caught up to moves in Treasuries late-Friday, seeing Germany's 10-year rate fall 5bps to 2.62%.

Fed rate expectations have changed little from Friday's close, with the market pricing in a high chance of the Fed delivering a 25bps cut in September (23bps priced) and 61bps of cuts in total over the three meetings left for the year – the market paying little heed to Chair Powell's comment at the post-FOMC press conference that policy makers would be paying more attention to the unemployment rate than the jobs numbers and followed up by NY Fed President William's comments post-jobs figures where he claimed that the labour market was still solid.

In currency markets, movements have been modest since last week's close. CHF is the weakest of the majors, falling ½% against the USD, with Switzerland still smarting from the punishing 39% tariff that Trump imposed and the government vowing to present a more attractive offer to the US. The NZD is on the weaker side of the ledger, flirting with 0.5900 and thereby nudging down on the key crosses, the currency underperforming since landing with a 15% tariff and thereby losing its competitive trade

advantage relative to peers. NZD/AUD has nudged down to 0.9130.

The yen is the strongest of the majors, adding to Friday's substantial gain, seeing USD/JPY just below 147 and NZD/JPY fall to 86.7. NZD/EUR has nudged down to 0.5100 while NZD/GBP is trading at 0.4445.

On a slow news day, one can always rely on President Trump's social media account for some "news", although sometimes it takes a bit of work to get through it all. Last night's missives include doubling down on his claim that last week's job report was "RIGGED", calling out Sydney Sweeney having the "HOTTEST" ad out there, calling Elizabeth "Pocahontas" Warren a LOSER, and calling out India for buying massive amounts of Russian oil, selling it for big profits on the open market and thereby "I will be substantially raising the Tariff paid by India to the USA".

Trump didn't indicate the higher tariff rate that India will be facing, but he has previously indicated that it will be added to the new 25% rate that India will face from the end of the week. Brent crude is currently down about 1½% to a USD68 handle in a session where prices have ranged between USD68-70 per barrel. Not helping sentiment was the decision by OPEC+ at the weekend to endorse an additional 547,000 barrels per day increase in output from September.

Global forces drove down NZ rates yesterday, although nowhere near matching the fall in US Treasury yields on Friday night, resulting in higher NZ-US rate spreads. Both NZGB and swap yields closed down 4-6bps across the curve. The 10-year NZGB yield closed at a two-month low of 4.47%. Since the NZ close, the Australian 10-year bond future is down 4bps in yield terms, which will support further downside pressure on NZ rates on the open.

The economic calendar is light through the rest of the week. China PMI services data, the US trade balance and the ISM services survey are all released over the coming 24 hours.

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## Coming Up

		Period	Cons.	Prev.	NZT
CH	S&P Global PMI services	Jul	50.4	50.6	13:45
US	Trade balance (\$b)	Jun	-61.3	-71.5	00:30
US	ISM services index	Jul	51.5	50.8	02:00

Source: Bloomberg, BNZ

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	-0.3	0.5899	0.5930	CHF	0.8082	+0.5	S&P 500	6,318	+1.3	18.2	Oil (Brent)	68.56	-1.6
AUD	0.6460	-0.2	0.6460	0.6490	SEK	9.672	+0.2	Dow	44,086	+1.1	10.9	Oil (WTI)	66.06	-1.9
EUR	1.1567	-0.2	1.1550	1.1588	NOK	10.281	+0.4	Nasdaq	21,013	+1.8	25.3	Gold	3375.1	+0.8
GBP	1.3276	-0.0	1.3265	1.3331	HKD	7.850	+0.0	Stoxx 50	5,242	+1.5	13.0	HRC steel	855.0	+0.9
JPY	146.94	-0.3	146.87	148.09	CNY	7.181	-0.2	FTSE	9,128	+0.7	11.7	CRB	295.3	-1.5
CAD	1.3781	-0.0			SGD	1.288	-0.2	DAX	23,758	+1.4	34.5	Wheat Chic.	536.8	-0.0
NZD/AUD	0.9133	-0.1			IDR	16,401	-0.7	CAC 40	7,632	+1.1	5.2	Sugar	16.25	+0.4
NZD/EUR	0.5101	-0.1			THB	32.37	-0.4	Nikkei	40,291	-1.2	28.1	Cotton	64.56	+0.3
NZD/GBP	0.4444	-0.3			KRW	1,385	-0.3	Shanghai	3,583	+0.7	25.3	Coffee	288.6	+1.5
NZD/JPY	86.69	-0.6			TWD	29.90	-0.3	ASX 200	8,664	+0.0	13.3	WM powder	3950	+0.1
NZD/CAD	0.8131	-0.3			PHP	57.37	-1.4	NZX 50	12,684	-0.4	3.4	Australian Futures		
NZ TWI	68.42	-0.3						VIX Index	17.73	-13.0	-24.2	3 year bond	96.65	0.11
Interest Rates												10 year bond	95.77	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	3.45	3.68	USD	4.20	-0.02	15-Apr-27	3.20	-0.05	BKBM 1-mth	3.24	-0.04	
AUD	3.85	3.69	3.23	4.12	AUD	4.32	0.00	15-May-28	3.39	-0.05	BKBM 3-mth	3.15	-0.04	
NZD	3.25	3.15	3.10	4.02	NZD	4.47	-0.05	20-Apr-29	3.57	-0.06	1 year	3.04	-0.05	
EUR	2.00	1.99	2.05	2.61	GER	2.62	-0.06	15-May-30	3.77	-0.05	2 year	3.10	-0.05	
GBP	4.25	4.37	3.61	4.00	GBP	4.51	-0.02	15-May-31	3.97	-0.06	3 year	3.23	-0.06	
JPY	0.48	-0.03	0.75	1.27	JPY	1.52	-0.04	15-May-32	4.14	-0.06	5 year	3.49	-0.05	
CAD	2.75	4.97	2.59	3.10	CAD	3.38	-0.08	14-Apr-33	4.25	-0.05	7 year	3.74	-0.05	
									15-May-34	4.37	-0.06	10 year	4.02	-0.04
									15-May-35	4.47	-0.05	15 year	4.29	-0.04
									15-May-36	4.58	-0.05	NZ Inflation-Indexed Bonds		
									15-May-37	4.70	-0.04	Sep-30	1.93	-0.05
									15-May-41	4.97	-0.04	Sep-35	2.63	-0.05
									15-May-51	5.16	-0.04	Sep-40	3.03	-0.05
									15-May-54	5.18	-0.04			

**NZD exchange rates**

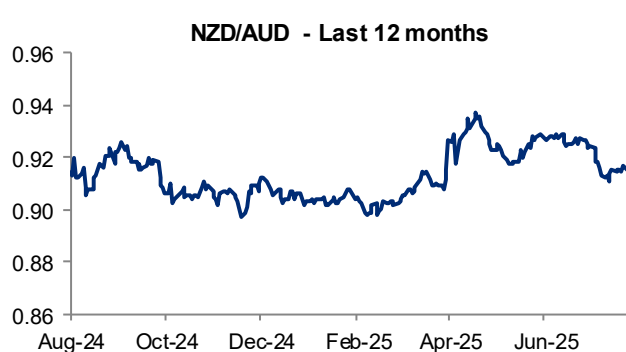
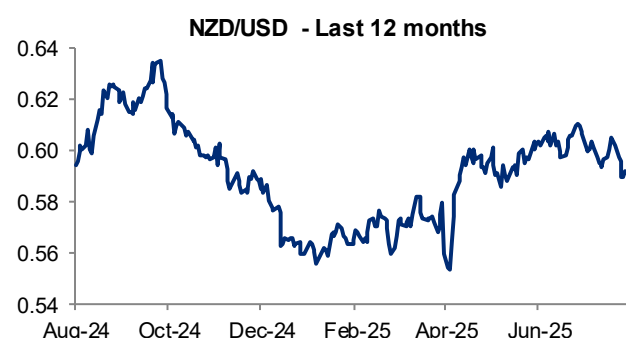
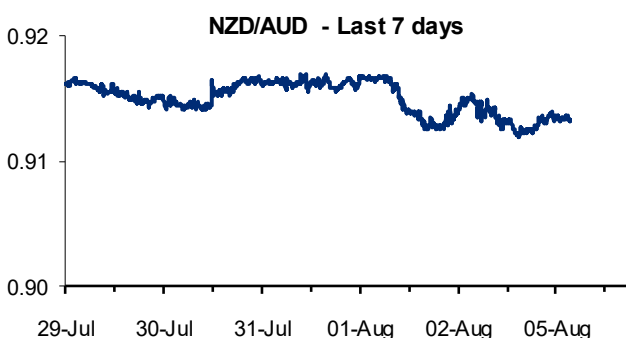
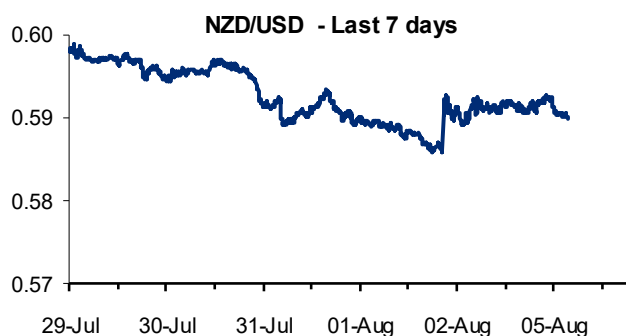
<b>5/08/2025</b>	<b>6:57 am</b>	<b>Prev. NY close</b>
USD	0.5900	0.5917
GBP	0.4444	0.4456
AUD	0.9133	0.9140
EUR	0.5101	0.5107
JPY	86.69	87.22
CAD	0.8131	0.8157
CHF	0.4768	0.4757
DKK	3.8067	3.8105
FJD	1.3364	1.3378
HKD	4.6346	4.6446
INR	51.75	51.79
NOK	6.0672	6.0565
PKR	166.88	168.60
PHP	33.87	34.42
PGK	2.4366	2.4300
SEK	5.7059	5.7117
SGD	0.7602	0.7632
CNY	4.2397	4.2563
THB	19.16	19.44
TOP	1.3875	1.3873
VUV	70.87	71.23
WST	1.6184	1.6156
XPF	61.15	61.25
ZAR	10.5954	10.7171

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.84	6.95
3 Months	18.66	19.06
6 Months	34.17	35.17
9 Months	45.68	47.57
1 Year	54.57	57.43

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.72	5.17
3 Months	13.71	14.86
6 Months	23.44	26.43
9 Months	30.35	36.25
1 Year	37.50	46.52



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