

# Research Markets Today

8 August 2025

## Events Round-Up

NZ: RBNZ 2yr inflation expectations, Q3: 2.28 vs. 2.29 prev.  
 CH: Exports (USD, y/y%), Jul: 7.2 vs. 5.6 exp.  
 CH: Imports (USD, y/y%), Jul: 4.1 vs. -1.0 exp.  
 GE: Industrial Production (m/m%), Jun: -1.9 vs. -0.5 exp.  
 UK: Bank of England Bank Rate (%), Aug: 4.0 vs. 4.0 exp.  
 US: NF Productivity (annlisd q/q%), Q2: 2.4 vs. 2.0 exp.  
 US: Initial jobless claims, wk to 2 Aug-: 226 vs. 222 exp.  
 US: NY Fed 1yr inflation expectat., Jul: 3.09 vs. 3.02 prev.

## Good Morning

Market movements have been modest, with US equities showing a moderate fall, slightly higher Treasury yields and modest net movements in currencies, with the largest move being a stronger GBP after a hawkish BoE policy update. The NZD is little changed near 0.5940.

The BoE cut its policy rate by 25bps to 4.0%, as universally expected, but the MPC was split and, after a second vote that led to a majority of 5-4, the decision was made. Inflation forecasts were revised higher, with the Bank seeing inflation rise to a peak of 4.0% in September before falling back towards 2%, “while upside risks around medium-term inflationary pressures have moved slightly higher since May”. Guidance was unchanged of “a gradual and careful approach to the further withdrawal of monetary policy restraint remains appropriate”. Governor Bailey said there is “genuine uncertainty now about the course of [the downward] direction of rates”.

The more hawkish update saw the market pare the extent of further easing. Another rate cut at the next meeting in September remains unlikely and a cut at the November meeting is now seen as a close to even bet. The UK gilts curve flattened, with the 2-year rate up 6bps to 3.88% and the 10-year rate up 2bps to 4.55%. GBP has been the strongest of the majors, up 0.3% for the day to 1.3410, seeing NZD/GBP fall to 0.4430.

Bloomberg reported that Fed Governor Waller was emerging as a top candidate to replace Powell as Fed Chair, with Trump advisors impressed with Waller’s willingness to move on policy based on forecasting rather than current data. Recall that Waller dissented by voting

for a cut at the last meeting. Kevin Warsh and Kevin Hassett remain the other two contenders for the job.

Waller is considered less dovish than the two Kevins, but there was little impact on the rates market, although the Treasuries curve shows a small flattening bias for the day. The 10-year rate is up less 1bp at 4.24%, against a 2bps lift in the 2-year rate. The auction for \$25b of 30-year bonds met weak demand and the notes were issued at 2bps over prevailing yields. However, the 30-year rate is now down slightly for the day at 4.82%.

Economic data didn’t move the needle. Initial jobless claims rose by a slightly greater than expected 7k last week to 226k, while continuing claims jumped 38k to 1974k, their highest level since November 2021, supporting the narrative of a softening labour market as revealed in last week’s jobs report. The volatile quarterly productivity figures showed an annualised 2.4% bounce-back in Q2, keeping a lid on unit labour costs.

The odds of a meeting between President Trump and President Putin increased after the Kremlin said Putin and Trump are finalising details for a meeting within the next few days. However, the White House insists that Putin needs to agree to meet with Ukraine President Zelensky which Putin is currently wavering on. Oil prices show only modest movements, with Brent crude down less than 1% to USD66.40.

In currency markets, apart from the modestly stronger GBP, there isn’t much else to say, with small net movements overnight and across the day. The NZD lifted above 0.5965 overnight but currently shows little net change from the NZ close, at 0.5940. Apart from a small fall in NZD/GBP, the NZD is slightly stronger on the other crosses, moving back above 0.51 against the euro and NZD/AUD nudging up towards 0.9150.

Soon after we went to print yesterday, President Trump said he would impose a 100% tariff on semiconductor imports. Importantly, there was a carve out for companies looking to move production back to the US, benefiting the likes of Apple, who announced an additional \$100b investment for manufacturing plant in the US. Many other companies will also benefit from the exemption, which could render the tariff meaningless from a “tax” perspective, while supporting US investment. A spokesman for the EU said that part of its trade deal was a US

commitment that exports of semiconductors from the EU to the US would only attract a 15% tariff.

The increase in country tariff rates kicked-in yesterday, including NZ's higher 15% tariff rate and India's 25% rate (with the threat to lift to 50% in three weeks unless it stops buying Russian oil). A WSJ tally shows higher tariffs have so far hit US automakers' profits to the tune of \$12b, with more to come. Not unrelated, a separate article highlights the sputtering US manufacturing sector, with activity contracting and job losses.

The domestic rates market showed some cross-market outperformance yesterday, with NZGB yields down 2-3bps across the curve. The weekly bond tender met strong demand across the lines on offer and cleared 1-2½bps below prevailing rates. NZ swap rates fell 2bps across the curve, with the 10-year rate consolidating below the 4% mark. The RBNZ's survey of expectations showed only small movements in inflation expectations across the

board, with the 2-year rate down 1bp to 2.28%, a good result against the backdrop of the recent lift in headline CPI inflation.

The economic calendar in the day ahead is light, with Canada's employment report tonight and China inflation data in the weekend.

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## Coming Up

	Period	Cons.	Prev.	NZT
CA Unemployment rate (%)	Jul	7	6.9	00:30
<b>Saturday</b>				
CH PPI (y/y%)	Jul	-3.3	-3.6	13:30
CH CPI (y/y%)	Jul	-0.1	0.1	13:30

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	0.5940	+0.2	0.5932	0.5967	CHF	0.8082	+0.2	S&P 500	6,317	-0.4	21.5	Oil (Brent)	66.38	-0.7
AUD	0.6497	-0.1	0.6490	0.6541	SEK	9.601	-0.0	Dow	43,893	-0.7	12.6	Oil (WTI)	63.83	-0.8
EUR	1.1622	-0.3	1.1611	1.1699	NOK	10.262	+0.7	Nasdaq	21,166	-0.0	30.7	Gold	3401.0	+0.6
GBP	1.3408	+0.4	1.3363	1.3437	HKD	7.850	+0.0	Stoxx 50	5,332	+1.3	14.2	HRC steel	839.0	-0.5
JPY	147.55	+0.1	146.69	147.59	CNY	7.181	-0.0	FTSE	9,101	-0.7	11.4	CRB	293.1	-0.1
CAD	1.3764	+0.2			SGD	1.286	+0.0	DAX	24,193	+1.1	37.3	Wheat Chic.	538.8	+1.8
NZD/AUD	0.9143	+0.3			IDR	16,287	-0.5	CAC 40	7,709	+1.0	6.1	Sugar	16.01	+0.0
NZD/EUR	0.5111	+0.5			THB	32.36	-0.0	Nikkei	41,059	+0.6	17.9	Cotton	64.96	-0.8
NZD/GBP	0.4430	-0.2			KRW	1,386	+0.0	Shanghai	3,640	+0.2	26.8	Coffee	291.2	+1.7
NZD/JPY	87.64	+0.3			TWD	29.76	-0.7	ASX 200	8,831	-0.1	15.0	WM powder	3960	-0.4
NZD/CAD	0.8176	+0.3			PHP	57.04	-0.8	NZX 50	12,887	+0.1	5.1	Australian Futures		
NZ TWI	68.74	+0.2						VIX Index	17.48	+4.2	-37.2	3 year bond	96.62	0.02
Interest Rates														
	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	3.49	3.71	USD	4.24	0.02	15-Apr-27	3.17	-0.02	BKBM 1-mth	3.22	0.00	
AUD	3.85	3.69	3.26	4.15	AUD	4.24	-0.01	15-May-28	3.36	-0.02	BKBM 3-mth	3.16	0.01	
NZD	3.25	3.16	3.06	3.97	NZD	4.41	-0.03	20-Apr-29	3.54	-0.02	1 year	3.02	-0.01	
EUR	2.00	1.98	2.06	2.60	GER	2.63	-0.02	15-May-30	3.73	-0.02	2 year	3.06	-0.02	
GBP	4.00	4.36	3.67	4.04	GBP	4.55	0.02	15-May-31	3.93	-0.02	3 year	3.18	-0.02	
JPY	0.48	-0.03	0.77	1.27	JPY	1.49	-0.01	15-May-32	4.09	-0.03	5 year	3.45	-0.02	
CAD	2.75	4.97	2.58	3.10	CAD	3.39	-0.02	14-Apr-33	4.20	-0.03	7 year	3.69	-0.02	
								15-May-34	4.31	-0.03	10 year	3.97	-0.02	
								15-May-35	4.41	-0.03	15 year	4.24	-0.02	
								15-May-36	4.52	-0.03	NZ Inflation-Indexed Bonds			
								15-May-37	4.64	-0.03	Sep-30	1.96	0.01	
								15-May-41	4.92	-0.02	Sep-35	2.65	0.01	
								15-May-51	5.13	-0.03	Sep-40	3.07	0.03	
								15-May-54	5.15	-0.03				

**NZD exchange rates**

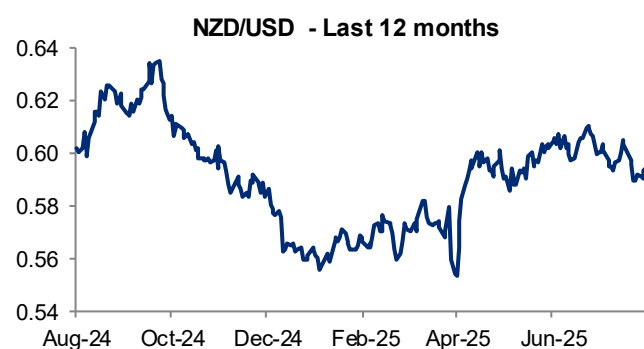
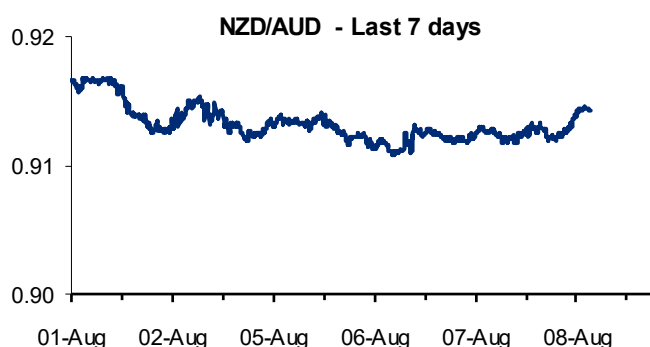
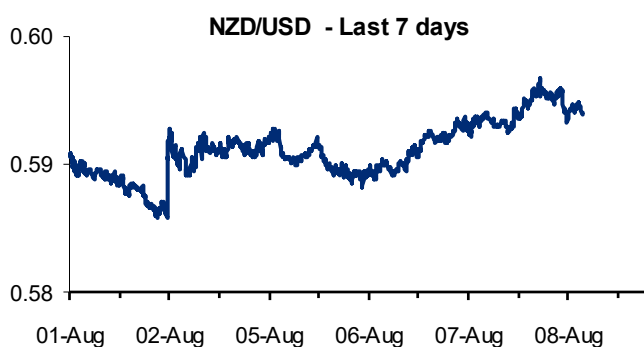
<b>8/08/2025</b>	<b>6:57 am</b>	<b>Prev. NY close</b>
USD	0.5940	0.5931
GBP	0.4430	0.4440
AUD	0.9143	0.9120
EUR	0.5111	0.5087
JPY	87.64	87.41
CAD	0.8176	0.8150
CHF	0.4803	0.4782
DKK	3.8140	3.7966
FJD	1.3418	1.3428
HKD	4.6683	4.6558
INR	52.16	52.04
NOK	6.0945	6.0417
PKR	168.09	169.00
PHP	33.91	34.11
PGK	2.4605	2.4129
SEK	5.7042	5.6967
SGD	0.7642	0.7624
CNY	4.2708	4.2599
THB	19.22	19.22
TOP	1.3983	1.3857
VUV	71.54	71.47
WST	1.6289	1.6322
XPF	61.43	61.20
ZAR	10.5541	10.5412

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.49	6.63
3 Months	18.50	18.95
6 Months	33.83	34.84
9 Months	46.15	48.15
1 Year	55.85	58.77

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.38	4.75
3 Months	13.44	14.56
6 Months	23.96	26.58
9 Months	32.35	37.80
1 Year	41.11	48.74



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