

Research Markets Today

8 September 2025

Events Round-Up

JN: Schld FT pay, same base (y/y%), Jul: 2.4 vs. 2.5 exp.
 GE: Factory orders (m/m%), Jul: -2.9 vs. 0.5 exp.
 UK: Retail sales ex auto fuel (m/m%), Jul: 0.5 vs. 0.3 exp.
 CA: Unemployment rate, Aug: 7.1 vs. 7.0 exp.
 US: Change in nonfarm payrolls (k), Aug: 22 vs. 75 exp.
 US: Unemployment rate (%), Aug: 4.3 vs. 4.3 exp.
 US: Avg hourly earnings (m/m%), Aug: 0.3 vs. 0.3 exp.
 US: Avg hourly earnings (y/y%), Aug: 3.7 vs. 3.7 exp.

Good morning

Weaker than expected US labour market data increased expectations for near term easing by the Federal Reserve and contributed to a rally across global bond markets. The weaker data weighed on equities. The S&P closed 0.3% lower after the index staged a modest recovery from the session lows. The US dollar was broadly weaker against G10 currencies. Oil prices declined ahead of the OPEC+ meeting that took place after the market close. Brent crude prices dipped towards US\$65 at one point, the bottom end of the multi-month trading range.

US nonfarm payrolls increased by 22k in August, well below the 73k consensus estimate. In addition, there were modest downward revisions to previous months totalling 21k. The unemployment rate increased to 4.3%. Hourly earnings were in line with expectations, increasing 0.3% in the month, and at a 3.7% annual rate. After the revisions job growth has averaged 29k over the past three months, and sends a strong signal, that the labour market is weakening.

The labour market report clears the way for the Fed to reduce its policy rate at the September FOMC. The market is pricing 27bp of easing for the meeting implying a small chance of a 50bp cut. A larger cut is unlikely given ongoing uncertainty about the impact on inflation from tariffs. The market is pricing 69bp of easing by the end of the year, largely aligned with sequential 25bp cuts, at each of the three remaining meetings. FOMC members are now in the pre-meeting communication blackout.

President Trump outlined the three most likely candidates for the new Fed Chair when Powell's term ends in May 2026. He named White House economic adviser Kevin Hassett, Federal Reserve Governor Christopher Waller and

former Fed Governor Kevin Warsh. This is in line with analysts' expectations with Polymarket odds deeming Waller the most likely of the three. He has been a Fed governor since 2020 and was appointed during President Trump's first term.

2-year treasury yields declined to a session low of 3.46%, having traded near 3.59% ahead of the data, before retracing to close at 3.51%. The longer end of the treasury curve remained supported into the market close. 10-year notes ended 9bp lower at 4.07%, confirming the break below the bottom of the trading range, and reaching the lowest level since April. European bonds rallied in line with treasuries, and curves flattened, with the front end not above to match the yield in longer maturities.

The US dollar extended an earlier fall after the weak jobs data but managed to recover off the lows. The move was largely uniform against G10 currencies. The exception was the Canadian dollar which underperformed after weak labour market data. The second consecutive month of job losses, and increase in the unemployment rate, raises the chance of a September cut by the Bank of Canada. NZD/USD extended gains above 0.5910, amid the peak dollar weakness, before retracing into the close.

Japanese financial markets will be in focus to start the week after Prime Minister Ishiba said he will step down. His departure will create uncertainty for investors at a time when long term JGB yields are near all-time highs. Ishiba was known for his strict stance on fiscal discipline.

In its meeting over the weekend, OPEC+ has agreed in principle to make a further increase in production next month as the group focusses on market share instead of defending prices. The increase, which follows its fast-tracked restoration of idled capacity, will add to concerns that supply will run ahead of demand into the end of the year. A Bloomberg survey suggested most oil traders and analysts had expected OPEC+ to hold production steady.

It was a quiet end to last week for the NZ fixed income market. The swap curve closed 0-2bp lower and flatter largely reflecting offshore moves in the absence of domestic catalysts. There were similar moves for the NZ government curve. Australian 10-year government bond futures are 6bp lower in yield terms compared with the local close on Friday, which implies lower NZ yields on the open.

There is no domestic or international data of note today. A confidence vote is scheduled on the French Prime Minister's proposed budget measures this evening. French 10-year OAT yields have stabilised against German bunds, near the widest level in a year, after the sharp selloff during August. Key international events for the rest of the week include the European Central Bank rate decision,

which will include updated economic forecasts, and CPI data in the US. In NZ, GDP partials, the manufacturing PMI and electronic card transactions data are scheduled.

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| 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 | 0.5893 | +0.8 | 0.5866 | 0.5918 | CHF | 0.7980 | -0.9 | S&P 500 | 6,482 | -0.3 | 17.8 | Oil (Brent) | 65.59 | -2.1 | |
| AUD | 0.6557 | +0.6 | 0.6533 | 0.6589 | SEK | 9.391 | -0.8 | Dow | 45,401 | -0.5 | 11.4 | Oil (WTI) | 61.96 | -2.4 | |
| EUR | 1.1719 | +0.6 | 1.1666 | 1.1760 | NOK | 10.040 | -0.5 | Nasdaq | 21,700 | -0.0 | 26.7 | Gold | 3612.0 | +1.0 | |
| GBP | 1.3509 | +0.6 | 1.3450 | 1.3555 | HKD | 7.798 | -0.0 | Stoxx 50 | 5,318 | -0.5 | 10.4 | HRC steel | 802.0 | +0.3 | |
| JPY | 147.41 | -0.7 | 146.82 | 148.26 | CNY | 7.133 | -0.1 | FTSE | 9,208 | -0.1 | 11.7 | CRB | 297.8 | -0.9 | |
| CAD | 1.3827 | +0.1 | | | SGD | 1.285 | -0.4 | DAX | 23,597 | -0.7 | 27.0 | Wheat Chic. | 519.0 | -0.1 | |
| NZD/AUD | 0.8988 | +0.2 | | | IDR | 16,433 | +0.0 | CAC 40 | 7,675 | -0.3 | 3.3 | Sugar | 15.55 | -0.9 | |
| NZD/EUR | 0.5029 | +0.2 | | | THB | 32.08 | -0.7 | Nikkei | 43,019 | +1.0 | 18.2 | Cotton | 64.39 | -0.5 | |
| NZD/GBP | 0.4362 | +0.2 | | | KRW | 1,386 | -0.6 | Shanghai | 3,813 | +1.2 | 37.8 | Coffee | 373.7 | -0.2 | |
| NZD/JPY | 86.87 | +0.1 | | | TWD | 30.56 | -0.4 | ASX 200 | 8,871 | +0.5 | 10.7 | WM powder | 3680 | +0.0 | |
| NZD/CAD | 0.8148 | +0.9 | | | PHP | 56.93 | -0.2 | NZX 50 | 13,224 | +0.7 | 4.8 | Australian Futures | | | |
| NZ TWI | 67.97 | +0.4 | | | | | | VIX Index | 15.18 | -0.8 | -23.7 | 3 year bond | 96.52 | 0.00 | |
| Interest Rates | | | | | | | | | | | 7 year bond | | | 95.69 | 0.06 |
| 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 | 3.28 | 3.54 | USD | 4.07 | -0.09 | 15-Apr-27 | 2.98 | 0.00 | BKBM 1-mth | 3.10 | 0.00 | | |
| AUD | 3.60 | 3.58 | 3.29 | 4.19 | AUD | 4.34 | -0.01 | 15-May-28 | 3.20 | 0.00 | BKBM 3-mth | 3.01 | 0.00 | | |
| NZD | 3.00 | 3.01 | 2.90 | 3.91 | NZD | 4.40 | -0.03 | 20-Apr-29 | 3.40 | -0.00 | 1 year | 2.83 | 0.00 | | |
| EUR | 2.00 | 2.08 | 2.07 | 2.63 | GER | 2.66 | -0.06 | 15-May-30 | 3.61 | -0.02 | 2 year | 2.90 | 0.00 | | |
| GBP | 4.00 | 4.28 | 3.71 | 4.12 | GBP | 4.65 | -0.07 | 15-May-31 | 3.83 | -0.02 | 3 year | 3.05 | 0.00 | | |
| JPY | 0.48 | -0.03 | 0.81 | 1.36 | JPY | 1.58 | -0.02 | 15-May-32 | 4.02 | -0.03 | 5 year | 3.34 | -0.02 | | |
| CAD | 2.75 | 4.97 | 2.42 | 2.97 | CAD | 3.27 | -0.08 | 14-Apr-33 | 4.16 | -0.03 | 7 year | 3.60 | -0.02 | | |
| | | | | | | | | | 15-May-34 | 4.30 | -0.03 | 10 year | 3.91 | -0.03 | |
| | | | | | | | | | 15-May-35 | 4.40 | -0.03 | 15 year | 4.21 | -0.03 | |
| | | | | | | | | | 15-May-36 | 4.51 | -0.03 | NZ Inflation-Indexed Bonds | | | |
| | | | | | | | | | 15-May-37 | 4.63 | -0.03 | Sep-30 | 1.81 | -0.01 | |
| | | | | | | | | | 15-May-41 | 4.96 | -0.03 | Sep-35 | 2.62 | -0.00 | |
| | | | | | | | | | 15-May-51 | 5.24 | -0.02 | Sep-40 | 3.05 | -0.00 | |
| | | | | | | | | | 15-May-54 | 5.27 | -0.03 | | | | |
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NZD exchange rates

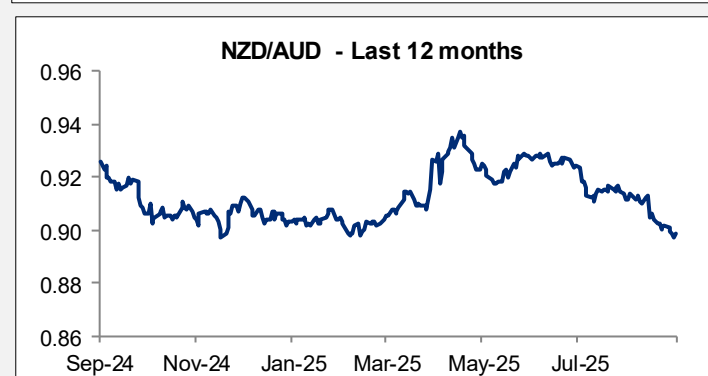
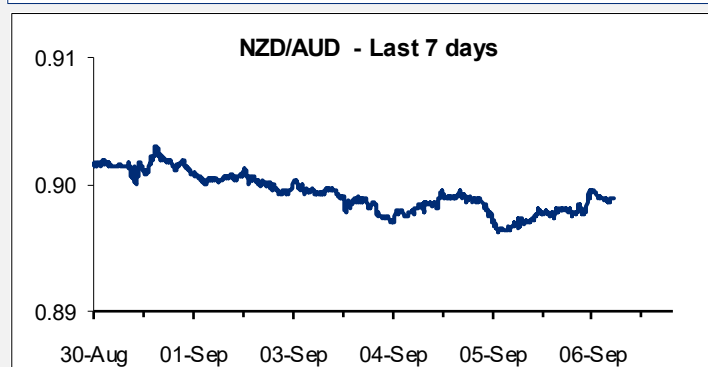
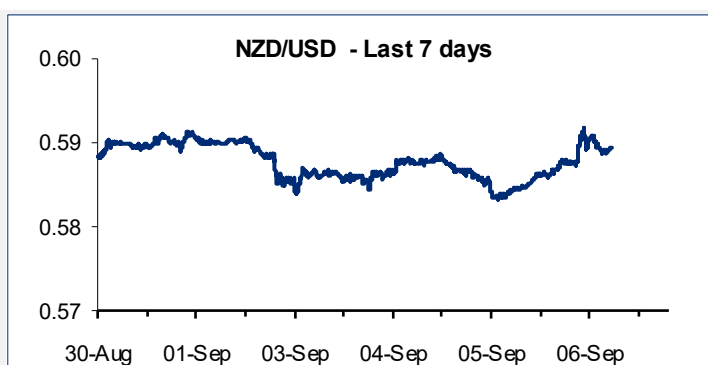
| 6/09/2025 | NY close | Prev. NY close |
|------------------|-----------------|-----------------------|
| USD | 0.5893 | 0.5846 |
| GBP | 0.4362 | 0.4352 |
| AUD | 0.8988 | 0.8969 |
| EUR | 0.5029 | 0.5018 |
| JPY | 86.87 | 86.81 |
| CAD | 0.8148 | 0.8078 |
| CHF | 0.4702 | 0.4710 |
| DKK | 3.7544 | 3.7459 |
| FJD | 1.3376 | 1.3301 |
| HKD | 4.5944 | 4.5605 |
| INR | 52.01 | 51.53 |
| NOK | 5.9157 | 5.8973 |
| PKR | 166.00 | 164.70 |
| PHP | 33.54 | 33.36 |
| PGK | 2.4347 | 2.3930 |
| SEK | 5.5331 | 5.5315 |
| SGD | 0.7570 | 0.7540 |
| CNY | 4.2026 | 4.1750 |
| THB | 18.97 | 18.90 |
| TOP | 1.3623 | 1.3564 |
| VUV | 70.76 | 69.95 |
| WST | 1.6179 | 1.6127 |
| XPF | 60.10 | 59.80 |
| ZAR | 10.3640 | 10.3934 |

NZD/USD Forward Points

| | BNZ buys NZD | BNZ sells NZD |
|----------|---------------------|----------------------|
| 1 Month | 6.01 | 6.19 |
| 3 Months | 18.58 | 19.00 |
| 6 Months | 33.62 | 34.96 |
| 9 Months | 46.74 | 48.74 |
| 1 Year | 55.16 | 58.08 |

NZD/AUD Forward Points

| | BNZ buys NZD | BNZ sells NZD |
|----------|---------------------|----------------------|
| 1 Month | 4.73 | 5.17 |
| 3 Months | 16.31 | 17.25 |
| 6 Months | 30.68 | 34.21 |
| 9 Months | 45.68 | 50.53 |
| 1 Year | 58.62 | 65.59 |



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