

Research Markets Today

10 September 2025

Events Round-Up

AU: Westpac consumer confidence, Sep: 95.4 vs. 98.5 prev.

AU: NAB business conditions, Aug: 7 vs. 5 prev.

US: NFIB small bus. optimism, Aug: 100.8 vs. 100.5 exp.

US: BLS prelim bnchmk revision to payrolls, -911k

Good Morning

A massive downward revision to US nonfarm payrolls only caused a temporary ripple in markets and US Treasury yields are modestly higher for the session. US equities are slightly higher and the USD shows a modest gain.

The much-anticipated downward preliminary revision to US non-farm payrolls for the year to March 2025 was 911k, towards the top end of market expectations. This compares to the preliminary revision a year ago of 818k (which was eventually revised to 598k), two of the largest downward revisions in history. The final estimate for the March 2025 year will be released in February, but for now the implication is that the average monthly gain in nonfarm payrolls over that period has been halved from 149k to 73k. The big revision is a reminder that the BLS model used to produce the monthly payrolls report is inadequate and shouldn't be relied upon. The unemployment rate, based on a different (household) survey is unrevised at 4.3%.

Market reaction to the data – a spike down in rates and the USD – was over in the blink of an eye, suggesting a wide understanding of the inadequacies of the monthly payrolls report and/or positioning. The market is now focused on PPI and CPI data over the next two sessions, where inflation is expected to remain at a run rate well above target, with expected 0.3% m/m core figures for both releases. The Treasuries curve shows a flattening bias, even following strong demand for an auction of 3-year bonds, with the 2-year rate currently up 6bps to 3.54% and the 10-year rate up 3bps to 4.07%, with the market paring slightly the extent of easing priced into the curve over the coming twelve months.

European 10-year rates closed slightly higher, up mostly around 2bps. The market has taken the collapse of the French government in its stride, with France's 10-year rate going against the grain and falling 1bp. A high risk premium has already been embedded into French bonds,

with them already trading close to levels of Italy, and above those of Spain, Portugal and Greece. President Macron named a longtime ally Sebastien Lecornu as the new PM, the fifth in two years. He apparently has warm ties with figures on the French far right, which might grease the wheels in budget talks.

In currency markets, the USD is broadly strongly, albeit in the context of modest movements overall. The yen has kept pace, supported after a Bloomberg report said that BoJ officials are of the view that it may be possible to raise the benchmark interest rate again this year regardless of domestic political instability. The NZD has slipped to 0.5925 and NZD/JPY shows a modest fall to 87.3. NZD/AUD has edged just below 0.90. EUR is the weakest of the majors we closely track, and NZD/EUR has nudged up to 0.5060.

Israel's airforce carried out a strike on Hamas's senior political leadership in a residential area of Doha, warning the US in advance, marking an escalating tactic against the group. Hamas said five people were killed although its main negotiating team all survived. Brent crude rose as much as 2% in the aftermath of the attack, but the gain has since moderated to less than 1%, trading around USD66.50 per barrel.

NZ business financial data released for Q2 resulted in BNZ Economics revising down its GDP estimate by three-tenths to minus 0.5%, with an evident slump in manufacturing without any corresponding increase in activity for the services sectors. However, this makes a bounce-back in Q3 more likely, and we revised upwards our Q3 estimate by two-tenths to 0.7%. We continue to see the pothole the economy hit in Q2 as a short-term aberration to the economic recovery.

In the domestic rates market, most of the attention was on inflation-indexed bonds, after NZDM issued the maximum \$2b sought of the new 2050 bond in a syndicated issue that attracted an order book over \$4.4b. The deal was priced at 28bps over the 2040 inflation-indexed bond, at the tight end of the initial price guidance range. The deal highlighted value in the sector and supported a 9bps fall across the inflation-indexed bonds in the market. Elsewhere, there was little net movement in swap rates. Nominal NZGBs showed a flattening bias, with short rates underpinned against a 4bps fall in longer term rates.

In the day ahead, China inflation data are released, ahead of US PPI data tonight. There will be more interest than usual on the PPI data as it is released ahead of CPI data (tomorrow night), which is not typically the case.

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Coming Up

	Period	Cons.	Prev.	NZT
CH PPI (y/y%)	Aug	-2.9	-3.6	13:30
CH CPI (y/y%)	Aug	-0.2	0.0	13:30
US PPI ex food, energy (m/m%)	Aug	0.3	0.9	00:30
US PPI ex food, energy (y/y%)	Aug	3.5	3.7	00:30

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	0.5924	-0.3	0.5923	0.5960	CHF	0.7978	+0.6	S&P 500	6,507	+0.2	18.9	Oil (Brent)	66.45	+0.7
AUD	0.6585	-0.1	0.6583	0.6620	SEK	9.384	+0.3	Dow	45,740	+0.5	12.0	Oil (WTI)	62.69	+0.7
EUR	1.1707	-0.5	1.1704	1.1772	NOK	9.986	+0.0	Nasdaq	21,841	+0.2	29.4	Gold	3653.9	+0.1
GBP	1.3524	-0.1	1.3522	1.3590	HKD	7.788	-0.1	Stoxx 50	5,369	+0.1	12.3	HRC steel	799.0	-1.1
JPY	147.41	-0.1	146.31	147.43	CNY	7.124	-0.1	FTSE	9,243	+0.2	11.7	CRB	299.4	+0.5
CAD	1.3846	+0.3			SGD	1.283	+0.0	DAX	23,718	-0.4	28.6	Wheat Chic.	519.5	-0.8
NZD/AUD	0.8996	-0.2			IDR	16,482	+1.1	CAC 40	7,749	+0.2	4.4	Sugar	15.84	+1.3
NZD/EUR	0.5060	+0.2			THB	31.76	+0.2	Nikkei	43,459	-0.4	20.2	Cotton	64.65	+0.2
NZD/GBP	0.4380	-0.1			KRW	1,388	+0.1	Shanghai	3,807	-0.5	38.7	Coffee	381.8	-0.8
NZD/JPY	87.33	-0.3			TWD	30.32	-0.4	ASX 200	8,804	-0.5	9.9	WM powder	3685	+0.1
NZD/CAD	0.8202	+0.0			PHP	56.99	+0.5	NZX 50	13,254	-0.2	4.9	Australian Futures		
NZ TWI	68.20	-0.2						VIX Index	15.19	+0.5	-21.9	3 year bond	96.56	0.00
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	3.30	3.54	USD	4.07	0.03	15-Apr-27	2.96	0.01		BKBM 1-mth	3.10	0.00
AUD	3.60	3.58	3.32	4.19	AUD	4.26	-0.02	15-May-28	3.17	0.00		BKBM 3-mth	2.99	-0.01
NZD	3.00	2.99	2.88	3.85	NZD	4.31	-0.04	20-Apr-29	3.37	0.00		1 year	2.82	0.00
EUR	2.00	2.03	2.08	2.62	GER	2.66	0.02	15-May-30	3.56	-0.00		2 year	2.88	0.01
GBP	4.00	4.27	3.70	4.09	GBP	4.62	0.02	15-May-31	3.77	-0.01		3 year	3.02	0.00
JPY	0.48	-0.03	0.85	1.40	JPY	1.57	0.00	15-May-32	3.95	-0.02		5 year	3.30	0.00
CAD	2.75	4.97	2.39	2.92	CAD	3.22	0.01	14-Apr-33	4.08	-0.03		7 year	3.56	-0.00
								15-May-34	4.21	-0.04		10 year	3.85	-0.01
								15-May-35	4.31	-0.04		15 year	4.16	-0.01
								15-May-36	4.42	-0.04				
								15-May-37	4.54	-0.04				
								15-May-41	4.87	-0.04				
								15-May-51	5.14	-0.04				
								15-May-54	5.18	-0.04				

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:52

Source: Bloomberg

NZD exchange rates**10/09/2025 6:52 am Prev. NY close**

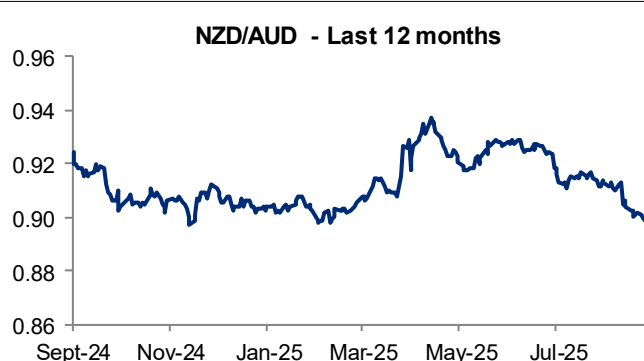
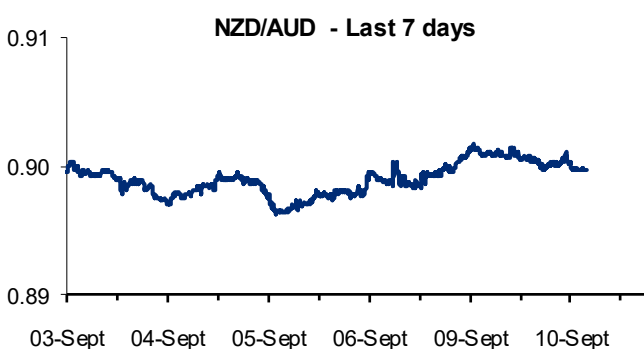
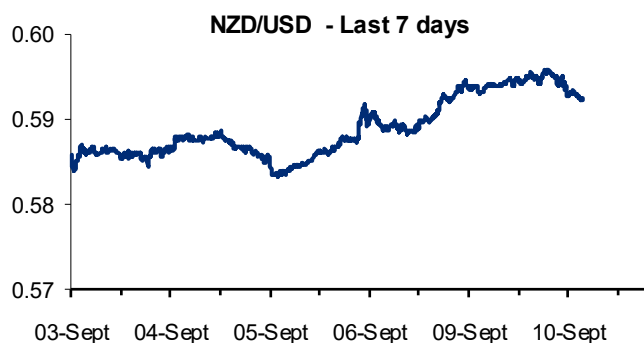
USD	0.5924	0.5940
GBP	0.4380	0.4385
AUD	0.8996	0.9011
EUR	0.5060	0.5050
JPY	87.33	87.62
CAD	0.8202	0.8199
CHF	0.4725	0.4712
DKK	3.7782	3.7708
FJD	1.3422	1.3448
HKD	4.6153	4.6290
INR	52.22	52.43
NOK	5.9168	5.9293
PKR	166.85	167.35
PHP	33.77	33.69
PGK	2.4671	2.4404
SEK	5.5605	5.5571
SGD	0.7603	0.7622
CNY	4.2214	4.2351
THB	18.76	18.93
TOP	1.3749	1.3782
VUV	70.74	71.29
WST	1.6272	1.6438
XPF	60.46	60.51
ZAR	10.3892	10.3922

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.76	6.94
3 Months	18.58	19.00
6 Months	34.28	35.28
9 Months	47.27	49.23
1 Year	56.16	58.99

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.56	6.03
3 Months	16.31	17.26
6 Months	32.16	34.36
9 Months	46.68	51.68
1 Year	60.77	67.77



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