

# Research Markets Today

11 September 2025

## Events Round-Up

CH: PPI (y/y%), Aug: -2.9 vs. -2.9 exp.

CH: CPI (y/y%), Aug: -0.4 vs. -0.2 exp.

US: PPI ex food, energy (m/m%), Aug: -0.1 vs. 0.3 exp.

US: PPI ex food, energy (y/y%), Aug: 2.8 vs. 3.5 exp.

## Good morning

Softer than expected US producer price inflation supported the case for the Federal Reserve to cut rates next week. Expectations for easier monetary policy supported risk sensitive assets with the S&P trading to a fresh all time high. Rising geopolitical tensions, after Poland shot down Russian drones which had crossed into its territory, had limited impact on sentiment. Major European indices closed were near flat while Asian markets advanced. Treasuries rallied and the US dollar is little changed. Brent crude prices increased almost 2% to US\$67.60 per barrel.

US PPI unexpectedly fell in August. The core reading, which excludes food and energy, declined 0.1% compared with the consensus estimate for a 0.3% increase. This took the annual core rate to 2.8%. The downside surprise was driven by a compression of trade margins despite higher costs from the tariffs. PPI data provides around a third of the components for the core PCE deflator, and these were less benign, than the soft headline and core reading suggest. CPI data, which is released this evening, is the source for the remaining components.

Market pricing for the September FOMC, which implies 28bp of easing, was unchanged. There are 70bp of cuts priced by December. A judge has temporarily blocked the Trump administration from removing Fed Governor Lisa Cook from her position over allegations she committed mortgage fraud. The ruling will allow Cook to attend the FOMC next week. The central bank has faced ongoing political pressure to lowering borrowing costs. President Trump has argued rates should be significantly lower than current levels.

US treasuries rallied and the curve flattened. 10-year yields declined 6bp to 4.03% which is the lowest level since the market volatility in April. The US\$39 billion 10-year note auction was well received by investors, despite the decline in yields, and cleared 1bp below prevailing market levels. The 2y/10y treasury curve has retraced to towards 50bp in

recent sessions from 63bp at the beginning of the month. The 10-year spread between French and German 10-year sovereign bonds was stable, as Lecornu's first day as Prime Minister, was set against the backdrop of large protests about the government's budget proposals.

In currency markets, the US dollar dipped following the PPI data. However, the move was short lived, and the dollar index is largely unchanged from the NZ close yesterday. Absolute moves across G10 currencies were modest. The NZD is little changed against the US dollar having oscillated around 0.5950 in offshore trade. Key NZD crosses are broadly stable although NZD/AUD is modestly lower.

Consumer prices in China fell at a faster rate than expected in August. CPI declined at an 0.4% annual pace, with the main drag coming from food prices, while deflation in PPI eased to 2.90% from 3.6% in July. China has faced several years of deflationary pressures amid weak domestic demand. Recent policies aimed at reducing overproduction and restore pricing power have yet to have much impact. Core CPI edged higher to 0.9%, the fastest increase since February last year.

NZ swap rates ended the local session yesterday 1-2bp higher across the curve in the absence of domestic data or other catalysts to provide the market with direction. 10-year NZGB yields increased 3bp to 4.34%. There is no weekly tender today which is standard practice in the week of a syndication. The Sep-50 inflation-indexed-bond transaction priced on Tuesday.

Australian 10-year government bond futures have declined 5bp in yield terms since the local close yesterday, which suggests lower NZ yields on the open.

There is no domestic or regional data in the day ahead. Later this evening, the European Central Bank is expected to leave rates unchanged at 2.0% by economists and is reflected by market positioning. The central bank will release updated forecasts and President Lagarde's press conference will be in focus. There is 7bp of easing priced by December. US CPI data for August will be closely monitored. The consensus estimate is for a 0.3% monthly increase in core CPI taking the annual rate to 3.1%.

[stuart.ritson@bnz.co.nz](mailto:stuart.ritson@bnz.co.nz)

		Period	Cons.	Prev.	NZT
EC	ECB Deposit Facility Rate	Sep	2	2	00:15
US	CPI (m/m%)	Aug	0.3	0.2	00:30
US	CPI Ex Food and Energy (m/m%)	Aug	0.3	0.3	00:30
US	CPI (y/y%)	Aug	2.9	2.7	00:30
US	CPI Ex Food and Energy (y/y%)	Aug	3.1	3.1	00:30
US	Initial Jobless Claims (k)	Sep 6	235	237	00:30

Page 2

**NZD exchange rates**

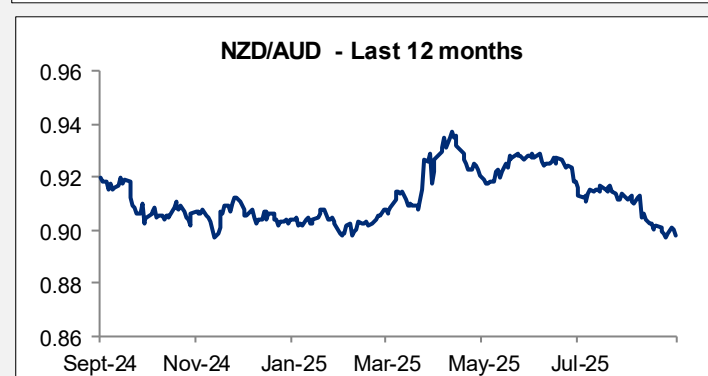
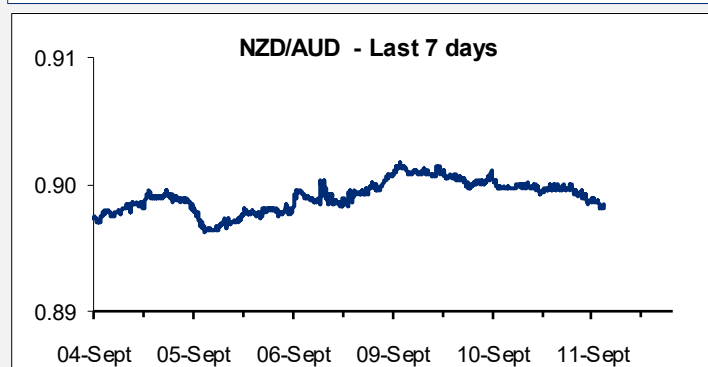
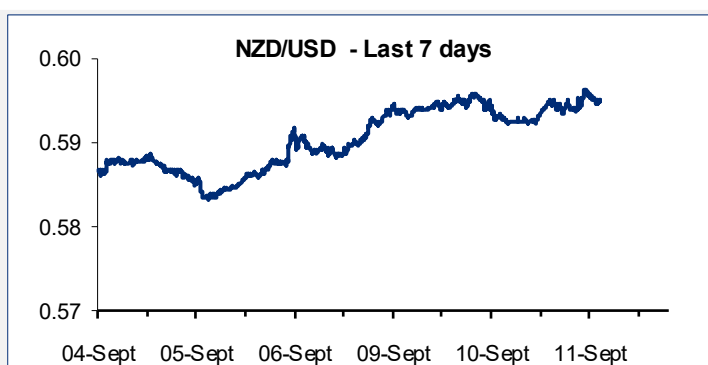
<b>11/09/2025</b>	<b>6:12 am</b>	<b>Prev. NY close</b>
USD	0.5949	0.5927
GBP	0.4395	0.4381
AUD	0.8981	0.9001
EUR	0.5081	0.5062
JPY	87.63	87.37
CAD	0.8245	0.8204
CHF	0.4751	0.4727
DKK	3.7936	3.7791
FJD	1.3514	1.3464
HKD	4.6342	4.6166
INR	52.41	52.23
NOK	5.9018	5.9164
PKR	167.50	166.99
PHP	33.99	33.78
PGK	2.4767	2.4271
SEK	5.5630	5.5605
SGD	0.7626	0.7603
CNY	4.2364	4.2223
THB	18.91	18.77
TOP	1.3835	1.3884
VUV	70.78	70.75
WST	1.6267	1.6371
XPF	60.70	60.48
ZAR	10.3971	10.3980

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.53	6.66
3 Months	18.54	18.94
6 Months	34.02	35.02
9 Months	46.88	48.69
1 Year	55.86	58.34

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.46	5.79
3 Months	16.62	17.54
6 Months	31.80	34.31
9 Months	46.20	50.94
1 Year	60.20	66.59



## Contact Details

### BNZ Research

**Stephen Toplis**  
Head of Research  
+64 4 474 6905

**Doug Steel**  
Senior Economist  
+64 4 474 6923

**Jason Wong**  
Senior Markets Strategist  
+64 4 924 7652

**Stuart Ritson**  
Senior Interest Rate Strategist  
+64 9 9248601

**Mike Jones**  
BNZ Chief Economist  
+64 9-956 0795

### Main Offices

**Wellington**  
Level 4, Spark Central  
42-52 Willis Street  
Private Bag 39806  
Wellington Mail Centre  
Lower Hutt 5045  
New Zealand  
Toll Free: 0800 283 269

**Auckland**  
80 Queen Street  
Private Bag 92208  
Auckland 1142  
New Zealand  
Toll Free: 0800 283 269

**Christchurch**  
111 Cashel Street  
Christchurch 8011  
New Zealand  
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

**Analyst Disclaimer:** The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.

