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 released 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%.

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Coming Up

		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

Currencies						Equities			Commodities					
FX Majors Indicative overnight ranges (*			ranges (*)	Other FX			Major Indices			Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day		Last	% Day	% Year		Last	Net Day
NZD	0.5949	+0.4	0.5934	0.5964	CHF	0.7987	+0.2	S&P 500	6,531	+0.3	18.8	Oil (Brent)	67.57	+1.8
AUD	0.6624	+0.6	0.6595	0.6636	SEK	9.351	-0.3	Dow	45,454	-0.6	11.6	Oil (WTI)	63.76	+1.8
EUR	1.1708	+0.0	1.1683	1.1730	NOK	9.921	-0.6	Nasdaq	21,899	+0.1	28.6	Gold	3657.3	+0.1
GBP	1.3537	+0.1	1.3513	1.3563	HKD	7.790	+0.0	Stoxx 50	5,361	-0.1	12.9	HRC steel	805.0	+0.8
JPY	147.31	-0.1	147.13	147.65	CNY	7.121	-0.0	FTSE	9,225	-0.2	12.4	CRB	300.1	+0.2
CAD	1.3860	+0.1			SGD	1.282	-0.1	DAX	23,633	-0.4	29.4	Wheat Chic.	515.5	-0.9
NZD/AUD	0.8981	-0.2			IDR	16,470	-0.1	CAC 40	7,761	+0.2	4.8	Sugar	15.93	+0.3
NZD/EUR	0.5081	+0.4			THB	31.76	+0.1	Nikkei	43,838	+0.9	23.1	Cotton	65.32	+1.0
NZD/GBP	0.4395	+0.3			KRW	1,388	+0.0	Shanghai	3,812	+0.1	40.1	Coffee	386.9	+0.7
NZD/JPY	87.63	+0.3			TWD	30.29	-0.1	ASX 200	8,830	+0.3	10.5	WM powder	3675	-0.3
NZD/CAD	0.8245	+0.5			PHP	57.12	+0.2	NZX 50	13,276	+0.2	5.1	Australian Fu	tures	
NZ TWI	68.39	+0.3						VIX Index	15.02	-0.1	-21.3	3 year bond	96.55	-0.01
Interest I	Rates											10 year bond	95.74	0.05
				Bench	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	3.50	USD	4.03	-0.06	15-Apr-27		2.97	0.01	BKBM 1-mth	3.10	0.00
AUD	3.60	3.59	3.30	4.14	AUD	4.27	0.01	15-May-28		3.19	0.01	BKBM 3-mth	2.99	0.00
NZD	3.00	2.99	2.89	3.87	NZD	4.33	0.02	20-Apr-29		3.38	0.01	1 year	2.82	0.00
EUR	2.00	2.03	2.09	2.61	GER	2.65	-0.01	15-May-30		3.58	0.02	2 year	2.89	0.01
GBP	4.00	4.26	3.72	4.10	GBP	4.63	0.01	15-May-31		3.78	0.02	3 year	3.03	0.01
JPY	0.48	-0.03	0.84	1.38	JPY	1.57	-0.00	15-May-32		3.96	0.02	5 year	3.32	0.02
CAD	2.75	4.97	2.36	2.86	CAD	3.16	-0.07	14-Apr-33		4.09	0.02	7 year	3.58	0.02
								15-May-34		4.23	0.02	10 year	3.87	0.02
					Policy Me	eting Run		15-May-35		4.33	0.02	15 year	4.17	0.01
					NZD	AUD	USD	15-May-36		4.44	0.03			
					1st 2.78	3.58	4.07	15-May-37		4.57	0.03	NZ Inflation-Ir	ndexed Bo	onds
* These are	indicative	ranges froi	m 5pm NZ	Т;	2nd 2.61	3.38	3.87	15-May-41		4.90	0.03	Sept-30	1.73	0.01
please con	firm rates	with your B	NZ dealer		3rd 2.54	3.31	3.65	15-May-51		5.17	0.03	Sept-35	2.54	0.02
Rates are as of: NZT 06:12 4th 2.54 3.18 3.52			15-May-54		5.20	0.03	Sept-40	2.96	0.01					
Source: Bloc	nmhera				5th 2.53	3.16	3.37	-				•		

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NZD exchange rates								
11/09/2025	6:12 am	Prev. NY close						
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 - Last 7 days 0.60 0.59 0.58 0.57 04-Sept 05-Sept 06-Sept 09-Sept 10-Sept 11-Sept NZD/AUD - Last 7 days 0.91







NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD					
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

		BNZ buys NZD	BNZ sells NZD				
	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				



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