

Research Markets Today

12 September 2025

Events Round-Up

EA: ECB deposit rate (%), Sep: 2.0 vs. 2.0 exp.

US: CPI (m/m%), Aug: 0.4 vs. 0.3 exp.

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

US: CPI (y/y%), Aug: 2.9 vs. 2.9 exp.

US: CPI ex food, energy (y/y%), Aug: 3.1 vs. 3.1 exp.

US: Initial jobless claims (k), wk to Sep 6: 263 vs. 235 exp.

Good Morning

An in-line US CPI report and a jump in initial jobless claims drove lower US rates and a weaker USD, with the 10-year rate dipping below 4% at its low for the day. The record-breaking run for US equities has continued. NZD/USD has recovered to 0.5975 and is higher on the key crosses apart from a further nudge down in NZD/AUD.

US CPI inflation data were close to market expectations, with the core measure up 0.3% m/m, leaving annual inflation at 3.1%. A 0.4% m/m lift in the headline rate resulted in the annual figure rising two tenths to 2.9%. The impact of tariffs was evident, with goods prices rising 0.3% m/m, matching the largest increase since May 2023. However, the passthrough of higher tariffs into CPI inflation has been slow and Pantheon Macroeconomics estimates that only about a third of the expected impact has occurred.

Some services CPI components were stronger, with rents above their recent trend, and strong gains in discretionary items like airfares and accommodation services, but broader gains were not evident. Adding in data from the benign PPI data released yesterday, estimates for the core PCE deflator – the Fed's preferred inflation target – are 0.2% m/m, leaving annual inflation at 2.9% or edging up to 3.0%, depending on rounding.

Initial jobless claims surged 27k last week to a near four-year high of 263k last week, against expectations for a flat result. The figure was boosted by an unusual 15k gain for Texas, while claims fell in the majority states. Thus, the headline figure likely overstates the weakness in the US labour market, but the data follows the numerous indicators released last week that highlighted the softer US labour market conditions.

The combination of a not-too-hot CPI and jump in jobless claims drove down US rates, with the market taking the view that the weaker labour market data is a better guide to the policy outlook than the temporary lift in inflation.

US Treasury yields fell to fresh five-month lows, edging closer to the Liberation Day rates, before the market settled. Rates are down 2-4bps for the day, with a curve flattening bias. The largest fall was for the 30-year rate, now down to 4.65%, with the bond auction going well despite falling rates into the event – fears about the sustainability of fiscal policy and Fed independence, which saw the bond reach 5% last week, have evaporated this week.

The 10-year rate fell to 3.99% at its overnight low and has since settled at 4.01%, down 3bps for the day. The market fully priced three rate cuts this year for the remaining three meetings, and pricing has since pared to 73bps. The prospect of a series of rate cuts continues to support the equity market, with the S&P500 currently up 0.8% to a fresh record high, with the economically sensitive sectors showing some of the largest gains.

As expected, the ECB left its policy rates unchanged for a second consecutive meeting. Updated inflation projections were similar compared to three months ago, with headline CPI expected to average 1.7% next year and 1.9% in 2027 and core figures of 1.9% and 1.8% respectively. ECB President Lagarde said risks to economic growth have become more balanced and the outlook for inflation remains more uncertain than usual. Both the statement and her comments conveyed a neutral policy bias.

The usual post-meeting sourced report from Bloomberg said that ECB policymakers are convinced that no further interest rate cuts are needed to deliver 2% inflation, despite the projected undershoot over the next two years.

The market is largely onboard with that view although rates nudged higher across Europe, driven by the short end. The market only sees a modest chance of a further rate cut over the next six months. The curve flattened, with Germany's 2-year rate is up 3bps for the day, against a flat 10-year rate.

In the currency market the USD showed broadly based falls, driven by lower US rates. The NZD and AUD have been the top performers. The AUD has shaken off previous resistance levels and risen to a ten-month high of

0.6665. The NZD has recovered to 0.5975 and NZD/AUD has nudged down to 0.8970, after revisiting last week's low of 0.8963.

Other major currencies have made smaller gains against the USD, with the EUR not showing any outperformance from the slightly more hawkish ECB policy update, so the NZD is higher on all the other key crosses. NZD/GBP has recovered to a 0.44 handle and NZD/EUR is edging back up towards 0.51. NZD/JPY is just shy of 88.

Global forces drove down NZ rates yesterday and resulted in a flatter curve. Both NZGBs and swap rates fell 2-4bps across the curve. The 4bps fall in the 10-year NZGB to 4.30% took it down to its lowest level this year while the 10-year swap at 3.83% was the lowest close in nearly a year.

In the day ahead NZ PMI and electronic card transactions data will be released. UK monthly GDP and US consumer sentiment data will be released tonight.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Manufacturing PMI	Aug		52.8	10:30
NZ	Card spending total (m/m%)	Aug		0.6	10:45
UK	GDP (m/m%)	Jul	0.0	0.4	18:00
UK	Industrial production (m/m%)	Jul	0.0	0.7	18:00
US	U. of Mich. consumer sentiment	Sep	58.0	58.2	02:00
US	U. of Mich. 5-10yr inflation exp.	Sep	3.4	3.5	02:00

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	0.5975	+0.6	0.5916	0.5976	CHF	0.7956	-0.5	S&P 500	6,584	+0.8	18.5	Oil (Brent)	66.31	-1.7		
AUD	0.6662	+0.7	0.6591	0.6665	SEK	9.310	-0.5	Dow	46,086	+1.3	12.8	Oil (WTI)	62.31	-2.1		
EUR	1.1737	+0.4	1.1662	1.1746	NOK	9.859	-0.8	Nasdaq	22,047	+0.7	26.7	Gold	3642.1	-0.3		
GBP	1.3580	+0.4	1.3494	1.3583	HKD	7.788	-0.0	Stoxx 50	5,387	+0.5	13.1	HRC steel	810.0	+0.6		
JPY	147.16	-0.2	146.99	148.17	CNY	7.119	-0.0	FTSE	9,298	+0.8	13.5	CRB	301.9	+0.6		
CAD	1.3835	-0.2			SGD	1.281	-0.1	DAX	23,704	+0.3	29.3	Wheat Chic.	521.3	+1.2		
NZD/AUD	0.8969	-0.2			IDR	16,462	-0.0	CAC 40	7,824	+0.8	5.8	Sugar	15.82	-0.7		
NZD/EUR	0.5091	+0.2			THB	31.70	-0.2	Nikkei	44,373	+1.2	20.5	Cotton	65.37	-0.5		
NZD/GBP	0.4400	+0.2			KRW	1,389	+0.1	Shanghai	3,875	+1.7	42.6	Coffee	386.1	-0.2		
NZD/JPY	87.93	+0.4			TWD	30.33	+0.1	ASX 200	8,805	-0.3	9.0	WM powder	3640	-1.0		
NZD/CAD	0.8266	+0.4			PHP	57.19	+0.1	NZX 50	13,229	-0.4	3.2	Australian Futures				
NZ TWI	68.58	+0.4						VIX Index	14.81	-3.5	-16.3	3 year bond	96.58	0.03		
Interest Rates												10 year bond			95.78	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	3.49	USD	4.01	-0.03	15-Apr-27	2.96	-0.02	BKBM 1-mth	3.08	-0.02			
AUD	3.60	3.58	3.29	4.11	AUD	4.23	-0.04	15-May-28	3.17	-0.02	BKBM 3-mth	2.99	0.00			
NZD	3.00	2.99	2.87	3.83	NZD	4.30	-0.04	20-Apr-29	3.35	-0.03	1 year	2.81	-0.01			
EUR	2.00	2.03	2.12	2.60	GER	2.66	0.01	15-May-30	3.55	-0.03	2 year	2.87	-0.02			
GBP	4.00	4.26	3.72	4.06	GBP	4.61	-0.03	15-May-31	3.76	-0.03	3 year	3.00	-0.03			
JPY	0.48	-0.03	0.85	1.39	JPY	1.58	0.01	15-May-32	3.93	-0.03	5 year	3.29	-0.03			
CAD	2.75	4.97	2.37	2.86	CAD	3.16	-0.02	14-Apr-33	4.06	-0.03	7 year	3.54	-0.04			
					Policy Meeting Run					15-May-34			10 year	3.83	-0.04	
					NZD					15-May-35			15 year	4.13	-0.04	
					AUD					15-May-36			NZ Inflation-Indexed Bonds			
					USD					15-May-37			Sept-30	1.70	-0.03	
					1st					15-May-41			Sept-35	2.52	-0.02	
					2nd					15-May-51			Sept-40	2.93	-0.03	
					3rd					15-May-54						
					4th											
					5th											
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer																
Rates are as of: NZT 06:56																
Source: Bloomberg																

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NZD exchange rates

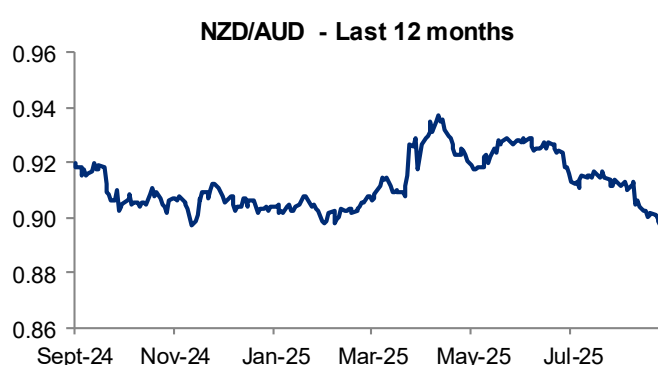
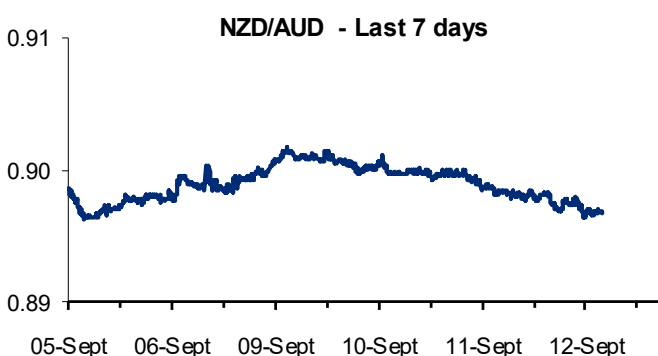
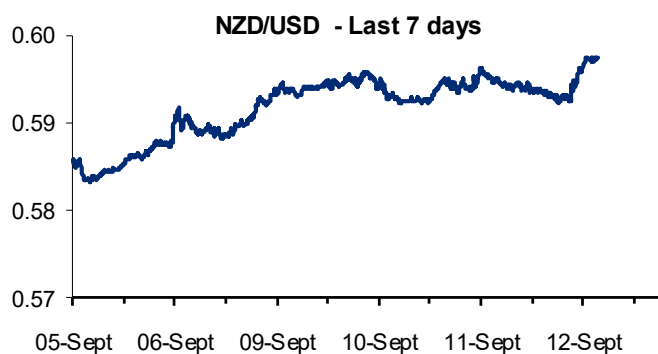
12/09/2025 6:56 am		Prev. NY close
USD	0.5975	0.5940
GBP	0.4400	0.4391
AUD	0.8969	0.8982
EUR	0.5091	0.5079
JPY	87.93	87.59
CAD	0.8266	0.8235
CHF	0.4755	0.4747
DKK	3.8001	3.7920
FJD	1.3480	1.3445
HKD	4.6519	4.6269
INR	52.83	52.33
NOK	5.8902	5.9026
PKR	168.16	167.25
PHP	34.17	33.94
PGK	2.4939	2.4324
SEK	5.5628	5.5553
SGD	0.7654	0.7618
CNY	4.2519	4.2299
THB	19.02	18.88
TOP	1.3988	1.3814
VUV	71.24	70.67
WST	1.6186	1.6319
XPF	60.92	60.65
ZAR	10.3752	10.3876

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.02	6.12
3 Months	18.23	18.66
6 Months	33.63	34.64
9 Months	45.96	47.92
1 Year	54.59	57.46

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.04	5.34
3 Months	16.45	17.46
6 Months	32.28	34.72
9 Months	46.52	51.10
1 Year	59.78	66.76



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