

Research Markets Today

14 August 2025

Events Round-Up

NZ: Card spending total (m/m%), Jul: 0.6 vs. -0.1 prev.

AU: Wage price index (q/q%), Q2: 0.8 vs. 0.8 exp.

AU: Wage price index (y/y%), Q2: 3.4 vs. 3.3 exp.

Good morning

Risk sensitive markets remain well supported with limited economic data to provide markets with direction. The MSCI All Country World Index rose to an all-time high, supported by expectations for rate cuts by the US Federal Reserve. In Japan, the Nikkei-225 hit a fresh record high while the Euro Stoxx gained close to 1%. Meanwhile, the S&P reached a fresh intra-day record high, just below 6,500, before retracing. Global bonds moved lower in yield and the US dollar declined against G10 currencies.

The positive performance for risk assets has corresponded with a fall in implied volatility across equities, bonds and currencies. The Cboe Volatility Index, or VIX, has dropped to the lowest level since December. The MOVE index, which measures expected yield moves in the US treasury market, has also declined and reached levels last seen in early 2022.

A 25bp cut at the September FOMC is fully discounted by market pricing and there is a total of 64bp of easing priced by December. Expectations for Fed easing had increased in the aftermath of the CPI data the previous session. In addition, US Treasury Secretary Bessent has commented in an interview with Bloomberg that the policy rate ought to be at least 150bp below current levels. He outlined that Fed officials might have cut rates in July, if they had been aware of the downward revisions to payrolls data.

The increase in Fed easing expectations has supported a rally across the US treasury curve. Yields declined steadily through the session in a largely parallel curve adjustment. 10-year yields are 5bp lower at 4.24%. The rally in treasuries was matched by European bond markets with 10-year bunds closing 7bp lower at 2.68%. The low volatility environment has supported compression in intra-EU spreads. Italian 10-years bonds are trading at the lowest yield premium to bunds in several years.

The International Energy Agency said global oil markets are expected to have a record surplus next year as supply

increases and demand growth slows. The report showed oil inventory buildup surpassing that of 2020 during the pandemic. The market is also looking ahead to the meeting between Presidents Trump and Putin and any implications it might have for global oil supply. Brent crude prices have traded to a fresh two-month low near US\$65 per barrel.

The US dollar fell against G10 currencies, early in the European session, aligned with the decline in US yields. However, the net moves for most pairs were not large with the pound and yen outperforming within the G10 basket, since the local close yesterday. NZD/USD initially traded above 0.5990 before fading.

NZ electronic card transactions increased 0.6% in July which is the fastest monthly pace this year and offered some hope of a pickup in activity. However, transactions are still 0.6% lower than a year ago and are very weak when adjusted for inflation and on a per capita basis.

There were small absolute moves across NZ fixed income in the local session yesterday, which has been a feature of recent sessions. Yields were flat to 2bp across the swap curve with a marginal steepening bias. Of note is that 2- and 5-year swap rates are sitting at the bottom end of the multi-month trading range and right on the cycle lows.

Government bond markets were similarly quiet – 10-year government bonds closed unchanged at 4.4%. NZ Debt Management will offer NZ\$450 million across two nominal maturities in the weekly tender today. The tender lines are April-29 (\$200m) and Apr-37 (\$250m) and there are no inflation indexed bonds offered this week.

In the day ahead there is no domestic economic releases, and the regional focus will centre on labour market data in Australia. The consensus expects a 25k increase in employment in July, which is broadly where trend growth is, and the unemployment rate to dip to 4.2% from 4.3%

US headline and core PPI is expected to increase 0.2% in July. After the CPI release yesterday, PPI which makes up one-third of the underlying source data, will help economists finetune estimates for the core PCE deflator, that is released at the end of the month. Initial jobless claims are expected to remain steady.

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Coming Up

AU	Employment Change	Jul	25	2	13:30
AU	Unemployment Rate	Jul	4.2	4.3	13:30
UK	GDP (q/q%)	2Q P	0.1	0.7	18:00
EC	Industrial Production SA (m/m%)	Jun	-1	1.7	21:00
US	PPI Ex Food and Energy (m/m%)	Jul	0.2	0	00:30
US	PPI Ex Food and Energy (y/y%)	Jul	3	2.6	00:30
US	Initial Jobless Claims	9-Aug	225	226	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	0.5971	+0.3	0.5970	0.5996	CHF	0.8055	-0.1	S&P 500	6,452	+0.1	18.7	Oil (Brent)	65.53	-0.9
AUD	0.6540	+0.2	0.6539	0.6563	SEK	9.551	-0.1	Dow	44,803	+0.8	13.8	Oil (WTI)	62.54	-1.1
EUR	1.1701	+0.2	1.1692	1.1730	NOK	10.205	-0.2	Nasdaq	21,695	+0.1	26.2	Gold	3358.7	+0.3
GBP	1.3569	+0.5	1.3516	1.3585	HKD	7.850	+0.0	Stoxx 50	5,388	+1.0	14.8	HRC steel	832.0	-0.2
JPY	147.50	-0.2	147.09	147.79	CNY	7.177	-0.1	FTSE	9,165	+0.2	11.3	CRB	295.4	-0.1
CAD	1.3771	-0.0			SGD	1.281	-0.2	DAX	24,186	+0.7	35.8	Wheat Chic.	528.3	+0.4
NZD/AUD	0.9130	+0.1			IDR	16,202	-0.5	CAC 40	7,805	+0.7	7.3	Sugar	16.85	-0.6
NZD/EUR	0.5103	+0.1			THB	32.32	-0.2	Nikkei	43,275	+1.3	18.7	Cotton	66.60	-0.7
NZD/GBP	0.4400	-0.2			KRW	1,379	-0.3	Shanghai	3,683	+0.5	29.2	Coffee	312.7	+1.3
NZD/JPY	88.07	+0.1			TWD	29.94	-0.2	ASX 200	8,827	-0.6	12.4	WM powder	3930	-0.8
NZD/CAD	0.8223	+0.3			PHP	56.75	-0.6	NZX 50	12,767	+0.1	1.5	Australian Futures		
NZ TWI	68.88	+0.1						VIX Index	14.61	-0.8	-19.4	3 year bond	96.64	0.03
Interest Rates												10 year bond 95.77 0.05		
	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	3.45	3.71	USD	4.24	-0.05	15-Apr-27	3.14	-0.02	BKBM 1-mth	3.17	-0.01	
AUD	3.60	3.63	3.20	4.11	AUD	4.22	-0.02	15-May-28	3.34	-0.02	BKBM 3-mth	3.15	0.00	
NZD	3.25	3.15	3.04	3.94	NZD	4.40	0.01	20-Apr-29	3.52	-0.01	1 year	2.99	-0.01	
EUR	2.00	2.03	2.07	2.64	GER	2.68	-0.06	15-May-30	3.71	-0.01	2 year	3.04	-0.02	
GBP	4.00	4.34	3.67	4.07	GBP	4.59	-0.04	15-May-31	3.92	-0.00	3 year	3.16	-0.02	
JPY	0.48	-0.03	0.78	1.30	JPY	1.51	0.01	15-May-32	4.08	0.00	5 year	3.42	-0.01	
CAD	2.75	4.97	2.56	3.08	CAD	3.39	-0.05	14-Apr-33	4.20	0.00	7 year	3.66	-0.01	
						Policy Meeting Run		15-May-34	4.30	0.01	10 year	3.94	-0.01	
								15-May-35	4.40	0.01	15 year	4.21	-0.00	
						NZD AUD USD		15-May-36	4.52	0.01	NZ Inflation-Indexed Bonds			
						1st	3.02 3.59 4.08	15-May-37	4.64	0.01	Sep-30	1.96	0.00	
						2nd	2.96 3.48 3.90	15-May-41	4.92	0.01	Sep-35	2.66	0.00	
						3rd	2.83 3.19 3.70	15-May-51	5.12	0.01	Sep-40	3.07	0.00	
						4th	2.75 3.19 3.58	15-May-54	5.14	0.01				
						5th	2.73 3.06 3.45							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:13														
Source: Bloomberg														

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NZD exchange rates

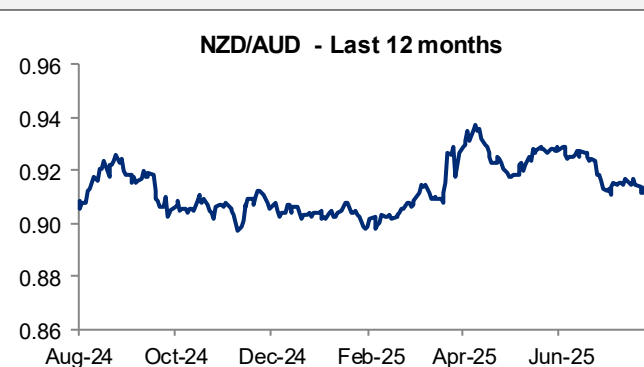
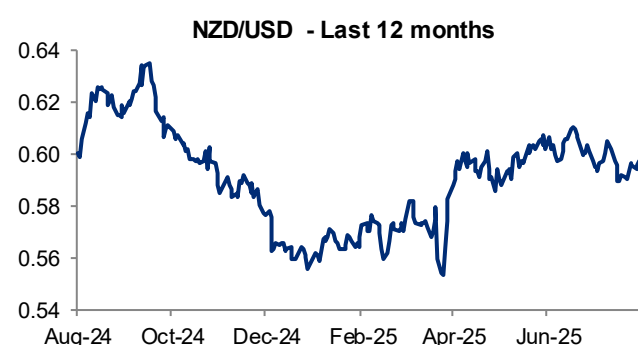
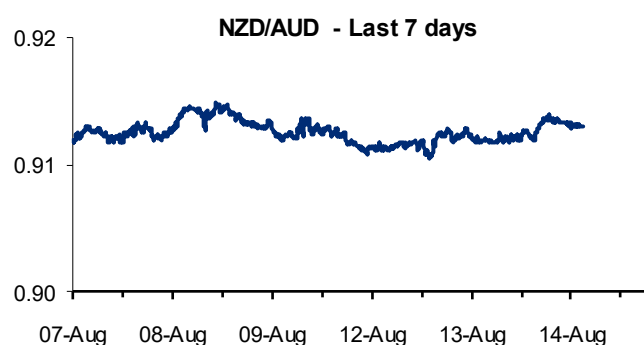
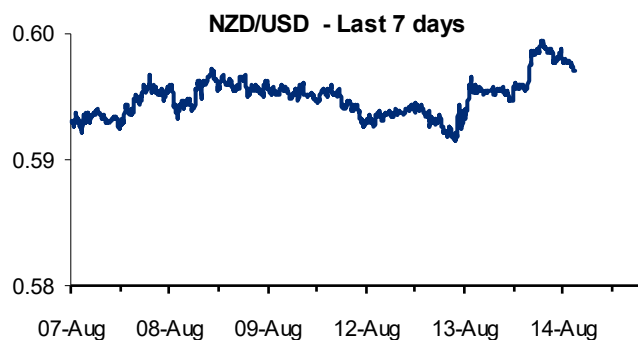
14/08/2025	6:12 am	Prev. NY close
USD	0.5971	0.5955
GBP	0.4400	0.4411
AUD	0.9130	0.9119
EUR	0.5103	0.5101
JPY	88.07	88.04
CAD	0.8223	0.8201
CHF	0.4810	0.4803
DKK	3.8084	3.8064
FJD	1.3482	1.3461
HKD	4.6872	4.6747
INR	52.24	52.23
NOK	6.0933	6.0867
PKR	168.48	168.16
PHP	33.89	33.99
PGK	2.4312	2.4247
SEK	5.7026	5.6912
SGD	0.7647	0.7644
CNY	4.2853	4.2765
THB	19.26	19.25
TOP	1.3957	1.3930
VUV	71.35	71.25
WST	1.6134	1.6077
XPF	61.51	61.41
ZAR	10.4617	10.4768

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.72	6.83
3 Months	18.64	19.03
6 Months	33.12	34.11
9 Months	44.50	46.19
1 Year	53.95	56.95

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.50	4.84
3 Months	13.47	14.45
6 Months	22.45	25.08
9 Months	29.89	34.64
1 Year	38.09	45.56



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