

Research Markets Today

16 September 2025

Events Round-Up

NZ: Performance of services Index, Aug: 47.5 vs. 48.9 prev.
CH: Retail Sales (y/y%), Aug: 3.4 vs. 3.8 exp.
CH: Industrial Production (y/y%), Aug: 5.2 vs. 5.6 exp.
CH: Fixed assets invest. (YTD, y/y%), Aug: 0.5 vs. 1.5 exp.
US: Empire Manufacturing, Sep: -8.7 vs. 5.0 exp.

Good Morning

Ahead of the Fed's near-certain rate cut later this week, markets appear to already be factoring in the restarting of an easing cycle, with US equities rising to a fresh record high, alongside a modest fall in US Treasury yields and a broadly weaker USD.

The S&P500 index is currently up 0.4%. Alphabet became the latest company to break the \$3 trillion market cap threshold. Gains for the Nasdaq index have been even better, up 0.7%. President Trump suggested that US companies shouldn't be forced to report earnings on a quarterly basis, which would save money and allow managers to focus on properly running their companies. A six-monthly reporting cycle is the norm across most other markets.

Strong equity markets aren't confined to the US market, with the MSCI Asia Pacific index and European bourses close to breaking record highs and Japan's Nikkei index hitting a record yesterday.

US Treasuries have been well supported after the minor hiccup on Friday. Yields are down 2-3bps across the curve from Friday's close. The 10-year rate has fallen to around 4.03% after trading as high as 4.085% not long after the NZ close. European 10-year rates are down in the order of 2-4bps. There was little market reaction to the late-Friday downgrade to France's credit rating by Fitch to A+.

Economic news has been light. The Empire index, which surveys manufacturers in New York state, fell to -8.7 in August from +11.9 in July, against expectations for a more moderate fall to +5.0. The series has been too volatile recently to draw any conclusions, other than manufacturing conditions in the state have been relatively challenging over the past few years. The drop was driven by some chunky falls in business conditions, new orders and shipments.

Yesterday, China activity data for August were weaker than expected across the board, with sluggish growth in retail sales (3.4% y/y), weaker growth in industrial production (5.2% y/y) and investment growth barely positive for the year. Market reaction was contained to the extent that the weak growth backdrop can only encourage further incremental stimulus measures by the government to support the economy.

The USD is broadly weaker, down 0.3-0.5% against the key majors from Friday's close. The NZD has drifted upwards 0.5975 while the AUD made a fresh 2025 high of 0.6675. NZD/AUD remains near its key 0.8950 support, a level established in 2024. With the USD in the driving seat, there have been insignificant changes in all the key NZD crosses.

Following the latest round of US-China talks in Spain, led by Treasury Secretary Bessent, President Trump said he would speak with President Xi in a call on Friday. The talks had gone "VERY WELL". Bessent told reporters that a framework to keep ByteDance's TikTok app running in the US had been reached, which would include a switch to US-controlled ownership. The talks in Spain were focused on TikTok, with negotiations on other topics deferred.

The domestic rates market was quiet yesterday, with global forces driving some modest upside pressure in yields. NZGB yields rose 1-4bps across the curve. Swap rates showed a similar move, with the 2-year rate up 1bp to 2.87% and the 10-year rate up 3bps to 3.84%. There was no reaction to the NZ's performance of services index release showing the headline index down 1.4pts in August to 48.9, reversing some of the June/July bounce higher. For the first two months of Q3, all five PSI sub-components have averaged higher than they did in Q2 but they all remain below their long-run average.

On the calendar today, NZ monthly CPI indices are released for August. Tonight sees the release of UK labour market data, US retail sales and Canadian CPI data. US retail sales are expected to show modest gains for August. Annual Canadian CPI inflation is expected to lift from 1.7% to 2.0% while the core average is expected to be unchanged at just over 3%, with the data coming ahead of the Bank of Canada's policy decision later this week.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Monthly CPI indicators	Aug			10:45
UK	Pvt earnings ex bonus (3m/y%)	Jul	4.7	4.8	18:00
UK	Unemployment rate (%)	Jul	4.7	4.7	18:00
EC	Industrial production (m/m%)	Jul	0.3	-1.3	21:00
US	Retail sales (m/m%)	Aug	0.3	0.5	00:30
US	Retail sales ex auto, gas (m/m%)	Aug	0.5	0.2	00:30
US	Retail sales control grp (m/m%)	Aug	0.4	0.5	00:30
CA	CPI (y/y%)	Aug	2.0	1.7	00:30
CA	CPI core (avg trim/med, y/y%)	Aug	3.05	3.05	00:30
US	Industrial production (m/m%)	Aug	-0.1	-0.1	01:15
US	NAHB housing market index	Sep	33	32	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	0.5972	+0.3	0.5954	0.5975	CHF	0.7943	-0.3	S&P 500	6,607	+0.3	17.4	Oil (Brent)	67.48	+0.7		
AUD	0.6671	+0.3	0.6653	0.6675	SEK	9.276	-0.5	Dow	45,864	+0.1	10.8	Oil (WTI)	63.35	+1.0		
EUR	1.1769	+0.3	1.1724	1.1775	NOK	9.823	-0.4	Nasdaq	22,298	+0.7	26.1	Gold	3687.3	+0.8		
GBP	1.3602	+0.3	1.3562	1.3620	HKD	7.780	+0.0	Stoxx 50	5,440	+0.9	12.3	HRC steel	808.0	+0.0		
JPY	147.30	-0.3	147.23	147.60	CNY	7.119	-0.1	FTSE	9,277	-0.1	12.1	CRB	301.7	+0.5		
CAD	1.3778	-0.5			SGD	1.280	-0.2	DAX	23,749	+0.2	27.0	Wheat Chic.	543.0	+0.4		
NZD/AUD	0.8952	-0.1			IDR	16,416	+0.2	CAC 40	7,897	+0.9	5.8	Sugar	16.00	+1.3		
NZD/EUR	0.5074	-0.0			THB	31.81	+0.2	Nikkei	44,768	+0.9	22.4	Cotton	65.42	+0.4		
NZD/GBP	0.4391	-0.1			KRW	1,386	-0.6	Shanghai	3,861	-0.3	42.8	Coffee	417.7	+5.2		
NZD/JPY	87.97	+0.0			TWD	30.25	+0.0	ASX 200	8,853	-0.1	9.0	WM powder	3600	-1.1		
NZD/CAD	0.8228	-0.2			PHP	57.19	+0.1	NZX 50	13,208	-0.1	4.0	Australian Futures				
NZ TWI	68.49	+0.1						VIX Index	15.69	+6.3	-5.3	3 year bond	96.53	-0.02		
Interest Rates												10 year bond			95.74	0.02
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	3.29	3.51	USD	4.03	-0.03	15-Apr-27	2.97	0.01	BKBM 1-mth	3.06	-0.02			
AUD	3.60	3.58	3.31	4.15	AUD	4.27	0.06	15-May-28	3.18	0.02	BKBM 3-mth	2.96	-0.02			
NZD	3.00	2.96	2.87	3.84	NZD	4.32	0.04	20-Apr-29	3.37	0.02	1 year	2.80	0.00			
EUR	2.00	2.00	2.15	2.65	GER	2.69	-0.02	15-May-30	3.57	0.03	2 year	2.87	0.01			
GBP	4.00	4.25	3.73	4.09	GBP	4.63	-0.04	15-May-31	3.78	0.03	3 year	3.01	0.01			
JPY	0.48	-0.03	0.86	1.41	JPY	1.59	0.00	15-May-32	3.95	0.04	5 year	3.30	0.02			
CAD	2.75	4.97	2.35	2.86	CAD	3.17	-0.02	14-Apr-33	4.08	0.04	7 year	3.55	0.02			
									15-May-34	4.21	0.04	10 year	3.84	0.03		
									15-May-35	4.32	0.04	15 year	4.14	0.03		
									15-May-36	4.42	0.03	NZ Inflation-Indexed Bonds				
									15-May-37	4.54	0.03	Sept-30	1.71	0.02		
									15-May-41	4.86	0.03	Sept-35	2.52	0.02		
									15-May-51	5.14	0.03	Sept-40	2.93	0.02		
									15-May-54	5.17	0.03					
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer																
Rates are as of: NZT 06:52																
Source: Bloomberg																
						Policy Meeting Run										
						NZD AUD USD										
						1st 2.78 3.58 4.08										
						2nd 2.60 3.38 3.89										
						3rd 2.52 3.32 3.66										
						4th 2.51 3.19 3.53										
						5th 2.50 3.16 3.38										

* 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

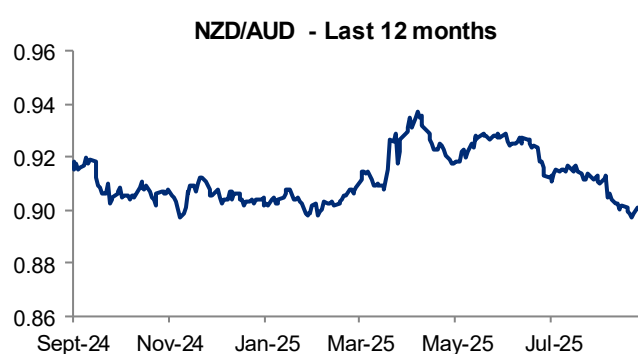
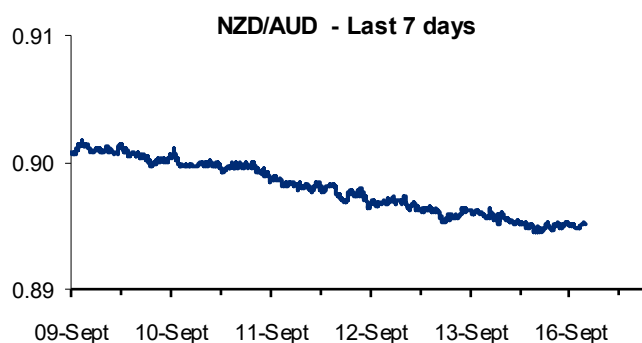
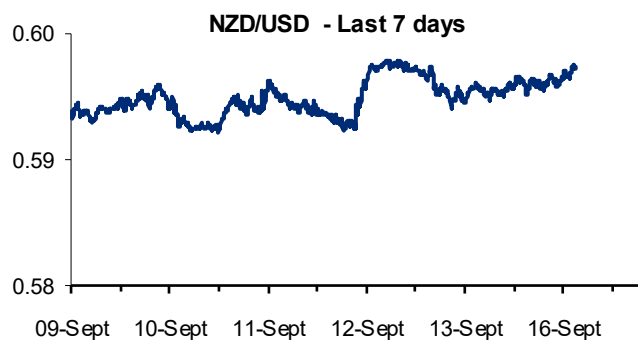
16/09/2025	6:52 am	Prev. NY close
USD	0.5972	0.5954
GBP	0.4391	0.4392
AUD	0.8952	0.8956
EUR	0.5074	0.5074
JPY	87.97	87.93
CAD	0.8228	0.8243
CHF	0.4744	0.4743
DKK	3.7879	3.7873
FJD	1.3342	1.3362
HKD	4.6461	4.6317
INR	52.68	52.56
NOK	5.8664	5.8710
PKR	168.09	167.63
PHP	34.15	34.01
PGK	2.4516	2.4829
SEK	5.5396	5.5487
SGD	0.7646	0.7641
CNY	4.2512	4.2422
THB	19.04	18.88
TOP	1.3930	1.3872
VUV	70.98	70.75
WST	1.6343	1.6297
XPF	60.68	60.57
ZAR	10.3629	10.3545

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.03	6.17
3 Months	18.28	18.70
6 Months	34.03	35.03
9 Months	47.02	48.90
1 Year	55.42	58.42

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.04	5.40
3 Months	16.11	17.08
6 Months	31.68	34.15
9 Months	46.81	50.93
1 Year	59.59	66.71



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