

# Research Markets Today

17 September 2025

## Events Round-Up

UK: Pvt earnings ex bonus (3m/y%), Jul: 4.7 vs. 4.7 exp.  
 UK: Unemployment rate (%), Jul: 4.7 vs. 4.7 exp.  
 EC: Industrial production (m/m%), Jul: 0.3 vs. 0.4 exp.  
 US: Retail sales (m/m%), Aug: 0.6 vs. 0.2 exp.  
 US: Retail sales ex auto, gas (m/m%), Aug: 0.7 vs. 0.4 exp.  
 US: Retail sales control grp (m/m%), Aug: 0.7 vs. 0.4 exp.  
 CA: CPI (y/y%), Aug: 1.9 vs. 2.0 exp.  
 CA: CPI core (avg trim/med, y/y%), Aug: 3.05 vs. 3.05 exp.  
 US: Industrial production (m/m%), Aug: 0.1 vs. -0.1 exp.  
 US: NAHB housing market index, Sep: 32 vs. 33 exp.

## Good Morning

Markets continue to prepare for a dovish Fed policy update in less than 24 hours, with US Treasury yields edging lower and a broadly weaker USD, despite stronger than expected US retail sales. The euro has been a key beneficiary, rising to a four-year high, while the NZD has edged up towards 0.60.

Yesterday, a US appeals court voted 2-1 to allow Fed Governor Cook maintain her current position at the Fed, blocking President Trump's action to remove her from her post. In an overnight update, a White House official said the administration will appeal that move, taking it to the Supreme Court. Cook was at attendance at the Fed's two-day meeting that began overnight and will be able to cast her vote at this meeting. Meanwhile the Senate voted 48-47 confirming Miran's appointment to the Fed Board of Governors, in time for the current FOMC meeting. He refused to resign his position from the White House, raising a question mark over his independence. President Trump said the Federal Reserve "should be independent" but also "should listen to smart people like me".

Ahead of the Fed's policy announcement, US Treasuries continue to be well supported. Rates are down 2-3bps across the curve for the day. The 10-year rate currently trades at 4.02%, at the lower end of its daily trading range. Of note, stronger than expected US retail sales figures didn't have any sustained impact on the market, with traders focused on the prospect of a protracted easing cycle.

Headline retail sales rose 0.6% m/m, while the ex-autos and gas measure and the control group measure, that feeds into GDP, both rose 0.7%. Increases were broadly based across storetypes and there were also mildly positive revisions to the previous month. The data are consistent with other activity measures showing activity picked up in Q3, with no evidence of consumer spending faltering against the backdrop of a weaker labour market. The Atlanta Fed GDPNow estimate for Q3 ticked up from 3.1% to 3.4%.

In other economic news, UK labour market data were broadly in line, with the key private sector wages figure excluding bonuses down one-tenth to 4.7% y/y for the three months to July – still trending lower, but inconsistent with a 2% inflation target. A question mark hangs over the scope for the BoE to cut rates further and the market sees more chance of the bank remaining on hold for the rest of the year than cutting again.

Headline Canadian CPI inflation rose slightly less than expected, at 1.9% yoy while the average of the two core measures was 3.05%, as expected. The data supported a widely held view that the Bank of Canada will cut its policy rate by 25bps to 2.5% at its meeting tonight, following a run of weaker activity data.

In currency markets, the USD continues to weaken ahead of the Fed's policy update, with broadly based falls. Against a backdrop of the Fed likely to be easing while the ECB has likely finished cutting rates this cycle, the euro has been a key beneficiary of flows, rising to its highest level in four years just under 1.1880. While European currencies have performed the best overnight, GBP has been a laggard, with a smaller gain to 1.3660.

The AUD has risen to a fresh 2025 high, just under 0.6690. The NZD has pushed up to a one-month high of 0.5990. NZD/AUD made a brief excursion below the key 0.8950 support level and has since recovered to above that level. On the NZD crosses, NZD/EUR has shown the largest percentage move, down to just below 0.5050, with insignificant changes overnight for the other key crosses.

US equities show small net changes for the day, continuing to hover around their record high. Against a backdrop of a stronger euro, the Euro Stoxx 600 index steadily fell and closed down 1.1%. Gold continues its record-breaking run, with the spot price piercing through USD3700 at its overnight high.

Against a backdrop of lower global rates, NZGB yields fell 3-4bps across the curve and swap rates fell 4-5bps. The 2-year and 5-year rates closed down at fresh cycle lows of 2.83% and 3.25% respectively. NZ monthly CPI data for August were largely in line with expectations and left our Q3 CPI estimate at 0.9% q/q and 3.0% y/y. REINZ data continued to show a subdued housing market, with annual house price inflation barely positive.

On the calendar today, consumer confidence and current account data are released in NZ. The consensus sees NZ's current account deficit narrowing to 4.8% of GDP for Q2, the smallest deficit in nearly four years. UK CPI data are expected to show annual inflation running uncomfortably high, with the headline rate unchanged at 3.8%. A clear majority of economists sees the Bank of Canada cutting its policy rate 25bps to 2.5%, following a lurch down in activity data and 23bps has been priced by the OIS market.

The FOMC policy update will be released at 6am NZ time tomorrow morning. A 25bps cut is fully priced in, with a small possibility of a larger 50bps move. If the Bank does cut by 25bps then could well be some dissents on both sides of the spectrum, voting for either a larger 50bps cut or keeping policy on hold. Analysts see little revision to

macroeconomic projections and modest downside risk to prior Fed Funds rate projections. Fed Chair Powell will likely want to maintain full optionality regarding the pace of further rate cuts, and he could achieve this by highlighting data dependency on the policy outlook.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	Westpac consumer confidence	Q3	91.2	09:00	
NZ	Current a/c balance (% of GDP)	Q2	-4.8	-5.7	10:45
UK	CPI (y/y%)	Aug	3.8	3.8	18:00
UK	CPI core (y/y%)	Aug	3.6	3.8	18:00
UK	CPI services (y/y%)	Aug	4.8	5	18:00
US	Housing starts (k)	Aug	1365	1428	00:30
US	Building permits (k)	Aug	1370	1362	00:30
CA	Bank of Canada policy rate (%)	Sep	2.5	2.75	01:45
US	Fed Funds rate (Upper bd %)	Sep	4.25	4.5	06:00

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	0.5988	+0.3	0.5966	0.5991	CHF	0.7864	-1.0	S&P 500	6,611	-0.1	17.4	Oil (Brent)	68.47	+1.5
AUD	0.6684	+0.2	0.6660	0.6688	SEK	9.226	-0.5	Dow	45,815	-0.1	10.1	Oil (WTI)	64.54	+2.0
EUR	1.1864	+0.9	1.1787	1.1878	NOK	9.760	-0.7	Nasdaq	22,352	+0.0	27.1	Gold	3695.2	+0.2
GBP	1.3658	+0.4	1.3624	1.3672	HKD	7.781	+0.0	Stoxx 50	5,372	-1.3	11.3	HRC steel	811.0	+0.4
JPY	146.34	-0.7	146.28	147.26	CNY	7.114	-0.1	FTSE	9,196	-0.9	11.1	CRB	305.5	+1.2
CAD	1.3748	-0.2			SGD	1.276	-0.4	DAX	23,329	-1.8	25.2	Wheat Chic.	551.5	+1.6
NZD/AUD	0.8959	+0.1			IDR	16,440	+0.1	CAC 40	7,818	-1.0	5.0	Sugar	15.90	-0.6
NZD/EUR	0.5047	-0.6			THB	31.68	-0.4	Nikkei	44,902	+0.3	24.0	Cotton	66.39	+1.5
NZD/GBP	0.4384	-0.2			KRW	1,379	-0.5	Shanghai	3,862	+0.0	42.8	Coffee	409.4	-2.1
NZD/JPY	87.63	-0.4			TWD	30.07	-0.6	ASX 200	8,878	+0.3	9.1	WM powder	3595	-0.1
NZD/CAD	0.8232	+0.1			PHP	56.92	-0.5	NZX 50	13,235	+0.2	4.4	Australian Futures		
NZ TWI	68.49	-0.0						VIX Index	16.01	+2.0	-6.6	3 year bond	96.57	0.04
												10 year bond	95.74	0.02
Interest Rates														
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	3.26	3.50	USD	4.02	-0.02	15-Apr-27		2.94	-0.03	BKBM 1-mth	3.05	-0.01
AUD	3.60	3.56	3.31	4.14	AUD	4.22	-0.05	15-May-28		3.15	-0.03	BKBM 3-mth	2.96	0.00
NZD	3.00	2.96	2.83	3.79	NZD	4.28	-0.04	20-Apr-29		3.33	-0.04	1 year	2.79	-0.02
EUR	2.00	2.03	2.13	2.65	GER	2.69	0.00	15-May-30		3.53	-0.04	2 year	2.83	-0.04
GBP	4.00	4.25	3.73	4.09	GBP	4.64	0.01	15-May-31		3.74	-0.04	3 year	2.97	-0.04
JPY	0.48	-0.03	0.87	1.42	JPY	1.60	0.01	15-May-32		3.92	-0.04	5 year	3.25	-0.04
CAD	2.75	4.97	2.32	2.85	CAD	3.15	-0.01	14-Apr-33		4.04	-0.04	7 year	3.51	-0.04
								15-May-34		4.17	-0.04	10 year	3.79	-0.05
								15-May-35		4.28	-0.04	15 year	4.09	-0.05
								15-May-36		4.38	-0.04	NZ Inflation-Indexed Bonds		
								15-May-37		4.50	-0.04	Sept-30	1.67	-0.04
								15-May-41		4.82	-0.04	Sept-35	2.47	-0.05
								15-May-51		5.10	-0.04	Sept-40	2.88	-0.05
								15-May-54		5.13	-0.04			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
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**NZD exchange rates**

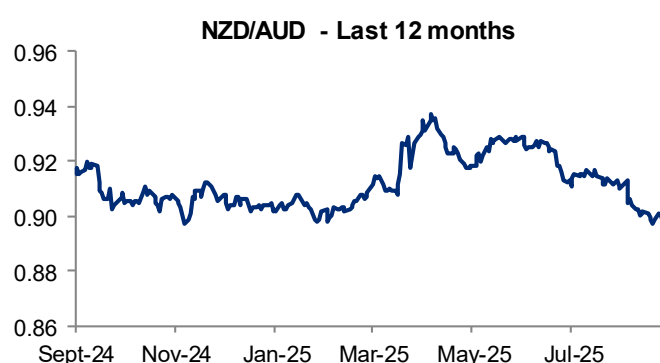
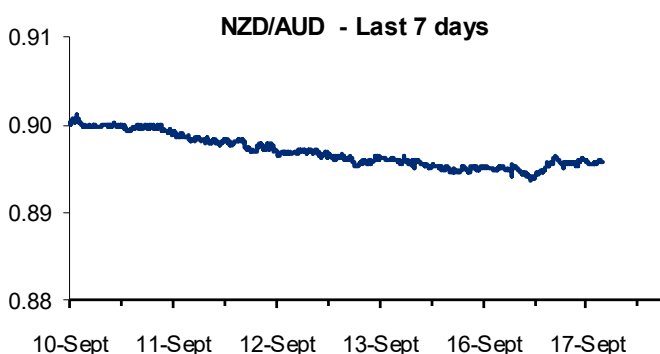
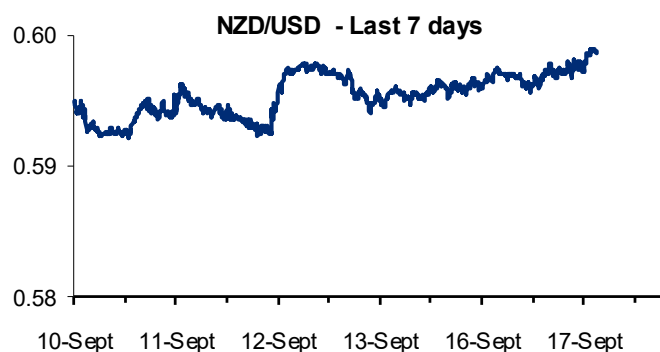
<b>17/09/2025</b>	<b>6:53 am</b>	<b>Prev. NY close</b>
USD	0.5988	0.5971
GBP	0.4384	0.4391
AUD	0.8959	0.8953
EUR	0.5047	0.5077
JPY	87.63	88.01
CAD	0.8232	0.8227
CHF	0.4707	0.4745
DKK	3.7647	3.7899
FJD	1.3450	1.3430
HKD	4.6591	4.6453
INR	52.73	52.68
NOK	5.8416	5.8672
PKR	168.58	168.06
PHP	34.09	34.15
PGK	2.4581	2.4522
SEK	5.5213	5.5383
SGD	0.7639	0.7646
CNY	4.2600	4.2505
THB	18.97	19.04
TOP	1.3974	1.4023
VUV	71.08	70.97
WST	1.6282	1.6355
XPF	60.55	60.67
ZAR	10.3791	10.3655

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.38	6.54
3 Months	18.30	18.70
6 Months	34.24	35.24
9 Months	47.38	49.37
1 Year	56.09	58.71

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.36	5.73
3 Months	16.25	17.13
6 Months	32.14	34.66
9 Months	47.79	52.51
1 Year	62.21	68.81



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