

# Research Markets Today

22 August 2025

## Events Round-Up

NZ: Trade balance (ann \$b), Jul: -3.9 vs. -4.4 prev.  
 GE: Manufacturing PMI, Aug: 49.9 vs. 48.8 exp.  
 GE: Services PMI, Aug: 50.1 vs. 50.3 exp.  
 EA: Manufacturing PMI, Aug P: 50.5 vs. 49.5 exp.  
 EA: Services PMI, Aug: 50.7 vs. 50.8 exp.  
 EA: Consumer confidence, Aug: -15.5 vs. -14.7 exp.  
 UK: Manufacturing PMI, Aug: 47.3 vs. 48.3 exp.  
 UK: Services PMI, Aug: 53.6 vs. 51.8 exp.  
 US: Initial jobless claims (k), wk to 16-Aug: 235 vs. 225 exp.  
 US: Phil. Fed business outlook, Aug: -0.3 vs. 6.5 exp.  
 US: Manufacturing PMI, Aug: 53.3 vs. 49.7 exp.  
 US: Services PMI, Aug: 55.4 vs. 54.2 exp.  
 US: Existing home sales (m/m%), Jul: 2.0 vs. -0.3 exp.

## Good Morning

Markets are trading cautiously ahead of Fed Chair Powell's speech tonight, with lower US equities and moderately higher US Treasury yields. Currency movements have been modest. The NZD has traded a tight range overnight, flat around 0.5820, but has recovered on some key crosses.

Some nerves have developed as the focus turns to the annual Jackson Hole Symposium, where Fed Chair Powell will be speaking overnight, NZ time. There have been historical precedents in which this event has been used by the Fed Chair to signal changes in policy positions. Some in the market are hoping that, after the recent significant downward revision to non-farm payrolls, Powell opens the door to restarting the easing cycle, which began September last year but came to a grinding halt after three consecutive cuts totalling 100bps. This year policy has remained unchanged.

Conviction in a Fed policy pivot has been fading over the past week, with the market now only pricing in 18bps of cuts for the September meeting, compared to a fully priced cut just over a week ago, and less than two full rate cuts are now priced for this year. Not supporting the case overnight, we counted at least three FOMC members commenting about policy without signalling an imminent rate cut.

Cleveland Fed President Hammack said with "inflation that's too high and has been trending upwards over the past year... if the meeting was tomorrow, I would not see a case for reducing interest rates". Kansas Fed President Schmid said he thinks inflation risks are marginally higher than risks to the labour market. Atlanta Fed President Bostic reiterated his view that he sees just one interest rate cut as appropriate for this year, although he added that the labour market trajectory is "potentially troubling" and "I'm not stuck on anything".

Also not supporting any urgency to cut rates, US PMI data were stronger than expected, with the composite index improving slightly to 55.4 in August against expectations that it would fall after the sharp increase in July. This was driven by a 3.5pt lift in the manufacturing component to a three-year high of 53.3, while the services PMI nudged down to a still-robust level of 55.4.

If the US economy is suffering under the weight of higher tariffs, there is no evidence of this in the PMI data, although there was evidence of higher tariffs being passed into sales prices. In a separate report noted on Bloomberg, Christmas is looking more expensive, with higher tariffs seen to lift pricing for Christmas trees and decorations imported from China by 10-20%.

US existing home sales rose 2.0% m/m in July, albeit off a low base. Softer than expected activity data came in the form of an 11k increase in initial jobless claims last week to 235k, while the Philadelphia Fed business outlook index fell from 15.9 to -0.3.

A paring of rate cut expectations has resulted in higher US Treasury yields. The 2-year rate is up 4bps for the day to 3.79%, and the 10-year rate is also up 4bps to 4.33%.

US equities are trading with a cautious tone, with the S&P500 currently down 0.4%, marking a fifth consecutive daily drop. While earlier in the week falls in big tech led the move lower and there was evidence of some sector rotation, today's fall is more broadly based.

In currency markets, the USD is moderately stronger, but this reflects weaker European currencies and a weaker yen rather than commodity currencies. The higher rates backdrop sees USD/JPY up 0.6% for the day to 148.3, while EUR and GBP are down around 0.3% to 1.1610 and 1.3420 respectively. The market ignored stronger European and

UK PMI data, led by the manufacturing sector in the former and the services sector for the latter.

The NZD has traded a range of not much more than 20pips over the past 24 hours, sustaining the fall seen in the wake of the RBNZ's dovish pivot on Wednesday. It currently sits at 0.5820 but has made advances against other key majors, seeing NZD/JPY up to 86.3, NZD/EUR back up through 0.50 – recovering from 15-year lows below the figure – while NZD/GBP has recovered to 0.4340. NZD/AUD is relatively steady at 0.9060.

In the domestic rates market, short-end swaps were probing fresh multi-year lows, as the market continued to digest the RBNZ's dovish pivot, with the 2-year swap rate down 2bps to 2.93% and the 5-year rate down 3bps to 3.35%. The 10-year swap rate fell 5bps to 3.89%. Investors at the weekly bond tender weren't put off by the lower yields on offer, with another solid event attracting bid-cover ratios between 3-4 times. Ther 10-year NZGB fell 4bps to a four-month low of 4.35%.

In the day ahead, Japanese CPI data are expected to show annual inflation remaining well above target, with a 3-handle for headline and core rates. Euro area wage data and Canadian retail sales round out the economic calendar. Tonight, as noted, the focus will be on Fed Chair Powell's address at the Jackson Hole Symposium.

[jason.k.wong@bnz.co.nz](mailto:jason.k.wong@bnz.co.nz)

## Coming Up

		Period	Cons.	Prev.	NZT
UK	GfK consumer confidence	Aug	-19	-19	11:01
JN	CPI (y/y%)	Jul	3.1	3.3	11:30
JN	CPI ex fr. food, energy (y/y%)	Jul	3.4	3.4	11:30
EA	Negotiated wages	Q2			21:00
CA	Retail sales ex auto (m/m%)	Jun	0.8	-0.2	00:30
US	Fed's Powell speaks at Jackson Hole				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	0.5822	-0.0	0.5811	0.5831	CHF	0.8088	+0.6	S&P 500	6,373	-0.4	13.4	Oil (Brent)	67.61	+1.2
AUD	0.6427	-0.1	0.6415	0.6432	SEK	9.621	+0.3	Dow	44,807	-0.3	9.6	Oil (WTI)	63.46	+1.2
EUR	1.1610	-0.4	1.1601	1.1663	NOK	10.178	-0.6	Nasdaq	21,092	-0.4	17.7	Gold	3336.9	+0.0
GBP	1.3418	-0.3	1.3406	1.3483	HKD	7.814	+0.0	Stoxx 50	5,462	-0.2	11.8	HRC steel	831.0	-0.4
JPY	148.31	+0.7	147.48	148.40	CNY	7.181	+0.1	FTSE	9,309	+0.2	12.4	CRB	296.0	+0.7
CAD	1.3897	+0.2			SGD	1.289	+0.3	DAX	24,293	+0.1	31.7	Wheat Chic.	530.0	+0.3
NZD/AUD	0.9059	+0.1			IDR	16,288	+0.1	CAC 40	7,938	-0.4	5.5	Sugar	16.35	-1.3
NZD/EUR	0.5015	+0.3			THB	32.66	+0.3	Nikkei	42,610	-0.6	11.5	Cotton	65.89	-1.1
NZD/GBP	0.4339	+0.3			KRW	1,399	+0.2	Shanghai	3,771	+0.1	32.4	Coffee	365.0	+3.0
NZD/JPY	86.35	+0.7			TWD	30.51	+0.7	ASX 200	9,019	+1.1	12.4	WM powder	3795	+0.1
NZD/CAD	0.8091	+0.2			PHP	57.03	+0.1	NZX 50	13,194	+0.9	5.8	Australian Futures		
NZ TWI	67.62	+0.2						VIX Index	16.73	+6.6	+2.8	3 year bond	96.61	0.01
Interest Rates												10 year bond 95.66 -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	3.54	3.80	USD	4.33	0.04	15-Apr-27	3.03	-0.02	BKBM 1-mth	3.10	-0.04	
AUD	3.60	3.57	3.26	4.21	AUD	4.28	-0.02	15-May-28	3.23	-0.02	BKBM 3-mth	3.02	-0.12	
NZD	3.00	3.02	2.93	3.89	NZD	4.35	-0.04	20-Apr-29	3.42	-0.02	1 year	2.85	-0.01	
EUR	2.00	2.03	2.10	2.71	GER	2.76	0.04	15-May-30	3.61	-0.03	2 year	2.93	-0.02	
GBP	4.00	4.32	3.76	4.20	GBP	4.73	0.06	15-May-31	3.84	-0.03	3 year	3.06	-0.02	
JPY	0.48	-0.03	0.86	1.41	JPY	1.61	-0.00	15-May-32	4.01	-0.03	5 year	3.35	-0.03	
CAD	2.75	4.97	2.59	3.17	CAD	3.48	0.03	14-Apr-33	4.14	-0.03	7 year	3.61	-0.04	
									15-May-34	4.25	-0.04	10 year	3.89	-0.05
									15-May-35	4.35	-0.04	15 year	4.17	-0.05
									15-May-36	4.45	-0.04	NZ Inflation-Indexed Bonds		
									15-May-37	4.57	-0.04	Sep-30	1.89	-0.02
									15-May-41	4.88	-0.03	Sep-35	2.60	-0.03
									15-May-51	5.12	-0.01	Sep-40	3.01	-0.03
									15-May-54	5.14	-0.02			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:53														
Source: Bloomberg														
					Policy Meeting Run									
					NZD AUD USD									
					1st	2.83	3.59	4.15						
					2nd	2.65	3.52	4.03						
					3rd	2.57	3.44	3.85						
					4th	2.56	3.23	3.74						
					5th	2.55	3.09	3.61						

**NZD exchange rates****22/08/2025 6:53 am Prev. NY close**

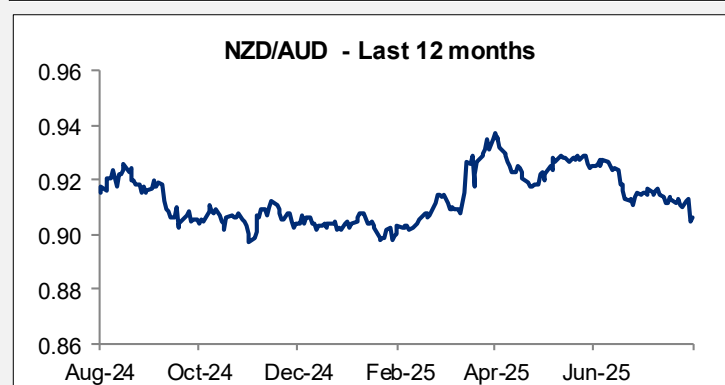
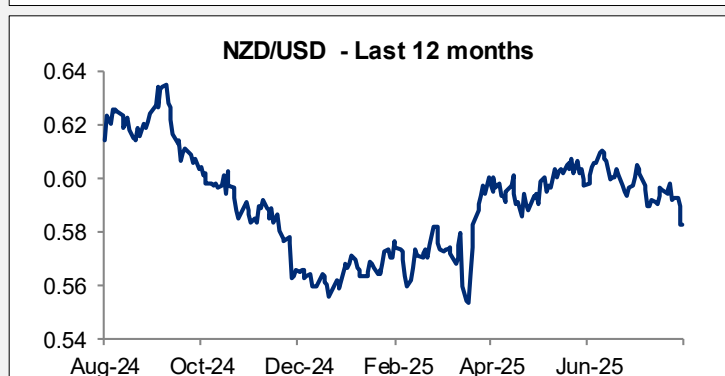
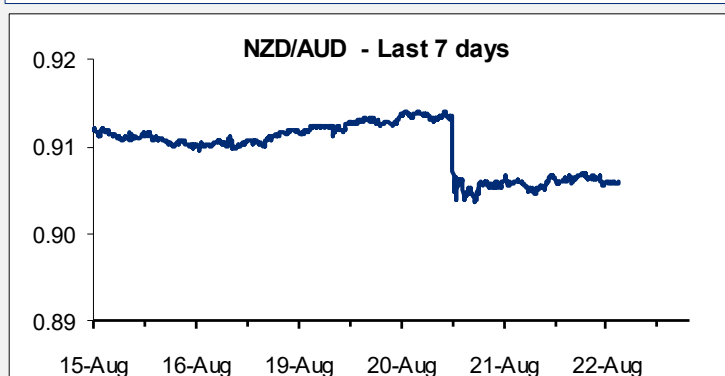
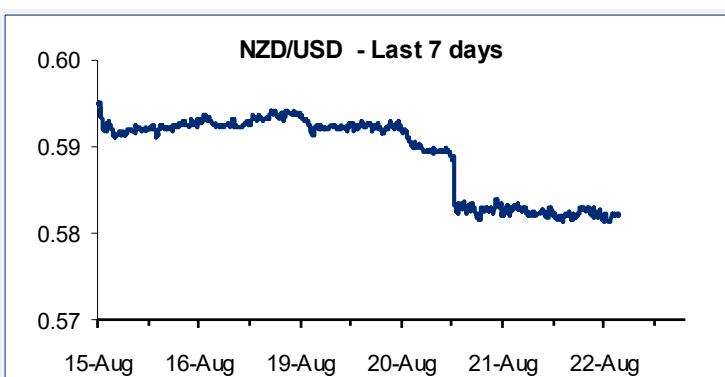
USD	0.5822	0.5823
GBP	0.4339	0.4327
AUD	0.9059	0.9050
EUR	0.5015	0.4997
JPY	86.35	85.79
CAD	0.8091	0.8078
CHF	0.4704	0.4682
DKK	3.7413	3.7306
FJD	1.3247	1.3252
HKD	4.5493	4.5492
INR	50.80	50.71
NOK	5.9268	5.9618
PKR	164.11	164.30
PHP	33.17	33.26
PGK	2.3969	2.3904
SEK	5.5993	5.5867
SGD	0.7502	0.7484
CNY	4.1805	4.1785
THB	18.99	18.95
TOP	1.3635	1.3841
VUV	69.99	70.02
WST	1.5910	1.5908
XPF	59.58	59.60
ZAR	10.3219	10.2899

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.60	6.72
3 Months	19.06	19.48
6 Months	37.89	38.89
9 Months	53.80	55.80
1 Year	66.17	70.14

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.84	5.16
3 Months	14.37	15.38
6 Months	28.82	31.48
9 Months	41.85	46.74
1 Year	53.72	62.66



# Contact Details

## BNZ Research

**Stephen Toplis**  
Head of Research

**Doug Steel**  
Senior Economist

**Jason Wong**  
Senior Markets Strategist

**Stuart Ritson**  
Senior Interest Rate Strategist

**Matt Brunt**  
Economist

**Mike Jones**  
BNZ Chief Economist  
+64 9-956 0795

## Main Offices

**Wellington**  
Level 2, BNZ Place  
1 Whitmore Street  
Wellington Mail Centre  
Lower Hutt 5045  
New Zealand  
Toll Free: 0800 283 269

**Auckland**  
80 Queen Street  
Private Bag 92208  
Auckland 1142  
New Zealand  
Toll Free: 0800 283 269

**Christchurch**  
111 Cashel Street  
Christchurch 8011  
New Zealand  
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

**Analyst Disclaimer:** The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

**New Zealand:** The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

**USA:** If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.