

# Research Markets Today

22 September 2025

## Events Round-Up

NZ: Trade balance (ann \$b), Aug: 5.9 vs. 6.7 prev.  
 UK: GfK consumer confidence, Sep: -19 vs. -18 exp.  
 JN: CPI (y/y%), Aug: 2.7 vs. 2.8 exp.  
 JN: CPI x fr. food, energy (y/y%), Aug: 3.3 vs. 3.3 exp.  
 JN: BoJ target rate (%), Sep: 0.5 vs. 0.5 exp.  
 UK: Retail sales ex auto fuel (m/m%), Aug: 0.8 vs. 0.7 exp.

## Good morning

US equities closed last week near record highs with sentiment aided by the prospect of further easing by the US Federal Reserve. The S&P ended the session 0.5% higher. Major stock indices were flat in Europe and the Nikkei declined after the Bank of Japan (BoJ) indicated plans to reduce its equity portfolio. The positive sentiment towards risk sensitive assets extended to credit markets where US high-grade spreads over treasuries reached 72bp, a fresh 27-year low.

Stephen Miran, the Federal Reserve governor who was the sole dissenter at the FOMC last week, said in an interview that tariffs have had no material impact on inflation. Miran also confirmed he thought the central bank would need to cut interest rates by 125bp before the end of this year, making him a notable outlier within the committee. Separately, Minneapolis Fed President Neel Kashkari said he supported the decision to lower rates and expects to make two additional cuts this year.

There were modest moves across global bond markets in the absence of first-tier economic data. US treasury yields were 1-2bp higher across the curve with a marginal steepening bias. 10-year notes ended the week at 4.13%, representing a decent reversal, from below 4.0% immediately following the FOMC. Although the data is lagged, foreign holdings of US treasuries climbed to a record in July, with private sector and official investors making net purchases during the month.

The US dollar was broadly stronger against developed market currencies on Friday night. The yen, which had appreciated following a 'hawkish hold' by the BOJ in Asian trade, reversed its gains. After dipping towards 147.20, USD/JPY closed near 148, close to the pre-meeting level. The pound underperformed after government borrowing

was far larger than expected, which places additional pressure on Chancellor Reeves, ahead of the November Budget. NZD/USD was marginally lower and closed the week near 0.5860. The NZD was stable on the major crosses except for NZD/GBP which edged higher.

Consumer prices in Japan increased at a 2.70% annual pace in August, slowing from 3.1% the previous month, which reflected government utility subsidies. The core measure, which strips out energy, increased 3.3% and was in line with expectations. This is marginally lower than July but still well above the central bank's 2% inflation target.

The CPI data preceded the BoJ's policy decision where rates remained on hold at 0.5% as expected. However, two of the nine members dissented in favour of a 25bp hike. This increases the chance of a move in October, which is close to 50% priced by the market. The hawkish surprise provided temporary support to the yen and higher JGB yields.

In addition, the BoJ announced it will begin to sell its ETF and J-REITs. This was long anticipated but has come sooner than markets expected. The Bank's holdings are worth around US\$251 billion by book value, and more than double, when marked to current market prices. The BoJ will sell ETF holdings worth around US\$4 billion annually, a pace that is designed to have minimum market impact.

The post-GDP rally across NZ fixed income continued in the local session on Friday. The decline in yields was led by the front end. 2-year swap rates closed 4bp lower at 2.67%, marking a 20bp rally during the week, and the market implied terminal OCR is close to 2.30%. 10-year swap rates fell 2bp to 3.72% steepening the 2y/10y curve to 105bp.

There was similar price action in government bonds with yields closing 3 to 4bp lower across the nominal curve. 10-year yields declined 3bp to 4.20%, a new cyclical low, with spreads to Australia negative out to 10 years. Australian 10-year government bond futures are unchanged, compared with levels at the local close on Friday, suggesting limited directional bias for NZ yields on the open.

There is no domestic data of note today. RBA Governor Michele Bullock will deliver a semi-annual testimony to a parliamentary panel in Canberra. It is a relatively quiet week ahead for economic data and risk events. In NZ, consumer confidence is the only data of note. Australia is releasing monthly CPI for August. Advance PMIs for the UK, Europe and the US will be closely monitored.

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### Coming Up

		Period	Cons.	Prev.	NZT
CH	1-Year Loan Prime Rate	Sep	3	3	13:00
CH	5-Year Loan Prime Rate	Sep	3.5	3.5	13:00
AU	RBA's Bullock-Testimony				13:00
EC	Consumer Confidence	Sep P	-15.5		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	0.5858	-0.4	0.5854	0.5880	CHF	0.7956	+0.4	S&P 500	6,664	+0.5	16.6	Oil (Brent)	66.65	-1.2
AUD	0.6596	-0.3	0.6586	0.6612	SEK	9.415	+0.7	Dow	46,315	+0.4	10.2	Oil (WTI)	62.72	-1.3
EUR	1.1748	-0.4	1.1729	1.1778	NOK	9.950	+0.7	Nasdaq	22,631	+0.7	25.6	Gold	3686.6	+1.0
GBP	1.3473	-0.6	1.3463	1.3514	HKD	7.775	-0.0	Stoxx 50	5,458	+0.0	10.4	HRC steel	812.0	-0.1
JPY	147.94	-0.0	147.67	148.28	CNY	7.118	+0.1	FTSE	9,217	-0.1	10.7	CRB	299.0	-0.7
CAD	1.3784	-0.1			SGD	1.285	+0.2	DAX	23,639	-0.1	24.4	Wheat Chic.	541.0	-0.3
NZD/AUD	0.8881	-0.2			IDR	16,601	+0.4	CAC 40	7,854	-0.0	3.1	Sugar	15.46	+0.5
NZD/EUR	0.4986	-0.1			THB	31.82	-0.3	Nikkei	45,046	-0.6	19.4	Cotton	64.94	-0.4
NZD/GBP	0.4348	+0.2			KRW	1,397	+0.6	Shanghai	3,820	-0.3	39.6	Coffee	366.5	-3.8
NZD/JPY	86.66	-0.4			TWD	30.20	+0.4	ASX 200	8,774	+0.3	6.9	WM powder	3620	-0.3
NZD/CAD	0.8075	-0.5			PHP	57.12	+0.1	NZX 50	13,232	+0.9	6.0	Australian Futures		
NZ TWI	67.44	-0.3						VIX Index	15.47	-1.5	-5.3	3 year bond	96.56	-0.05
Interest Rates												10 year bond 95.72 -0.01		
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	4.25	4.85	3.33	3.61	USD	4.13 0.02	15-Apr-27	2.76	-0.04	BKBM 1-mth	2.99	-0.03		
AUD	3.60	3.55	3.32	4.18	AUD	4.24 0.05	15-May-28	2.98	-0.04	BKBM 3-mth	2.84	-0.11		
NZD	3.00	2.84	2.67	3.72	NZD	4.20 -0.03	20-Apr-29	3.18	-0.04	1 year	2.61	-0.02		
EUR	2.00	2.03	2.15	2.70	GER	2.75 0.02	15-May-30	3.39	-0.03	2 year	2.67	-0.04		
GBP	4.00	4.24	3.76	4.16	GBP	4.72 0.04	15-May-31	3.62	-0.03	3 year	2.82	-0.04		
JPY	0.48	-0.03	0.91	1.45	JPY	1.65 0.04	15-May-32	3.81	-0.03	5 year	3.14	-0.03		
CAD	2.50	4.97	2.32	2.90	CAD	3.20 0.02	14-Apr-33	3.95	-0.03	7 year	3.41	-0.02		
							15-May-34	4.09	-0.03	10 year	3.72	-0.02		
							15-May-35	4.20	-0.03	15 year	4.02	-0.02		
							15-May-36	4.30	-0.03	NZ Inflation-Indexed Bonds				
							15-May-37	4.43	-0.03	Sept-30	1.59	-0.01		
							15-May-41	4.75	-0.03	Sept-35	2.42	-0.01		
							15-May-51	5.03	-0.03	Sept-40	2.85	-0.00		
							15-May-54	5.06	-0.03					

\* These are indicative ranges from 5pm NZT;  
please confirm rates with your BNZ dealer

Rates at NY close

Source: Bloomberg

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Rates at NY close

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**NZD exchange rates**

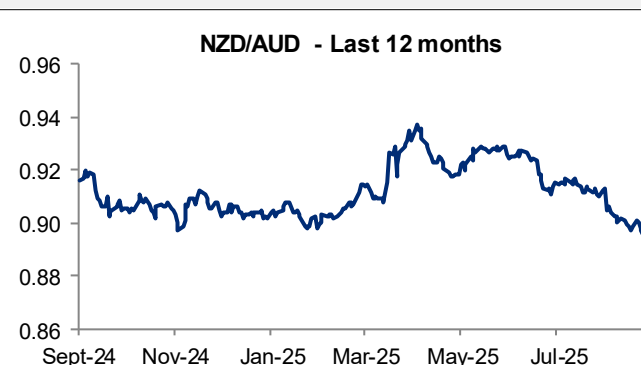
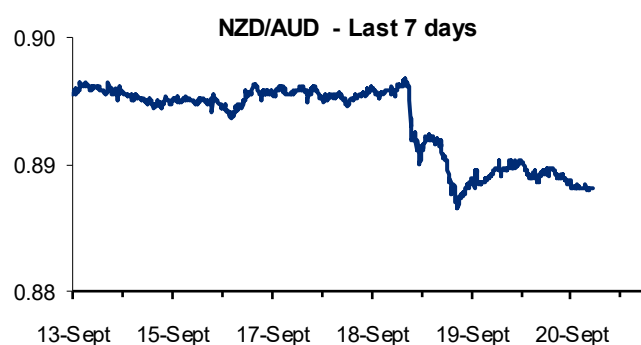
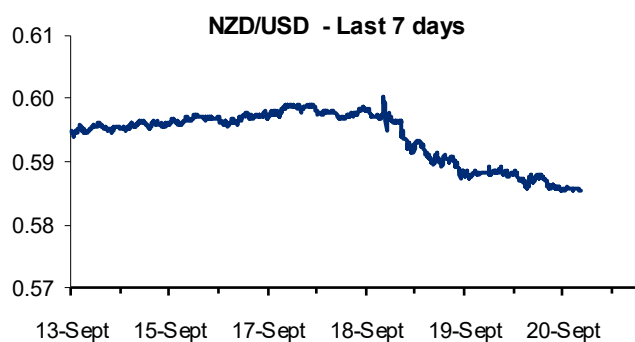
20/09/2025	NY close	Prev. NY close
USD	0.5858	0.5882
GBP	0.4348	0.4339
AUD	0.8881	0.8896
EUR	0.4986	0.4990
JPY	86.66	87.05
CAD	0.8075	0.8115
CHF	0.4659	0.4661
DKK	3.7216	3.7247
FJD	1.3189	1.3275
HKD	4.5530	4.5749
INR	51.59	51.84
NOK	5.8266	5.8117
PKR	164.80	165.59
PHP	33.45	33.56
PGK	2.4039	2.4146
SEK	5.5131	5.5007
SGD	0.7524	0.7541
CNY	4.1684	4.1835
THB	18.65	18.70
TOP	1.3571	1.3730
VUV	69.55	69.69
WST	1.5979	1.6090
XPF	59.54	59.69
ZAR	10.1571	10.2056

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	6.15	6.44
3 Months	19.27	19.78
6 Months	37.36	38.36
9 Months	53.22	55.22
1 Year	65.46	68.55

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	5.25	5.90
3 Months	18.24	19.45
6 Months	37.82	40.46
9 Months	57.37	61.74
1 Year	75.46	83.23



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