Research

Markets Today

26 August 2025

Events Round-Up

NZ: Real retail sales (q/q%), Q2: 0.5 vs. -0.3 exp.

GE: IFO expectations, Aug: 91.6 vs. 90.5 exp.

US: New home sales (k), Jul: 652 vs. 630 exp.

Good Morning

It has been a typically quiet start to the new week with little newsflow to drive markets. Markets have settled after the significant price action seen in the wake of Fed Chair Powell's dovish pivot in his speech at Jackson Hole on Friday night. Most economists have changed calls to include a 25bps cut at the Fed's next meeting in September, with the caveat that it remains data dependent. A strong rebound in non-farm payrolls or an ugly CPI print ahead of the meeting could still derail the prospect of a rate cut, hence the market is pricing "only" 21bps for the meeting.

US Treasury yields have traded a tight 3bps range overnight, with little net change in the 10-year rate at 4.27% from the NZ close and up slightly from Friday's close.

US equities show little net movement. The S&P500 has been trading slightly weaker through the session and is down a touch, while the Nasdaq index is up a touch. Focus for the week ahead will be Nvidia's earnings report later in the week, after Wednesday's NY close. The Euro Stoxx 600 index closed down 0.4%, while the UK market was closed for a public holiday.

Of note, Chinese equity markets are enjoying a strong run through August, with the CSI300 index up nearly 10% for the month, after a 2.1% gain yesterday, despite the backdrop of soft economic growth. One analyst noted that the market is being driven by an abundance of liquidity than fundamental factors. The government continues to incrementally ease policy settings, with yesterday's offering being Shanghai further easing property restrictions, including allowing eligible residents to buy an unlimited number of homes in the outer suburbs.

In the currency market, the USD is broadly stronger, recovering some of its Friday night losses. There have been modest falls in commodity currencies but notable weakness in European currencies, with EUR down 0.8% from last week's close to 1.1620. Germany's IFO data was stronger than expected, with the expectations index improving to a 3½ year high of 91.6, so that doesn't explain the euro's underperformance.

The only negative Europe-centric news item we found that might have got some attention was a Reuters report noting sources saying President Donald Trump's administration "is considering imposing sanctions on EU or member state officials responsible for implementing the bloc's landmark Digital Services Act over US complaints that the law censors Americans and imposes costs on US tech companies".

GBP and JPY are down about 0.5-0.6% from last week's close. The NZD is currently trading at the bottom end of its daily trading range, at 0.5850 from an overnight high around 0.5880, while the AUD is down slightly at 0.6485. Apart from a small fall in NZD/AUD to 0.9025, the NZD is modestly higher on the other major crosses. NZD/EUR is up ½% to 0.5030, after probing 15-year lows just below 0.50 last week.

In local news, NZ real retail sales data rose 0.5% q/q in Q2, much stronger against market expectations for a 0.3% contraction. It was a bit of a head-scratcher, particularly as it followed strong 0.8-1.0% gains over the previous two quarters, challenging the narrative that consumer spending was very weak. The data suggest upside risk to prevailing views that the economy contracted about 0.2-0.3% in the June quarter.

There was minimal impact of the data on the domestic rates market. The 2-year swap rate closed the day down 3bps to 2.91%, from a low of 2.90% ahead of the data. The 5- and 10-year swap rate closed down 3bps and 2bps respectively, with the market playing catch-up to the fall in US rates Friday night. The NZGB curve showed some notable steepening, with rates down 2-3bps at the short end, the 10year rate falling by only 1bp to 4.38%, while the ultra-long bonds were heavy, with rates marked up 3-4bps.

There are only second tier economic releases for the day ahead, including durable goods orders and the Conference Board measure of consumer confidence for the US.

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Coming Up

		Period	Cons.	Prev.	NZT
US	Durable goods orders (m/m%)	Jul	-3.9	-9.4	00:30
US	Durables ex transp. (m/m%)	Jul	0.2	0.2	00:30
US	Conf. Board consumer confidence	Aug	96.5	97.2	02:00

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5851	-0.3	0.5849	0.5877
AUD	0.6485	-0.1	0.6483	0.6504
EUR	1.1625	-0.8	1.1622	1.1718
GBP	1.3464	-0.5	1.3461	1.3521
JPY	147.75	+0.6	147.14	147.80
CAD	1.3853	+0.2		
NZD/AUD	0.9022	-0.2		
NZD/EUR	0.5033	+0.6		
NZD/GBP	0.4346	+0.2		
NZD/JPY	86.45	+0.3		
NZD/CAD	0.8105	-0.2		
NZ TWI	67.71	-0.1		

Other FX

	Last	% Day
CHF	0.8057	+0.5
SEK	9.589	+1.0
NOK	10.131	+0.7
HKD	7.812	-0.0
CNY	7.154	-0.2
SGD	1.285	+0.3
IDR	16,259	-0.6
THB	32.47	+0.2
KRW	1,390	+0.4
TWD	30.45	-0.4
PHP	56.73	-0.4

Equities

Major Indices

	Last	% Day	% Year
S&P 500	6,456	-0.2	14.6
Dow	45,356	-0.6	10.2
Nasdaq	21,519	+0.1	20.4
Stoxx 50	5,444	-0.8	10.9
FTSE	9,321	+0.1	11.9
DAX	24,273	-0.4	30.3
CAC 40	7,843	-1.6	3.5
Nikkei	42,808	+0.4	12.3
Shanghai	3,884	+1.5	36.0
ASX 200	8,972	+0.1	11.0
NZX 50	13,080	+0.3	3.9
VIX Index	14.41	+1.3	-9.1

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	68.78	+1.6
Oil (WTI)	64.78	+1.8
Gold	3373.3	-0.0
HRC steel	832.0	+0.0
CRB	300.0	+0.5
Wheat Chic.	529.8	+0.5
Sugar	16.40	-0.5
Cotton	65.99	-0.7
Coffee	377.8	-0.1
WM powder	3800	+0.1

Australian Futures

	Last	Net Day
3 year bond	96.61	0.03
10 year bond	95.69	-0.02

Interest Rates

	Rates		Swap Yields	
	Cash	3Mth	2 Yr	10 Yr
USD	4.50	4.85	3.47	3.75
AUD	3.60	3.55	3.25	4.19
NZD	3.00	3.01	2.91	3.89
EUR	2.00	2.02	2.10	2.71
GBP	4.00	4.32	3.74	4.17
JPY	0.48	-0.03	0.87	1.42
CAD	2.75	4.97	2.58	3.15

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.27	0.02
AUD	4.28	-0.03
NZD	4.38	-0.01
GER	2.76	0.04
GBP	4.69	0.00
JPY	1.62	-0.00
CAD	3.47	0.03

Policy Meeting Run

	NZD	AUD	USD
1st	2.81	3.52	4.12
2nd	2.64	3.30	3.99
3rd	2.57	3.23	3.80
4th	2.57	3.10	3.67
5th	2.55	3.08	3.53

NZ Government Bonds

	Last	Chg
15-Apr-27	3.02	-0.03
15-May-28	3.23	-0.02
20-Apr-29	3.42	-0.02
15-May-30	3.62	-0.02
15-May-31	3.84	-0.02
15-May-32	4.01	-0.02
14-Apr-33	4.15	-0.01
15-May-34	4.27	-0.01
15-May-35	4.38	-0.01
15-May-36	4.49	0.00
15-May-37	4.62	0.00
15-May-41	4.94	0.01
15-May-51	5.20	0.03
15-May-54	5.23	0.04

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	3.10	0.00
BKBM 3-mth	3.01	-0.02
1 year	2.84	-0.01
2 year	2.91	-0.03
3 year	3.05	-0.03
5 year	3.34	-0.03
7 year	3.60	-0.02
10 year	3.89	-0.02
15 year	4.18	-0.02

NZ Inflation-Indexed Bonds

	Last	Chg
Sep-30	1.89	-0.02
Sep-35	2.61	-0.02
Sep-40	3.02	-0.02

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

Rates are as of: NZT 06:54

Source: Bloomberg

NZD exchange rates

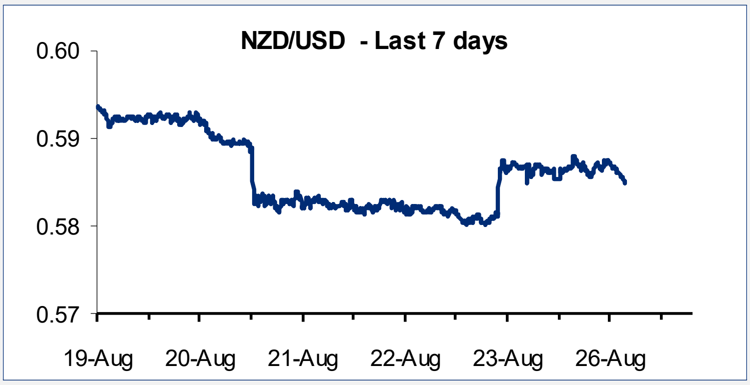
26/08/2025	6:54 am	Prev. NY close
USD	0.5851	0.5866
GBP	0.4346	0.4337
AUD	0.9022	0.9039
EUR	0.5033	0.5006
JPY	86.45	86.20
CAD	0.8105	0.8110
CHF	0.4713	0.4702
DKK	3.7553	3.7362
FJD	1.3243	1.3259
HKD	4.5746	4.5845
INR	51.29	51.34
NOK	5.9249	5.9010
PKR	165.04	165.35
PHP	33.35	33.42
PGK	2.3873	2.4160
SEK	5.6061	5.5709
SGD	0.7523	0.7517
CNY	4.1889	4.2045
THB	19.00	19.15
TOP	1.3890	1.3738
VUV	70.07	70.46
WST	1.5988	1.6056
XPF	59.87	59.77
ZAR	10.3165	10.2356

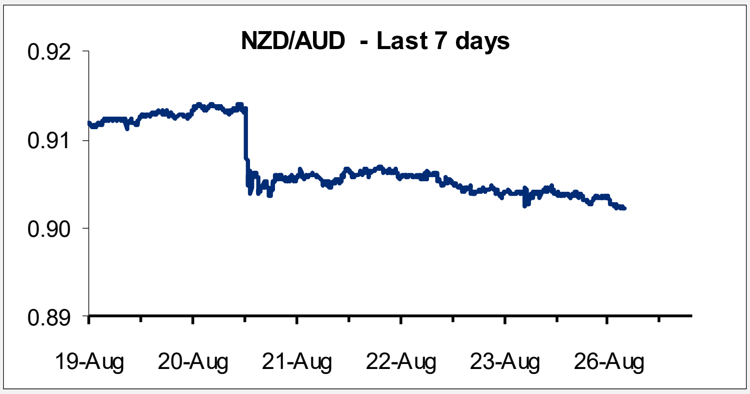
NZD/USD Forward Points

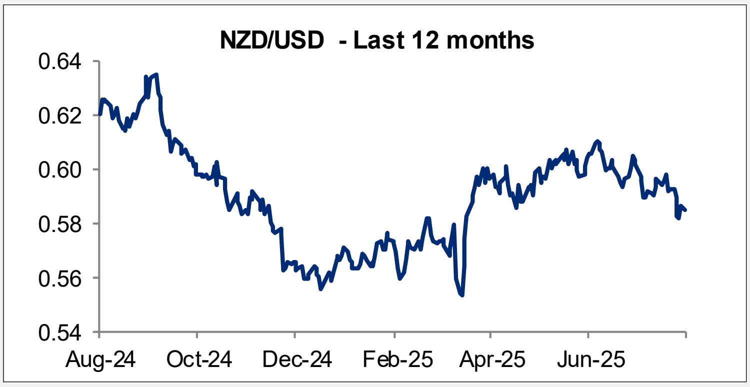
	BNZ buys NZD	BNZ sells NZD
1 Month	7.01	7.11
3 Months	19.28	19.73
6 Months	37.46	38.46
9 Months	52.13	54.13
1 Year	63.89	66.90

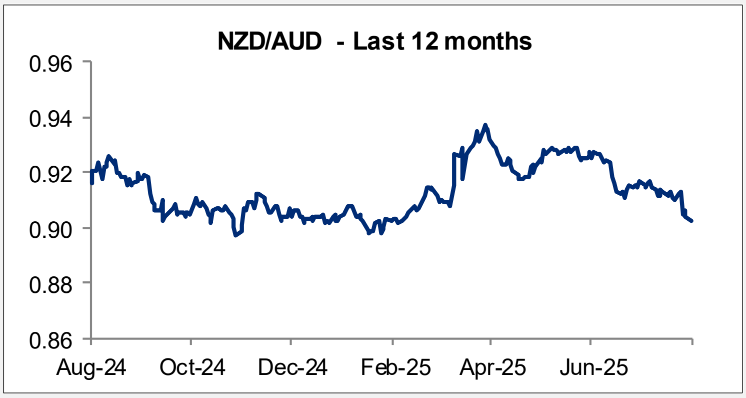
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.25	5.61
3 Months	14.61	15.75
6 Months	29.00	31.83
9 Months	41.16	46.36
1 Year	53.68	61.06









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