

Research Markets Today

26 September 2025

Events Round-Up

GE: GfK Consumer Confidence, Oct: -22.3 vs. -23.3 exp.

US: GDP (3rd est, ann'lised q/q%), Q2: 3.8 vs. 3.3 exp,

US: Goods trade balance (\$b), Aug: -85.5 vs. -95.4 exp.

US: Durable goods orders (m/m%), Aug: 2.9 vs. -0.3 exp.

US: Durables ex transport (m/m%), Aug: 0.4 vs. 0.0 exp.

US: Initial Jobless Claims, wk to 20-Sep: 218 vs. 233 exp.

US: Existing home sales (m/m%), Aug: -0.2 vs. -1.5 exp.

Good Morning

Stronger than expected US economic data overnight drove higher US rates, as the market pared scope for easier monetary policy, and broad gains in the USD. US equities are weaker for the third successive day. The NZD lurched below technical support of 0.58 while NZD cross movements have been contained.

We weren't expecting second-tier US economic data releases to be market moving, but they were stronger across the board, providing a consistent message that the US economy was humming along quite nicely despite prevailing heightened policy uncertainty. The third estimate of Q2 GDP, durable goods orders, trade, jobless claims and existing home sales data were all stronger than expected.

GDP for Q2 was revised up five-tenths to an annualised 3.8%, following the 0.6% contraction in Q1, driven by an upgrade to consumer spending on services, so private consumption now shows respectable growth of 2.5%, from 1.7%. The last reading of the Atlanta Fed's GDPnow estimated growth of 3.4% in Q3, although consensus estimates are below that.

Durable goods orders surged 2.9% m/m in August, driven by aircraft orders, but underlying orders were robust as well, with the ex-transportation figure up 0.4% m/m and signs of broadening expansion of business investment. The trade deficit for August was about \$10b smaller than expected, at \$85.5b, on lower imports and net trade should now only make a small negative contribution to Q3 GDP.

Initial jobless claims fell 14k last week to 218k, their lowest level since mid-July, the figures normalising back to respectable levels after recent distortions in the data that

had inflated the figures. The data suggest only moderate layoffs and underlying resilience of the labour market. Existing home sales fell less than expected, nudging down just 0.2% m/m in August.

The broad array of stronger than expected data has seen the market trim expectations for further Fed easing, with 21bps priced for the next meeting and a cumulative 39bps for the two remaining meetings this year. The 2-year Treasury yield is up 6bps to 3.66% while the 10-year rate is up 2bps to 4.17%, after reaching an overnight high of 4.20%.

Soon the market might not have to contend with stronger data as there won't be any releases! The 30 September deadline is approaching without a funding agreement signed off by Congress. Without this in place, the federal government will shut down from 1 October, resulting in furloughs for federal workers, including those who compile official data. This could affect the release of next Friday's key non-farm payrolls report. The last government shutdown of this nature was for 35 days between December/January of 2018/19. The stakes are high and the WSJ reports that the White House's budget office directed federal agencies to draw up plans to permanently reduce their workforces if there is a government shutdown next week, raising the specter of mass firings on top of the customary furloughs during a lapse in funding.

Stronger US data drove broad gains in the USD, with dollar indices up 0.6-0.7% for the day. The NZD and AUD have both fallen just over 1% overnight. The NZD lurched below the prior key 0.58 support level and it currently trades around 0.5760. In searching for the next key support level, it's hard to go past the 0.55-0.56 area, which the NZD consistently probed earlier this year in the run-up to Liberation Day and the aftermath of that event.

The AUD fell below 0.6530. NZD/AUD has been relatively steady overnight, after trading at fresh three-year lows below 0.8815. With the USD in the driving seat, other NZD cross movements have also been small.

US equities are down for the third successive day, with concerns about higher interest rates more than offsetting the stronger growth backdrop. The S&P500 is currently down 0.5%, paring a fall of as much as 1% just an hour ago. The Euro Stoxx 600 index closed down 0.7%.

In the domestic rates market, there were only small changes in yields, with NZGB yields falling 2bps at the very short end of the curve, the 5-year rate unchanged and the 10-year rate up 2bps to 4.22%. There wasn't much duration risk to absorb at the weekly bond tender and the issuance of 2030 and 2033 bonds met strong demand. In the swaps market, the 2-year rate was unchanged at 2.67%, continuing to show some stability after the recent tumble in rates, while the 10-year rate rose 2bps to 3.72%.

On the calendar today, NZ consumer confidence and Tokyo CPI figures are released this morning. Tonight sees the release of the US PCE deflators for August, where the market sees a 0.2% m/m lift for the core figure, which would leave annual inflation at 2.9% y/y.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ consumer confidence	Sep	92.0	10:00	
JN	Tokyo CPI (y/y%)	Sep	2.8	2.6	11:30
JN	Tokyo CPI x-fr. fd, energy (y/y%)	Sep	2.9	3.0	11:30
CA	GDP (m/m%)	Jul	0.1	-0.1	00:30
US	Personal income (m/m%)	Aug	0.3	0.4	00:30
US	Real personal spending (m/m%)	Aug	0.2	0.3	00:30
US	Core PCE deflator (m/m%)	Aug	0.2	0.3	00:30
US	Core PCE deflator (y/y%)	Aug	2.9	2.9	00:30

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	0.5764	-0.9	0.5759	0.5831	CHF	0.8004	+0.7	S&P 500	6,596	-0.6	15.3	Oil (Brent)	69.59	+0.4
AUD	0.6535	-0.7	0.6526	0.6604	SEK	9.476	+0.8	Dow	45,935	-0.4	9.6	Oil (WTI)	65.17	+0.3
EUR	1.1654	-0.7	1.1646	1.1754	NOK	10.047	+1.1	Nasdaq	22,367	-0.6	23.7	Gold	3754.3	+0.5
GBP	1.3336	-0.8	1.3324	1.3465	HKD	7.783	+0.1	Stoxx 50	5,445	-0.4	10.7	HRC steel	820.0	-0.4
JPY	149.85	+0.6	148.64	149.93	CNY	7.134	+0.0	FTSE	9,214	-0.4	11.4	CRB	302.9	+1.0
CAD	1.3940	+0.3			SGD	1.295	+0.5	DAX	23,535	-0.6	24.4	Wheat Chic.	544.0	+1.1
NZD/AUD	0.8820	-0.2			IDR	16,749	+0.4	CAC 40	7,795	-0.4	3.0	Sugar	15.76	+0.8
NZD/EUR	0.4946	-0.1			THB	32.21	+0.3	Nikkei	45,755	+0.3	17.5	Cotton	63.83	-0.7
NZD/GBP	0.4322	-0.1			KRW	1,409	+0.3	Shanghai	3,853	-0.0	33.0	Coffee	371.4	+1.0
NZD/JPY	86.37	-0.2			TWD	30.44	+0.3	ASX 200	8,773	+0.1	6.9	WM powder	3615	+0.1
NZD/CAD	0.8035	-0.5			PHP	58.10	+1.1	NZX 50	13,154	-0.2	5.3	Australian Futures		
NZ TWI	66.75	-0.5						VIX Index	16.97	+4.9	+10.1	3 year bond	96.43	-0.04
Interest Rates												10 year bond 95.57 -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	4.25	4.85	3.44	3.66	USD	4.17 0.02	15-Apr-27	2.73	-0.02	BKBM 1-mth	2.96	-0.02		
AUD	3.60	3.60	3.47	4.31	AUD	4.35 0.06	15-May-28	2.95	-0.02	BKBM 3-mth	2.82	-0.01		
NZD	3.00	2.82	2.67	3.72	NZD	4.22 0.02	20-Apr-29	3.17	-0.00	1 year	2.60	-0.01		
EUR	2.00	1.99	2.17	2.73	GER	2.77 0.03	15-May-30	3.39	0.00	2 year	2.67	0.00		
GBP	4.00	4.22	3.78	4.18	GBP	4.76 0.09	15-May-31	3.62	0.01	3 year	2.81	0.00		
JPY	0.48	-0.03	0.95	1.48	JPY	1.65 0.00	15-May-32	3.83	0.02	5 year	3.13	0.01		
CAD	2.50	4.97	2.34	2.90	CAD	3.22 0.01	14-Apr-33	3.97	0.01	7 year	3.41	0.01		
							15-May-34	4.11	0.02	10 year	3.72	0.02		
							15-May-35	4.22	0.02	15 year	4.03	0.02		
							15-May-36	4.33	0.01					
							15-May-37	4.46	0.01					
							15-May-41	4.79	0.01					
							15-May-51	5.07	0.02					
							15-May-54	5.09	0.01					

NZD exchange rates**26/09/2025 6:52 am Prev. NY close**

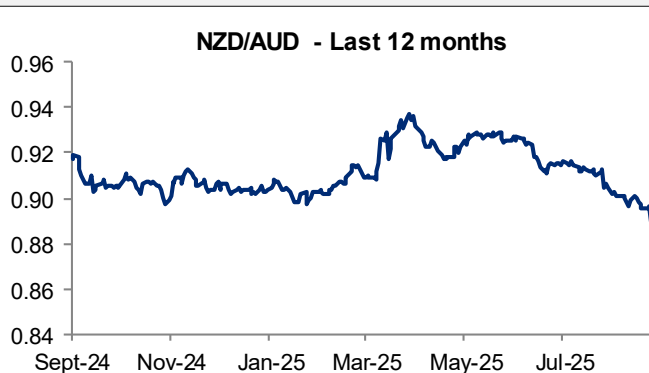
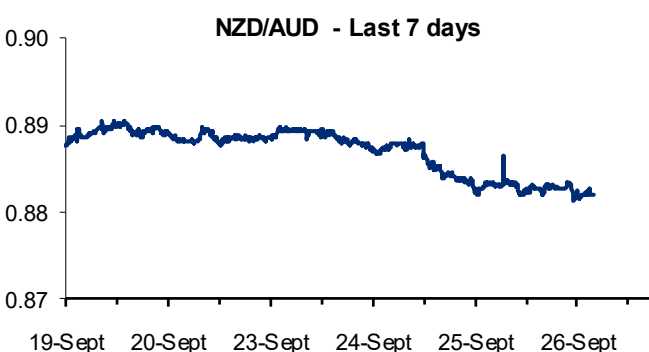
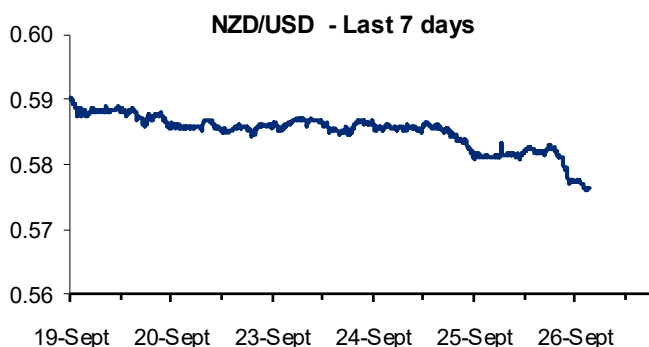
USD	0.5764	0.5815
GBP	0.4322	0.4324
AUD	0.8820	0.8833
EUR	0.4946	0.4954
JPY	86.37	86.59
CAD	0.8035	0.8081
CHF	0.4612	0.4624
DKK	3.6903	3.6976
FJD	1.3034	1.3168
HKD	4.4835	4.5233
INR	51.08	51.58
NOK	5.7903	5.7814
PKR	162.11	163.64
PHP	33.47	33.42
PGK	2.3905	2.3891
SEK	5.4596	5.4662
SGD	0.7459	0.7493
CNY	4.1099	4.1472
THB	18.51	18.61
TOP	1.3517	1.3586
VUV	69.24	69.41
WST	1.5687	1.5993
XPF	58.82	59.14
ZAR	10.0680	10.0870

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.49	6.69
3 Months	19.60	20.00
6 Months	38.54	39.54
9 Months	56.25	57.95
1 Year	70.68	73.32

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.72	6.18
3 Months	19.88	20.82
6 Months	42.63	45.27
9 Months	65.87	70.58
1 Year	88.82	95.57



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