

Research Markets Today

27 August 2025

Events Round-Up

US: Durable goods orders (m/m%), Jul: -2.8 vs. -3.8 exp.

US: Durables ex transp. (m/m%), Jul: 1.1 vs. 0.2 exp.

US: Conf. Board consumer confid., Aug: 97.4 vs. 96.5 exp.

Good Morning

Following President Trump's "firing" of Fed Governor Cook, US Treasury yields are lower and the curve is steeper, while the USD shows a modest broadly-based fall. US equity investors saw the dip in futures as a buying opportunity and the S&P500 shows a small gain.

Yesterday afternoon, President Trump fired Fed Governor Cook based on allegations that she had "made false statement on one or more mortgage agreements". Trump has legal grounds to fire a Fed Governor "for cause by the president", which has been taken to mean for serious misconduct, although the decision will be contested in court. Cook said she won't resign and deems the president's action as illegal and will be filing a lawsuit challenging the decision.

The prevailing view is that this was another attempt by Trump to undermine the independence of the Federal Reserve, alongside recent public attacks and threats on Chair Powell. Firing Cook gives Trump another opportunity to nominate someone friendly to his policy agenda of lower rates.

The prospect of more FOMC members sympathetic to a lower rates environment drove down short-dated US Treasury yields, with the 2-year rate down 4bps to 3.68%. Despite falling rates, the auction of \$69b of 2-year notes was well supported. Political interference in monetary policy has weighed on sentiment for the longer end of the curve, with the 30-year rate up 2bps to 4.91%, driving a steeper curve. The gap between 5-year and 30-year Treasury yields widened to 117bps, the steepest since 2021. While the initial reaction for the 10-year rate yesterday was to push higher, that yield has fallen overnight to 4.26%, down 2bps for the day and 5bps lower since the NZ close.

US second-tier economic releases were stronger than expected and only had a temporary influence on the market. While durable goods orders were weighed down by lower aircraft orders, the core figures were stronger,

with orders ex transportation rising 1.1% m/m, challenging the narrative that business investment was weaker owing to higher tariffs. Consumer confidence, as measured by the Conference Board, fell 1.3pts to 97.4 in August, higher than expected following an upward revision to the previous month. The labour market indicator, measuring the difference between those saying jobs were plentiful versus those saying jobs were hard to get, declined further, continuing the steady downward trend over the past few years, consistent with a gradually weaker labour market.

Steeper yields curves have not only been confined to the US, with that dynamic being a global theme this year, with upward pressure on 30-year rates for the likes of the UK, Europe and Japan as well, as the market focuses on the sustainability of fiscal policy and higher public debt levels. Pressure remains on French assets where disagreement on how to reduce the fiscal deficit will likely lead to a collapse of the government, with PM Bayrou's grip on power tenuous. France's 10-year rate trades above those for Italy, Spain and Greece. France's CAC40 index fell 1.7% following yesterday's 1.6% fall.

In currency markets, the USD is broadly weaker, after the market fully digested Trump's move to fire Governor Cook. Currency moves have been modest though, with the NZD pushing up through 0.5860 while the AUD is up towards 0.65. NZD cross movements have been minimal.

US equities initially reacted negatively to the firing of Governor Cook with S&P500 futures down as much as ½%, but this attracted buyers to the market, and they fully recovered. The cash market shows a modest gain for the day.

On tariffs President Trump said he'll impose a "very substantial tariff" on imported furniture soon, saying that a 100-200% tariff would have prevented China from becoming dominant in the furniture industry. Expect the cost of furniture in the US to shoot higher, after the tariff is implemented. Meanwhile, as previously promised, India faces a 50% tariff from later today for punishment for buying Russian oil.

The domestic rates market continues to trade in the wake of the RBNZ's dovish pivot last week, with further downside pressure on short end rates seeing the 2-year swap rate close down 2bps to a fresh cycle low of 2.89%. ASB launched a 5-year fixed notes deal which will meet strong demand in a corporate market starved of paper,

and this supported a 2bps fall in the 5-year swap rate to 3.32%, also a multi-year low, while the 10-year rate was unchanged at 3.89%.

NZDM announced that it would launch the syndication of a new 2050 inflation-linked bond in the week beginning 8 September, seeking to raise at least \$1b and the deal capped at \$2b. This added upside pressure to ultra-long NZGB yields, resulting in further curve steepening. Short end NZGB yields were down 1-2bps, the 10-year rate was flat at 4.38% and ultra long bonds rose 2bps.

On the calendar today, Australian monthly CPI data will be released on another light day of economic releases.

jason.k.wong@bnz.co.nz

Coming Up

		Period	Cons.	Prev.	NZT
AU	CPI (y/y%)	Jul	2.3	1.9	13:30
AU	CPI trimmed mean (y/y%)	Jul		2.1	13:30
GE	GfK consumer confidence	Sep	-21.5	-21.5	18:00

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	0.5862	+0.2	0.5835	0.5868	CHF	0.8032	-0.3	S&P 500	6,451	+0.2	14.8	Oil (Brent)	67.26	-2.3
AUD	0.6495	+0.2	0.6470	0.6501	SEK	9.561	-0.3	Dow	45,328	+0.1	9.9	Oil (WTI)	63.30	-2.3
EUR	1.1644	+0.2	1.1602	1.1665	NOK	10.124	-0.0	Nasdaq	21,498	+0.2	21.3	Gold	3388.6	+0.4
GBP	1.3480	+0.2	1.3435	1.3493	HKD	7.794	-0.2	Stoxx 50	5,384	-1.1	9.9	HRC steel	831.0	-0.1
JPY	147.36	-0.3	147.10	147.91	CNY	7.153	-0.0	FTSE	9,266	-0.6	11.3	CRB	301.7	+0.6
CAD	1.3829	-0.2			SGD	1.285	-0.0	DAX	24,153	-0.5	29.7	Wheat Chic.	531.8	+0.4
NZD/AUD	0.9025	+0.0			IDR	16,299	+0.2	CAC 40	7,710	-1.7	1.6	Sugar	16.41	+0.1
NZD/EUR	0.5034	+0.0			THB	32.45	-0.0	Nikkei	42,394	-1.0	10.7	Cotton	65.47	-1.0
NZD/GBP	0.4349	+0.0			KRW	1,394	+0.3	Shanghai	3,868	-0.4	35.8	Coffee	372.3	-1.4
NZD/JPY	86.38	-0.0			TWD	30.56	+0.4	ASX 200	8,936	-0.4	10.7	WM powder	3765	-0.9
NZD/CAD	0.8107	+0.0			PHP	57.08	+0.6	NZX 50	12,958	-0.9	4.1	Australian Futures		
NZ TWI	67.80	+0.2						VIX Index	14.95	+1.1	-7.4	3 year bond	96.60	-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	3.42	3.72	USD	4.25	-0.02	15-Apr-27	2.99	-0.02	BKBM 1-mth	3.10	0.00	
AUD	3.60	3.55	3.24	4.20	AUD	4.31	0.03	15-May-28	3.22	-0.02	BKBM 3-mth	3.02	0.01	
NZD	3.00	3.02	2.89	3.89	NZD	4.38	0.00	20-Apr-29	3.41	-0.01	1 year	2.82	-0.02	
EUR	2.00	2.02	2.07	2.68	GER	2.72	-0.03	15-May-30	3.62	0.00	2 year	2.89	-0.02	
GBP	4.00	4.31	3.76	4.21	GBP	4.74	0.05	15-May-31	3.83	-0.00	3 year	3.03	-0.02	
JPY	0.48	-0.03	0.87	1.43	JPY	1.63	0.01	15-May-32	4.01	0.00	5 year	3.32	-0.02	
CAD	2.75	4.97	2.57	3.14	CAD	3.46	-0.01	14-Apr-33	4.15	0.00	7 year	3.59	-0.01	
								15-May-34	4.28	0.00	10 year	3.89	-0.00	
								15-May-35	4.38	0.00	15 year	4.18	0.00	
								15-May-36	4.49	0.00				
								15-May-37	4.62	0.00				
								15-May-41	4.94	0.01				
								15-May-51	5.21	0.02				
								15-May-54	5.25	0.02				

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

Rates are as of: NZT 06:55

Source: Bloomberg

NZD exchange rates**27/08/2025 6:56 am Prev. NY close**

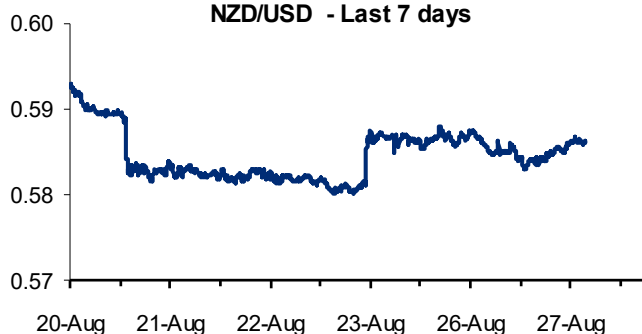
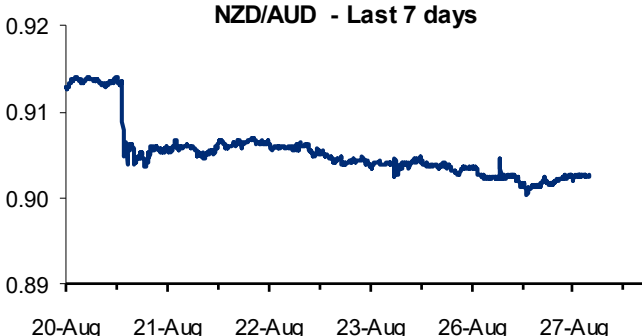
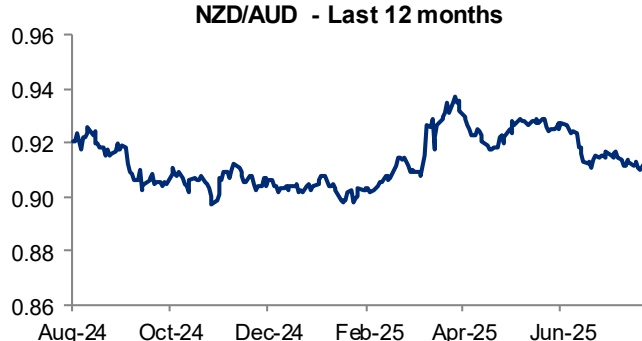
USD	0.5862	0.5848
GBP	0.4349	0.4346
AUD	0.9025	0.9022
EUR	0.5034	0.5034
JPY	86.38	86.43
CAD	0.8107	0.8105
CHF	0.4710	0.4713
DKK	3.7592	3.7572
FJD	1.3231	1.3246
HKD	4.5675	4.5683
INR	51.38	51.22
NOK	5.9357	5.9215
PKR	165.16	164.84
PHP	33.45	33.30
PGK	2.3899	2.3840
SEK	5.6066	5.6074
SGD	0.7534	0.7518
CNY	4.1915	4.1834
THB	19.04	18.97
TOP	1.3565	1.3660
VUV	70.25	69.69
WST	1.6055	1.5925
XPF	59.95	59.93
ZAR	10.3338	10.2968

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.86	6.96
3 Months	19.34	19.74
6 Months	37.13	38.13
9 Months	51.95	53.89
1 Year	63.18	66.01

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.22	5.54
3 Months	15.11	16.04
6 Months	29.29	31.87
9 Months	42.32	47.25
1 Year	54.84	61.98

NZD/USD - Last 7 days**NZD/AUD - Last 7 days****NZD/USD - Last 12 months****NZD/AUD - Last 12 months**

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.