

Research Markets Today

28 August 2025

Events Round-Up

AU: CPI (y/y%), Jul: 2.8 vs. 2.3 exp.

AU: CPI trimmed mean (y/y%), Jul: 2.7 vs. 2.1 prev.

GE: GfK consumer confidence, Sep: -23.6 vs. -21.5 exp.

Good morning

US and European equity indices are little changed, as investors look ahead to key technology stock Nvidia's results, which are due after the market close. The results will be a test for the artificial intelligence driven move that underpinned the rally in US stock indices. There was limited economic data to provide the market with direction. The US has increased import tariffs on India to 50% in response to its purchases of discounted Russian oil. Brent crude was little changed near US\$68 per barrel. The treasury curve extended its recent steepening trend and G10 currencies are firmer against the US dollar.

New York Fed President Williams has said the current level of rates is modestly restrictive and the central bank's meeting next month would be a 'live one'. These comments hint at the possibility of a cut. This is already well discounted by the market with around 21bp of easing priced. Fed officials are facing ongoing political pressure, which has triggered a steepening in the US treasury curve, as investors anticipate lower near-term interest rates but higher inflation in the future.

Short-dated US treasuries have continued to outperform. 2-year yields declined 5bp to 3.62%, which is the lowest level since early May. The 2y/10y curve steepened to 62bp and is closing in on the April peak. Investors require additional term premium, for risks associated with the politicisation of the Federal Reserve, along with concerns about inflation and government spending. 10-year treasury yields declined 2bp to 4.24%. The US\$70 billion 5-year bond auction tailed by close to 1bp on soft demand.

The spread between French 10-year bonds and German bunds has continued to widen. This reflects concerns about the fiscal dynamics and political outlook after Prime Minister Francois Bayrou's decision earlier in the week to call a vote of confidence in his government for Sept. 8. French 10-year bonds closed at 3.52%, 82bp above the equivalent maturity bund. This is the highest level since January and up from 65bp two weeks ago.

The monthly CPI indicator in Australia increased at a 2.8% annual rate in July, well above consensus expectations. The trimmed mean measure increased to 2.7% from 2.1 % in June. The upward surprise reflects the timing of electricity subsidy payments and is not as material as it initially appeared. The market trimmed easing expectations at the margin. There is 5bp of rate cuts priced for the Reserve Bank of Australia's September meeting and a total of 27bp by November.

In currency markets, an initial move higher in the US dollar faded. After rallying in early Europe, the move lower in front end US interest rates corresponded with a reversal lower for the US dollar index. There was limited differentiation across the G10 currencies. The move was primarily driven by the US dollar with few other currency specific catalysts. NZD/USD dipped towards 0.5820 initially before rebounding sharply. Absolute moves on the major NZD crosses were small.

It was a quiet session for NZ fixed income in the local session yesterday. Yields were 1-2 higher across the swap curve. ASB issued NZ\$1.2 billion in its 5-year fixed rate senior deal, which priced at a spread to swaps of +77bp, the tighter end of initial price guidance. Government bonds outperformed swaps and were flat to -1bp across the curve. The long end of the curve outperformed at the margin. The May-2035 10-year bond was unchanged and closed at 4.37%.

The weekly government bond tender takes place today set against the recent rally and tight cross market yield levels. NZ Debt Management is offering NZ\$450 million of nominal bonds split across the May-30 (\$250m) and May-35 (\$200m) lines. The tender last week attracted decent demand from investors despite the post-RBNZ rally.

NZ filled jobs data for July and ANZ business confidence are released today. Filled jobs increased 0.1% in June but this series has been consistently revised lower in recent months. ANZ confidence is likely to continue to point towards a positive outlook for activity, employment, and investment. Initial jobless claims and the second reading of Q2 GDP will be monitored in the US.

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Coming Up

	Period	Cons.	Prev.	NZT
NZ Filled Jobs SA (m/m%)	Jul	0.1	10:45	
NZ ANZ Activity Outlook	Aug	40.6	13:00	
EC Economic Confidence	Aug	96	95.8	21:00
US GDP Annualized (q/q%)	2Q S	3.1	3	00:30
US Initial Jobless Claims	Aug-25	230	235	00:30
US Pending Home Sales (m/m%)	Jul	-0.2	-0.8	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	-0.1	0.5818	0.5865	CHF	0.8026	-0.1	S&P 500	6,480	+0.2	15.2	Oil (Brent)	67.84	+0.9
AUD	0.6507	+0.2	0.6463	0.6513	SEK	9.541	-0.2	Dow	45,562	+0.3	10.5	Oil (WTI)	63.96	+1.1
EUR	1.1628	-0.1	1.1574	1.1643	NOK	10.092	-0.4	Nasdaq	21,592	+0.2	21.6	Gold	3404.6	+0.2
GBP	1.3491	+0.1	1.3417	1.3502	HKD	7.787	-0.1	Stoxx 50	5,393	+0.2	10.1	HRC steel	805.0	-2.5
JPY	147.48	+0.1	147.29	148.18	CNY	7.152	-0.0	FTSE	9,256	-0.1	10.9	CRB	298.5	-1.1
CAD	1.3795	-0.3			SGD	1.286	+0.1	DAX	24,046	-0.4	28.7	Wheat Chic.	523.8	-1.5
NZD/AUD	0.9003	-0.3			IDR	16,368	+0.4	CAC 40	7,744	+0.4	2.4	Sugar	16.47	+0.2
NZD/EUR	0.5038	+0.0			THB	32.40	-0.1	Nikkei	42,520	+0.3	10.8	Cotton	65.06	-0.6
NZD/GBP	0.4342	-0.2			KRW	1,394	+0.0	Shanghai	3,800	-1.8	33.9	Coffee	385.3	+3.1
NZD/JPY	86.39	-0.0			TWD	30.59	+0.1	ASX 200	8,961	+0.3	11.0	WM powder	3765	+0.0
NZD/CAD	0.8081	-0.4			PHP	57.18	+0.2	NZX 50	12,862	-0.7	3.1	Australian Futures		
NZ TWI	67.75	-0.1						VIX Index	14.96	+2.3	-3.0	3 year bond	96.57	-0.03
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	3.40	3.71	USD	4.24	-0.02	15-Apr-27	3.00	0.00	BKBM 1-mth	3.10	0.00	
AUD	3.60	3.54	3.27	4.20	AUD	4.32	0.01	15-May-28	3.22	0.00	BKBM 3-mth	3.02	-0.00	
NZD	3.00	3.02	2.90	3.91	NZD	4.37	-0.00	20-Apr-29	3.41	0.00	1 year	2.83	0.01	
EUR	2.00	2.02	2.05	2.66	GER	2.70	-0.02	15-May-30	3.62	0.00	2 year	2.90	0.00	
GBP	4.00	4.30	3.76	4.20	GBP	4.74	-0.00	15-May-31	3.83	0.00	3 year	3.04	0.02	
JPY	0.48	-0.03	0.86	1.43	JPY	1.63	-0.00	15-May-32	4.01	0.00	5 year	3.34	0.02	
CAD	2.75	4.97	2.57	3.13	CAD	3.45	-0.01	14-Apr-33	4.15	-0.00	7 year	3.61	0.02	
						Policy Meeting Run			15-May-34	4.28	-0.00	10 year	3.91	0.02
									15-May-35	4.37	-0.00	15 year	4.20	0.03
									15-May-36	4.49	-0.00	NZ Inflation-Indexed Bonds		
									15-May-37	4.62	-0.00	Sep-30	1.90	-0.01
									15-May-41	4.93	-0.01	Sep-35	2.63	-0.02
									15-May-51	5.21	-0.01	Sep-40	3.06	-0.01
									15-May-54	5.24	-0.00			

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

Rates are as of: NZT 06:12

Source: Bloomberg

NZD exchange rates

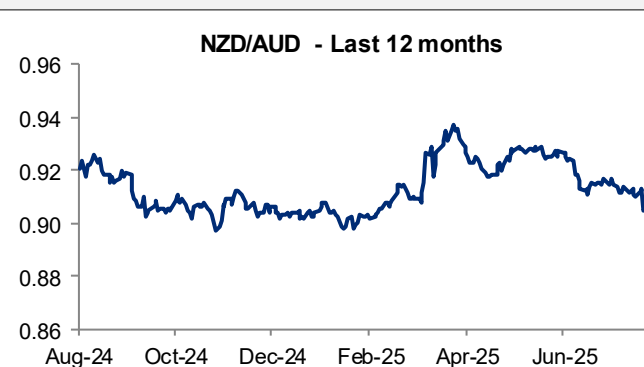
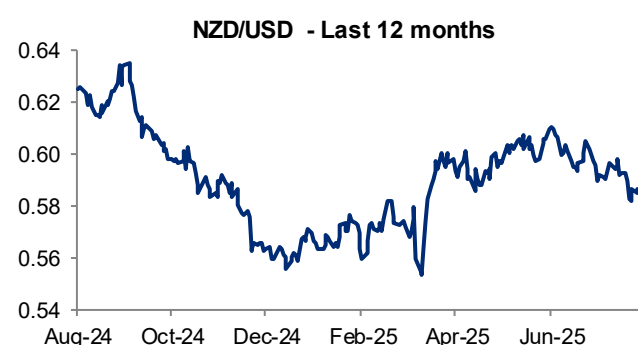
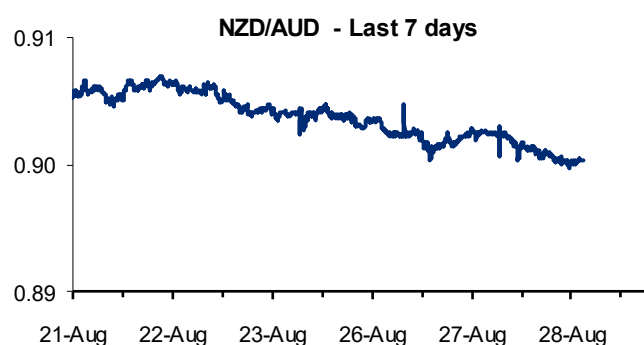
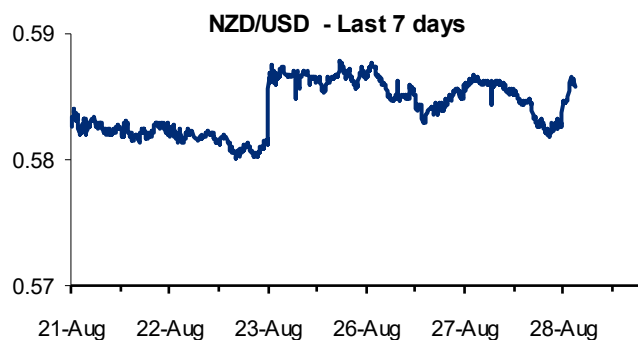
28/08/2025	6:12 am	Prev. NY close
USD	0.5858	0.5862
GBP	0.4342	0.4349
AUD	0.9003	0.9025
EUR	0.5038	0.5035
JPY	86.39	86.41
CAD	0.8081	0.8112
CHF	0.4702	0.4710
DKK	3.7607	3.7588
FJD	1.3256	1.3265
HKD	4.5614	4.5685
INR	51.36	51.34
NOK	5.9121	5.9378
PKR	165.07	165.21
PHP	33.49	33.46
PGK	2.3881	2.3907
SEK	5.5889	5.6031
SGD	0.7534	0.7534
CNY	4.1895	4.1930
THB	19.02	19.04
TOP	1.3598	1.3680
VUV	70.33	70.40
WST	1.5996	1.6092
XPF	59.92	59.96
ZAR	10.3671	10.3354

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.76	6.89
3 Months	18.95	19.36
6 Months	36.57	37.57
9 Months	51.33	53.32
1 Year	62.34	65.06

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.20	5.54
3 Months	15.16	16.08
6 Months	29.87	32.42
9 Months	43.43	48.15
1 Year	56.32	63.27



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