

Research Markets Today

29 August 2025

Events Round-Up

NZ: Filled jobs (m/m%), Jul: 0.2 vs. 0.1 prev.
 NZ: ANZ activity outlook (net%), Aug: 38.7 vs. 40.6 prev.
 EC: Economic confidence, Aug: 95.5 vs. 96.0 exp.
 US: GDP (2nd est., ann'l sd q/q%), Q2: 3.3 vs. 3.1 exp.
 US: Initial jobless claims, wk to 23-Aug: 229 vs. 230 exp.
 US: Pending home sales (m/m%), Jul: -0.4 vs. -0.2 exp.

Good Morning

US equities are probing fresh record highs, the US Treasuries curve has flattened and the USD is broadly weaker.

After the bell yesterday, Nvidia's earnings report was broadly in line with expectations but the market focused on its data centre segment, where that fell a little short of expectations. Furthermore, the company excluded any AI chip revenue from China from its projections as it awaits further information from the US government codifying the recently imposed export tax on chips to China. The stock was down as much as 5% in afterhours trading yesterday but nearly all of that fall has been evaporated in today's session.

The S&P500 currently shows a modest gain, taking the index up to a fresh record high. The VIX index has fallen to just over 14, its lowest level this year. Our risk appetite index, where the VIX has a one-third weighting, pushed up to a fresh high for the year of 78% earlier this week.

In economic news, US Q2 GDP growth was revised up by three-tenths to an annualised 3.3% pace, driven by business investment revised up to 5.7%, from 1.9%, and a two-tenths upward revision in private consumption to 1.6%. The first reading of gross domestic income was an annualised 4.8% increase.

The Q2 GDP and GDI figures are exaggerated by negative growth recorded in Q1, driven by the tariff-related volatility in net exports, but the US economy is showing some resilience, running stronger than many believed, evidenced by Citigroup's economic surprise index rising to its highest level this year. The Atlanta Fed GDPnow estimate for Q3 is running at 2.2%. The Dallas Fed's weekly economic index has been picking up over recent

weeks and is at a 7-week high of 2.6% (scaled to represent a smoothed annual GDP run-rate)

US initial jobless claims fell 4k last week to 229k, consistent with some ongoing resilience in the labour market, even if a range of indicators suggest an overall easing in conditions.

In the rates market, the US Treasuries curve is flatter, reversing some of the move seen over the past two sessions, with the 2-year rate up 3bps to 3.64% and the 10-year rate down 3bps to 4.21%.

As expected, Fed Governor Cook filed a lawsuit, seeking to block Trump's move to fire her. Cook has asked the court to allow her to remain on the board by declaring Trump's attempt to fire her unlawful and void. Cook claims a clerical error explains the dispute over her mortgage application and this would not be the type of offense that would constitute "cause" for her removal. Meanwhile, Trump's pick Miran, to replace Governor Kugler who stepped down recently, will soon face a Senate hearing to fast-track his appointment to the Fed Board of Governors ahead of the next September FOMC meeting.

Against a backdrop of higher risk appetite, the USD is broadly weaker, with dollar indices down 0.3-0.4% for the day. The NZD has outperformed overnight, rising 0.5% to around 0.5890 and resulting in small gains on the crosses. The AUD has pushed up to 0.6530 and, after falling to a six-month low of 0.8989 yesterday, NZD/AUD has recovered to 0.9010. GBP has shown the smallest lift against the USD overnight and NZD/GBP is up 0.4% to 0.4355.

Peace in Ukraine looks like a distant prospect, with another deadly drone attack in Kyiv, which saw damage to the EU mission and British Council buildings. EC president von der Leyen accused Moscow of deliberately targeting the EU mission. German Chancellor Merz said there will be no meeting between Zelensky and Putin. Trump's spokeswoman said he was not happy about Russian strikes on Ukraine and the president would make a statement later.

Downward pressure remained on NZ rates yesterday, seeing swap rates probe fresh multi-year lows, with yields down 3-4bps, seeing the 2-year rate close at 2.86% and the 5-year rate at 3.31%. The low in the OCR is still seen close to 2.5%, based on OIS pricing. There was strong demand for the two lines of NZGBs on offer at the weekly tender

with \$2.4b of bids for the \$450m of 2030/2035s on offer. The 10-year rate closed down 4bps to just under 4.34%, its lowest close this year.

NZ economic data didn't move the needle. Filled jobs rose 0.2% m/m in July, continuing the run of more positive economic momentum at the start of Q3, after the pothole the economy hit in Q2. The ANZ business outlook survey showed insignificant changes across the board, with the survey portraying a positive economic outlook.

The economic calendar in the day ahead is full. This morning sees the release of NZ consumer confidence and Tokyo CPI inflation figures, with a speech by Fed Governor Waller on monetary policy also in the mix. Tonight sees the release of German CPI inflation and Canadian GDP data while in the US the focus will be on personal spending data and the core PCE deflator, expected to show a 0.3% m/m increase, seeing annual increase push up to a 5-month high of 2.9%.

jason.k.wong@bnz.co.nz

Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ consumer confidence	Aug	94.7		10:00
US	Fed's Waller speaks on monetary policy				10:00
JN	Tokyo CPI (y/y%)	Aug	2.6	2.9	11:30
JN	Tokyo CPI x fr. fd, energy (y/y%)	Aug	3.0	3.1	11:30
GE	Unemployment rate (%)	Aug	6.3	6.3	19:55
GE	CPI EU harmonized (y/y%)	Aug	2.0	1.8	00:00
CA	GDP (ann'l sd q/q%)	Q2	-0.7	2.2	00:30
US	Personal income (m/m%)	Jul	0.4	0.3	00:30
US	Real personal spending (m/m%)	Jul	0.3	0.1	00:30
US	Core PCE deflator (m/m%)	Jul	0.3	0.3	00:30
US	Core PCE deflator (y/y%)	Jul	2.9	2.8	00:30
US	Goods trade balance (\$b)	Jul	-90	-86	00:30
US	Chicago PMI	Aug	46.5	47.1	01:45
US	U. of Mich. consumer sentiment	Aug	58.6	58.6	02:00
US	U. of Mich. 5-10y inflation exp.	Aug	3.9	3.9	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	0.5888	+0.5	0.5855	0.5892	CHF	0.8012	-0.1	S&P 500	6,503	+0.3	16.3	Oil (Brent)	68.47	+0.6
AUD	0.6535	+0.4	0.6508	0.6538	SEK	9.469	-0.7	Dow	45,603	+0.1	11.0	Oil (WTI)	64.47	+0.5
EUR	1.1687	+0.4	1.1629	1.1697	NOK	10.057	-0.3	Nasdaq	21,730	+0.7	23.8	Gold	3449.1	+0.8
GBP	1.3516	+0.1	1.3483	1.3531	HKD	7.795	+0.1	Stoxx 50	5,397	+0.1	9.8	HRC steel	809.0	-0.5
JPY	146.81	-0.4	146.66	147.40	CNY	7.131	-0.3	FTSE	9,217	-0.4	10.5	CRB	300.7	+0.8
CAD	1.3746	-0.3			SGD	1.282	-0.3	DAX	24,040	-0.0	28.0	Wheat Chic.	529.8	+1.0
NZD/AUD	0.9010	+0.0			IDR	16,353	-0.1	CAC 40	7,763	+0.2	2.4	Sugar	16.48	+0.1
NZD/EUR	0.5038	+0.1			THB	32.27	-0.5	Nikkei	42,829	+0.7	11.6	Cotton	66.04	+1.0
NZD/GBP	0.4356	+0.3			KRW	1,384	-0.7	Shanghai	3,844	+1.1	36.1	Coffee	377.5	-2.5
NZD/JPY	86.44	+0.1			TWD	30.55	-0.1	ASX 200	8,980	+0.2	11.6	WM powder	3735	-0.8
NZD/CAD	0.8094	+0.2			PHP	57.11	-0.1	NZX 50	12,903	+0.3	4.4	Australian Futures		
NZ TWI	67.88	+0.2						VIX Index	14.32	-3.6	-16.3	3 year bond	96.60	0.03
												10 year bond	95.70	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	3.67	USD	4.21	-0.03	15-Apr-27	2.96	-0.03	BKBM 1-mth	3.10	0.00	
AUD	3.60	3.56	3.25	4.17	AUD	4.29	-0.04	15-May-28	3.19	-0.03	BKBM 3-mth	3.02	0.00	
NZD	3.00	3.02	2.86	3.88	NZD	4.34	-0.04	20-Apr-29	3.38	-0.03	1 year	2.81	-0.02	
EUR	2.00	2.03	2.06	2.65	GER	2.70	-0.01	15-May-30	3.59	-0.03	2 year	2.86	-0.04	
GBP	4.00	4.30	3.74	4.17	GBP	4.70	-0.04	15-May-31	3.80	-0.03	3 year	3.01	-0.04	
JPY	0.48	-0.03	0.86	1.42	JPY	1.62	-0.01	15-May-32	3.98	-0.03	5 year	3.31	-0.03	
CAD	2.75	4.97	2.56	3.11	CAD	3.42	-0.03	14-Apr-33	4.12	-0.03	7 year	3.58	-0.03	
					Policy Meeting Run			15-May-34	4.24	-0.04	10 year	3.88	-0.03	
					NZD AUD USD			15-May-35	4.34	-0.04	15 year	4.17	-0.03	
					1st 2.79 3.54 4.12			15-May-36	4.45	-0.04	NZ Inflation-Indexed Bonds			
					2nd 2.62 3.30 3.98			15-May-37	4.58	-0.04	Sept-30	1.81	-0.09	
					3rd 2.54 3.25 3.78			15-May-41	4.89	-0.04	Sept-35	2.57	-0.06	
					4th 2.54 3.12 3.66			15-May-51	5.17	-0.04	Sept-40	3.00	-0.06	
					5th 2.52 3.10 3.51			15-May-54	5.20	-0.04				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:56														
Source: Bloomberg														

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NZD exchange rates

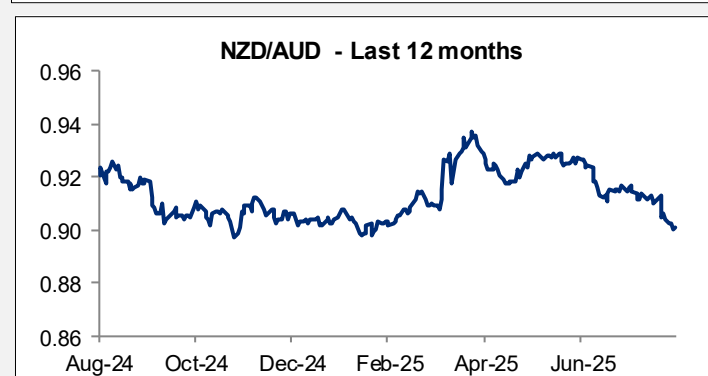
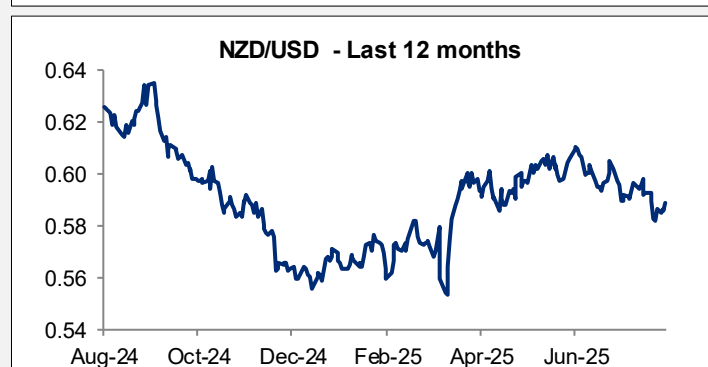
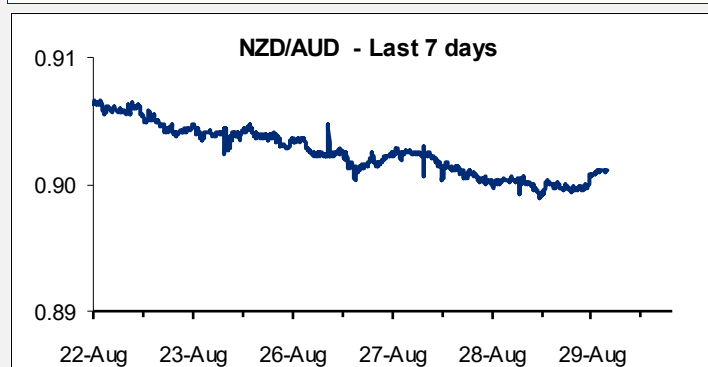
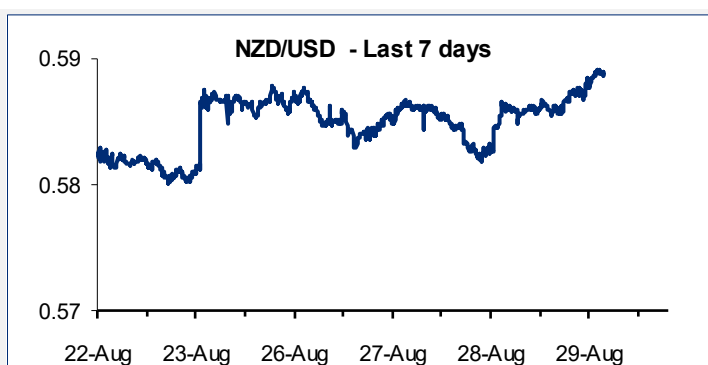
29/08/2025	6:56 am	Prev. NY close
USD	0.5888	0.5859
GBP	0.4356	0.4341
AUD	0.9010	0.9006
EUR	0.5038	0.5034
JPY	86.44	86.37
CAD	0.8094	0.8080
CHF	0.4717	0.4701
DKK	3.7607	3.7580
FJD	1.3282	1.3298
HKD	4.5895	4.5618
INR	51.60	51.37
NOK	5.9214	5.9115
PKR	165.91	165.10
PHP	33.63	33.50
PGK	2.4260	2.3885
SEK	5.5752	5.5873
SGD	0.7550	0.7536
CNY	4.1986	4.1902
THB	19.06	19.03
TOP	1.3683	1.3705
VUV	70.66	70.34
WST	1.6065	1.5982
XPF	60.08	59.91
ZAR	10.4150	10.3668

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.26	6.45
3 Months	19.05	19.45
6 Months	36.84	37.79
9 Months	51.90	53.90
1 Year	62.47	66.65

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.69	5.13
3 Months	15.07	16.05
6 Months	29.96	32.40
9 Months	43.55	48.07
1 Year	55.13	64.28



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

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