

Market Alert

Wednesday 20 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5896	0.0033
NZD/AUD	0.9136	0.0023
NZD/JPY	87.020	-1.18
NZD/EUR	0.5062	-0.0028
NZD/GBP	0.4370	0.0022
NZD/CNH	4.2503	-0.0305
AUD/USD	0.6451	0.0020
AUD/EUR	0.5538	-0.0045
EUR/USD	1.1647	0.0130
USD/CNH	7.1876	-0.0918
GBP/USD	1.3489	0.0007
EUR/GBP	0.8631	0.0091
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.60%
90 day bills	3.13%	3.63%
2 year swap	3.10%	3.24%
10 year Govt	4.58%	4.44%

Rod Stewart suggested, "Tonight's the night ..."

but for RBNZ Governor Christian Hawkesby, "Today's the day" in what could be his last MPS meeting and time in the spotlight with his six month term as Governor due to end on the 8th October. That means today is his last interview for the job on a full-time basis, or an interview for his next position with the appointment of a new governor ... which begs the question ... will he go out with a bang?

Breaking the decision down, with annual headline inflation at 2.7% in the June quarter - within the RBNZ's 1.0%-3.0% target range - and with unemployment climbing to 5.2%, the highest since late 2020, and the RBNZ's GDP forecaster

suggesting Q2 GDP will be negative, the case for a further cut to 3.00% is clear. Of more interest will be how much further the RBNZ sees the easing cycle going from here.

Currency markets were quiet following the US-EU-Ukraine focus, and ahead of this week's central bank Jackson Hole symposium, where it is expected Chair Jerome Powell will look to cement his legacy by announcing some 'tweaks' to the Feds policy framework. Word on the street suggests he may look to 'adjust' its congressional mandate of stable prices and maximum employment by dropping its 'average inflation targeting' to focus on a 'simple inflation target' of 2.0%.

The USD-index edged above the 98.00 level overnight, with the EUR consolidating at 1.1650, but while the majors were stable, the AUD and NZD sold-off ahead of today's RBNZ announcement. Currently, AUD/USD is at 0.6450, NZD/USD is trading at 0.5895, while NZD/AUD has firmed to 0.9135.

The yield on the US 10-year Treasury eased 3bps to 4.30% after 10bps of increases in the last three sessions, while the 2-years fell 2bps to 3.76%.

Stocks wavered with the S&P500 down 0.5% and the Nasdaq sliding 1.3% amid sharp losses in chipmakers. European exchanges locked in gains, rallying 0.25%-0.5%, which was the only positive as commodity prices were lower with oil falling -1.25% while gold eased 0.5%.

Breaking the largely 2nd tier releases down ...

Housing starts in the United States rose by 5.2% to a seasonally adjusted annualised rate of 1.428m in July, its highest level in five months, although the news wasn't all good as building permits fell by 2.8% to a seasonally adjusted annualised rate of 1.354m, the lowest since June 2020.

Australian consumer sentiment surged 5.7% in August to 98.5, its highest level since February 2022 following July's 0.6% gain.

The overnight GDT auction saw a modest 0.3% decline to the overall index, although there was a positive in that WMP prices remained robust, gaining 0.3%, with falls of 1.8% for SMP while butter prices eased -1%. With WMP prices holding above the USD4,000 level, and the NZD/USD below 0.5900, farmers will be 'rubbing their hands with glee'!

S&P affirmed its AA+ credit rating on the US with a stable outlook, stating that revenue from President Donald Trump's tariffs should offset the fiscal impact of his recent spending bill.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.60					CAD	0.8170 0.8942
NZD/USD	0.5896	0.0007	0.0018	0.0033	0.0052	CHF	0.4761 0.5212
NZD/AUD	0.9136	0.0004	0.0013	0.0023	0.0031	CNY	4.2371 4.6379
NZD/JPY	87.020	-0.21	-0.58	-1.18	-2.19	DKK	3.7772 4.1341
NZD/EUR	0.5062	-0.0005	-0.0014	-0.0028	-0.0058	FJD	1.3183 1.4429
NZD/GBP	0.4370	0.0003	0.0011	0.0022	0.0036	HKD	4.5970 5.0315
						KRW	820.59 898.13
AU TWI	60.10					MYR	2.4879 2.7230
AUD/USD	0.6451	0.0004	0.0010	0.0020	0.0030	NOK	6.0593 6.6319
AUD/NZD	1.0943	-0.0006	-0.0017	-0.0029	-0.0054	SEK	5.6548 6.1892
AUD/JPY	95.70	-0.28	-0.78	-1.53	-2.75	SGD	0.7572 0.8288
AUD/EUR	0.5538	-0.0008	-0.0023	-0.0045	-0.0084	TWD	17.76 19.44
AUD/GBP	0.4780	0.0001	0.0005	0.0012	0.0022	ZAR	10.42 11.41
USD Index	98.27					EQUITIES	
EUR/USD	1.1647	0.0025	0.0067	0.0130	0.0233		Index
USD/JPY	147.58	-0.52	-1.44	-2.80	-4.92	NZX50	12,929
GBP/USD	1.3489	0.0004	0.0008	0.0007	-0.0005	ASX200	8,896
EUR/GBP	0.8631	0.0015	0.0044	0.0091	0.0172	Dow Jones	44,922
USD/CNY	7.1819	-0.0188	-0.0476	-0.0907	-0.1696	S&P 500	6,406
						FTSE100	9,189
INTEREST		New Zealand		Australia		DAX 30	24,423
RATES		Mid		Mid		Nikkei	43,546
30 day bank bills			3.14%		3.61%	COMMODITIES	
90 day bank bills			3.13%		3.63%		USD
1 year swap			3.06%		3.32%	Brent Crude	65.88
2 year swap			3.12%		3.25%	Gold	3,315.64
3 year swap			3.24%		3.32%	Silver	37.31
5 year swap			3.51%		3.74%	Iron Ore	101.62
10 year swap			4.04%		4.22%	CRB Index	363.36
3 year Govt bond			3.50%		3.44%		
5 year Govt bond			3.89%		3.71%		NZD
10 year Govt bond			4.58%		4.44%	NZ Carbon	56.50

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