

Market Alert

Friday 5 September 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5845	0.0036
NZD/AUD	0.8970	0.0031
NZD/JPY	86.825	-1.06
NZD/EUR	0.5017	-0.0022
NZD/GBP	0.4351	0.0026
NZD/CNH	4.1719	-0.0257
AUD/USD	0.6516	0.0016
AUD/EUR	0.5593	-0.0045
EUR/USD	1.1649	0.0122
USD/CNH	7.1391	-0.0870
GBP/USD	1.3430	0.0002
EUR/GBP	0.8669	0.0087
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	3.01%	3.63%
2 year swap	2.89%	3.31%
10 year Govt	4.52%	4.47%

If you haven't read a newspaper in the last 3-weeks ...

Or watched the news, it's the big one this weekend ... the All Blacks against South Africa at Eden Park! If I were organised, I'd be going ... does anyone have a spare ticket or two?

To be fair, Daly Cherry-Evans has had a stellar career, but come on the Wahs ... that extra game in the play-offs would be handy!

The latest US employment data

Supported the recent narrative of a weakening US labour market with private businesses adding just 54k jobs in August, a steep slowdown from July's revised 106k and well below market expectations at 65k. The Challenger report showed US employers made 85.9k

redundances in August, which was a 39% increase on the July print, while initial jobless claims also rose, by 237k, their highest level since June.

The other headlines saw ...

- August's US ISM services PMI rise to 52.0 from 50.1 in July, beating forecasts at 51.0. Meanwhile, the S&P service PMIs eased from 55.4 to 54.5 with the composite easing from 55.4 to 54.6.

- The US trade deficit increased from USD59.1bn to USD78.3bn in July, its highest level in 4-months and ahead of forecasts at USD75.7bn. Exports rose 0.3%, while imports surged 5.9%.

- But it was the opposite in Australia where the trade surplus surged from AUD5.4bn to AUD7.3bn, against expectation at AUD4.9bn. Exports increased 3.3%, while imports fell 1.3%.

RBA Governor Michele Bullock lifted the bar for further rate cuts stating, "For some time we have been predicting that the Australian consumer will start to spend a bit more, and they are – slowly. The private sector is also starting to demonstrate a little bit more growth, which is positive. What it means for future interest rates, I don't know, but I would say it's probably a little stronger than we thought it would be. That's good, but it does mean that it's possible that if it keeps going, then there may not be any interest rate declines to come."

The Fed's John Williams confirmed, "Clearly the case for downside employment risks has increased. My concern is that the jobs market cools further than is desirable." Meanwhile, the WSJ reported the DOJ has opened a criminal investigation into

Fed Governor Lisa Cook, while Trump has asked the Supreme Court to let him fire the FTC Commissioner!

With Chinese equity markets having added USD1.2trn in value since August, reports out of China suggest regulators are considering a number of 'cooling measures' to dampen speculative trading. As an FYI, the Shanghai Composite is at a 10-year high, while the CSI 300 has risen more than 20% from this year's low.

The market's focus remains firmly on the fixed income although, it should be noted the US 30-year Treasury yields failed to break above the key 5.00% level. In the shorter end, the 2-years fell 3bps to 3.60%, while the 10-year cracked the 4.20% level, falling 6bps to 4.16%. Conversely, the USD-index firmed with the NZD/USD the biggest loser, falling 0.5% with the NZD weaker across the board with NZD/AUD at 0.8970.

It's only an opinion piece ...

But one of the North American banks has suggested that the recent rally in JGB yields means Japanese investors have yields attractive enough to invest at home. The bank projects that the BoJ will raise its cash rate by 50bps by year end 2026, while US rates will fall by around 130bps, which will support investors desire to keep their money at home rather than chase higher returns abroad, and if life insurers raised their hedging ratios from 45% to 60%, it is estimated the combined impact could trigger up to US\$173bn of JPY inflows back into JPY! That would be good for Japanese exporters!



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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	68.00					CAD	0.8078
NZD/USD	0.5845	0.0006	0.0019	0.0036	0.0060	CHF	0.4707
NZD/AUD	0.8970	0.0005	0.0016	0.0031	0.0062	CNY	4.1720
NZD/JPY	86.825	-0.19	-0.56	-1.06	-2.00	DKK	3.7439
NZD/EUR	0.5017	-0.0004	-0.0011	-0.0022	-0.0043	FJD	1.3069
NZD/GBP	0.4351	0.0003	0.0012	0.0026	0.0049	HKD	4.5578
						KRW	814.26
AU TWI	60.60					MYR	2.4657
AUD/USD	0.6516	0.0003	0.0009	0.0016	0.0020	NOK	5.8923
AUD/NZD	1.1142	-0.0006	-0.0021	-0.0041	-0.0082	SEK	5.5292
AUD/JPY	96.69	-0.27	-0.80	-1.52	-2.89	SGD	0.7533
AUD/EUR	0.5593	-0.0008	-0.0023	-0.0045	-0.0087	TWD	17.93
AUD/GBP	0.4849	0.0001	0.0005	0.0011	0.0020	ZAR	10.38
USD Index	98.29					EQUITIES	
EUR/USD	1.1649	0.0022	0.0064	0.0122	0.0218		Index
USD/JPY	148.54	-0.49	-1.43	-2.71	-4.84	NZX50	13,133
GBP/USD	1.3430	0.0003	0.0005	0.0002	-0.0018	ASX200	8,827
EUR/GBP	0.8669	0.0014	0.0043	0.0087	0.0172	Dow Jones	45,612
USD/CNY	7.1414	-0.0178	-0.0472	-0.0862	-0.1590	S&P 500	6,499
						FTSE100	9,217
INTEREST		New Zealand		Australia		DAX 30	23,770
RATES		Mid		Mid		Nikkei	42,580
30 day bank bills			3.10%		3.60%	COMMODITIES	
90 day bank bills			3.01%		3.63%		USD
1 year swap			2.82%		3.37%	Brent Crude	66.86
2 year swap			2.89%		3.32%	Gold	3,549.07
3 year swap			3.04%		3.39%	Silver	40.69
5 year swap			3.35%		3.79%	Iron Ore	103.24
10 year swap			3.92%		4.23%	CRB Index	371.83
3 year Govt bond			3.30%		3.49%		
5 year Govt bond			3.74%		3.75%		NZD
10 year Govt bond			4.52%		4.47%	NZ Carbon	58.15

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