

# Market Alert

Wednesday 17 September 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5970	0.0034
NZD/AUD	0.8950	0.0032
NZD/JPY	87.995	-1.05
NZD/EUR	0.5074	-0.0021
NZD/GBP	0.4387	0.0026
NZD/CNH	4.2507	-0.0262
AUD/USD	0.6670	0.0013
AUD/EUR	0.5668	-0.0044
EUR/USD	1.1766	0.0114
USD/CNH	7.1187	-0.0843
GBP/USD	1.3606	-0.0004
EUR/GBP	0.8645	0.0087

INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	2.96%	3.63%
2 year swap	2.84%	3.26%
10 year Govt	4.41%	4.39%

## Is it all doom and gloom?

In NZ yesterday's selected price index showed a continuation of price pressure in essential items, food prices were up 0.3% in August, which is an improvement from July's 0.7% increase but still means that food prices are 5.0% higher than a year ago. Following on the theme of stuff you can't do without, energy prices were up 0.4% in August, leaving them 10% higher than a year ago. That's all very bleak and trying to change the broken record from 'NZ is doomed', Let's find some silver linings; rent inflation remain benign at 0.1%, leaving the annual figure at 2.1% which is the lowest level since 2011, while when you're lucky enough to go on holiday, airfares were down markedly on the month, as were accommodation costs.

REINZ housing data continued its soft trend, with sales down notably on the month, while the house price index was

flat in August, which I guess is better than the two previous months of decline.

Last night's GDT auction saw prices fall by 0.8%, with Mozzarella the biggest loser, down 9.6%. AMF was down by 1.5%, while both Butter and WMP fell by 0.8%. SMP was down by 0.3%, and finally Cheddar saw a 2.2% price increase.

## In Europe

UK unemployment remained flat as expected at 4.7% in July, with the 3-month moving average employment change at 232k against forecasts of 220k. The claimant count change came in higher than expected for August at 17.4k against forecasts of 15.3k, while average earnings including bonuses rose by 4.7% in July, or by 4.8% excluding bonuses.

Eurozone industrial production rose by 0.3% over the July month, slightly less than expectations of 0.4%, and by 1.8% over the July year, slightly higher than expectations of 1.7%. Eurozone wages increased 3.7% over the Q2 year, meeting expectations, although the labour cost index over the same period fell slightly short, at 3.6% against forecasts of 3.7%. The ZEW Economic Sentiment Index rose to 26.1 for September, far higher than market forecasts, which had expected a fall to 20.3 from the previous month's reading of 25.1.

## In the land of the free

As we await the Fed meeting tomorrow morning local time, we had an update overnight as to who would be participating in voting, Lisa Cook, will be in tomorrow's voting group as an appeals

court blocked Trump's attempt at firing her. There must be a chip on her shoulder, and maybe if she was a little more spiteful she would vote against cutting rates, but in all likelihood, the outcome of tomorrow morning's meeting will be a 25bps rate cut which the market has fully priced.

All is not bad in the US, although the jobs data is painting a weak picture and it is somewhat ironic that Trump has bashed the data, but is now using it as a basis for the Fed to cut rates. There was some positive news out of the US overnight, with retail sales in August increasing by 0.6% against expectations of a 0.2% increase, while July's figure was also revised higher. Manufacturing and Industrial production beat market expectations of decreases to print slightly positive on the month, although historical figures were revised downwards. Finally, the Atlanta Fed's Q3 GDPNow figure increased to forecast 3.4% growth on an annualised basis.

Markets were largely quiet ahead of the Fed's meeting. However, there was one notable mover with the USD index taking a step down, falling 0.6% on the day to currently be at 96.69, back towards it's July lows. This saw the NZD/USD climb towards 0.5990, the biggest winner was the EUR/USD which has pushed to a fresh 4-year high to currently be at 1.1859. US Treasury yields are softer with the 2-year down 3bp at 3.51%, while the 10-year is 1bps lower at 4.03%. This should help our local swap rates open slightly lower. Commodities had a positive session with gold and oil prices both higher, while the opposite was true for US equities which have corrected from their record highs.



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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	68.50					CAD	0.8219
NZD/USD	0.5970	0.0006	0.0018	0.0034	0.0056	CHF	0.4739
NZD/AUD	0.8950	0.0006	0.0016	0.0032	0.0061	CNY	4.2477
NZD/JPY	87.995	-0.19	-0.55	-1.05	-1.95	DKK	3.7859
NZD/EUR	0.5074	-0.0004	-0.0011	-0.0021	-0.0040	FJD	1.3177
NZD/GBP	0.4387	0.0004	0.0012	0.0026	0.0051	HKD	4.6429
						KRW	826.73
AU TWI	61.50					MYR	2.5066
AUD/USD	0.6670	0.0003	0.0008	0.0013	0.0016	NOK	5.8626
AUD/NZD	1.1171	-0.0008	-0.0021	-0.0043	-0.0081	SEK	5.5331
AUD/JPY	98.25	-0.28	-0.79	-1.54	-2.86	SGD	0.7640
AUD/EUR	0.5668	-0.0008	-0.0023	-0.0044	-0.0085	TWD	18.01
AUD/GBP	0.4901	0.0001	0.0005	0.0011	0.0022	ZAR	10.35
USD Index	97.29					EQUITIES	
EUR/USD	1.1766	0.0022	0.0062	0.0114	0.0203		Index
USD/JPY	147.39	-0.48	-1.37	-2.60	-4.61	NZX50	13,208
GBP/USD	1.3606	0.0002	0.0003	-0.0004	-0.0031	ASX200	8,853
EUR/GBP	0.8645	0.0014	0.0043	0.0087	0.0167	Dow Jones	45,868
USD/CNY	7.1186	-0.0166	-0.0452	-0.0821	-0.1460	S&P 500	6,608
						FTSE100	9,277
INTEREST		New Zealand		Australia		DAX 30	23,749
RATES		Mid		Mid		Nikkei	44,768
30 day bank bills			3.06%		3.59%	COMMODITIES	
90 day bank bills			2.96%		3.63%		USD
1 year swap			2.80%		3.35%	Brent Crude	67.45
2 year swap			2.87%		3.31%	Gold	3,682.62
3 year swap			3.01%		3.35%	Silver	42.70
5 year swap			3.29%		3.73%	Iron Ore	105.43
10 year swap			3.84%		4.15%	CRB Index	378.62
3 year Govt bond			3.29%		3.47%		
5 year Govt bond			3.68%		3.72%		NZD
10 year Govt bond			4.41%		4.39%	NZ Carbon	58.00

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