

Market Alert

Thursday 25 September 2025

| CURRENCIES | Spot | 6mths |
|--------------|--------|-----------|
| NZD/USD | 0.5813 | 0.0036 |
| NZD/AUD | 0.8831 | 0.0041 |
| NZD/JPY | 86.535 | -0.95 |
| NZD/EUR | 0.4953 | -0.0017 |
| NZD/GBP | 0.4323 | 0.0029 |
| NZD/CNH | 4.1663 | -0.0232 |
| AUD/USD | 0.6581 | 0.0011 |
| AUD/EUR | 0.5607 | -0.0045 |
| EUR/USD | 1.1737 | 0.0113 |
| USD/CNH | 7.1376 | -0.0847 |
| GBP/USD | 1.3444 | -0.0006 |
| EUR/GBP | 0.8727 | 0.0087 |
| INT RATES | NZ | Australia |
| OCR/Cash | 3.00% | 3.60% |
| 90 day bills | 2.83% | 3.60% |
| 2 year swap | 2.65% | 3.41% |
| 10 year Govt | 4.30% | 4.41% |

A word of warning ...

Don't leave your footy boots in the car overnight ... it means you have to drive to work at 6:30am with the windows down!

Following Jerome Powell's comments ...

Yesterday, warning of the "two-sided risks" with faster-than-expected inflation due to the tariffs and falling job growth, pressured by weakening job creation and tighter labour supply, the USD-index comfortably blasted its way through the 97.00 level. In amongst the moves, the NZD was the hardest hit as the legacy of our Q2 print continues to weigh. Against the USD, the NZD weakened 0.8% to be sitting just above the 0.5800 level, while the stronger Australian inflation print saw the AUD/USD weaken just 0.3%, which drove the NZD/AUD cross to a

3-year low at 0.8830. the NZD continued to grind lower in incremental amounts against the EUR and GBP, although it was largely unchanged against the JPY with USD/JPY closing in on the 149.00 level.

With a more hawkish outlook, US treasury yields also firmed with the 2-year firming 2bps to 3.61%, and while the 10-year Treasury yield hasn't broken through the 4.15% level yet, it is testing resistance, after rallying 4bps to 4.14%.

US equity markets closed 0.2%-0.3% lower for a second consecutive day on profit-taking amid the "challenging situation" messaging from the Fed. European markets were broadly 0.2%-0.3% higher.

Commodity prices rallied higher with crude gaining 2.2%, while copper prices jumped 4.0% after a mud rush incident at the world's second largest mine in Indonesia, which generates 6.0%-7.0% of global copper output. Initial estimates suggest production could be down by 35% in 2026 against pre-incident estimates, with 2027 the earliest the mine could return to its normal output.

Chair Powell's concerns also found some support from Fed colleague Austin Goolsbee, who announced, "*I am uncomfortable with overly frontloading rate cuts. The US still has a mostly steady and solid jobs market. Trump's trade policies are to blame for my reluctance to lower borrowing costs more aggressively.*"

Conversely, Treasury secretary Scott Bessent towed his boss's line, stating, "*The Fed has been too high for too long. We're going into an easing cycle. Powell should have cut 100-150bps!*"

No doubt a further concern for markets is potential Federal shutdown which will occur on the 30th September unless Congress and the White House can strike a deal ahead of the fiscal year end. Overnight, President Trump cancelled a meeting to discuss government funding with Democrats, leaving no clear path to avoiding a shutdown next week.

Breaking the recent releases down ...

- Monthly inflation accelerated to the top of the RBA's target range at 3.0%, its highest level since July 2024, although the RBA's favoured trimmed mean measure slowed from 2.7% to 2.6%. Ultimately, this will support the case for an RBA 'hold' next week.

- US new single-family homes sales rose 20.5% in August.

The new RBNZ Governor

While not a great deal is known about her personally, one thing I did notice was that in a speech in June, she espoused the virtues of transparency. Interestingly, the Riksbank, where she is currently Deputy Governor, publishes the minutes and individual opinions of each member as they explain and justify their positions following each meeting ... in detail. As Governor Breman stated in her speech, "*This has increased the transparency of the judgments made by different members of the Board on different issues, and this in turn has made it clear for households, firms and market participants to understand both the policies we are pursuing and how they may change.*" So, potentially a new area of openness and accountability ... if nothing else, it's a far cry from the old regime!



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Daily Rates

Thursday 25 September 2025

| FX | Spot | FECs (mid) | | | | Spot Mid | |
|-------------------|---------|-------------|---------|-----------|---------|-------------|---------------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... |
| NZ TWI | 67.40 | | | | | CAD | 0.8077 0.9147 |
| NZD/USD | 0.5813 | 0.0007 | 0.0020 | 0.0036 | 0.0068 | CHF | 0.4621 0.5235 |
| NZD/AUD | 0.8831 | 0.0006 | 0.0019 | 0.0041 | 0.0088 | CNY | 4.1466 4.6977 |
| NZD/JPY | 86.5350 | -0.20 | -0.52 | -0.9472 | -1.70 | DKK | 3.6950 4.1846 |
| NZD/EUR | 0.4953 | -0.0004 | -0.0010 | -0.0017 | -0.0030 | FJD | 1.2951 1.4667 |
| NZD/GBP | 0.4323 | 0.0004 | 0.0014 | 0.0029 | 0.0058 | HKD | 4.5201 5.1190 |
| | | | | | | KRW | 816.34 924.51 |
| AU TWI | 61.30 | | | | | MYR | 2.4435 2.7673 |
| AUD/USD | 0.6581 | 0.0003 | 0.0007 | 0.0011 | 0.0010 | NOK | 5.7798 6.5457 |
| AUD/NZD | 1.1319 | -0.0008 | -0.0027 | -0.0057 | -0.0117 | SEK | 5.4670 6.1914 |
| AUD/JPY | 97.99 | -0.28 | -0.81 | -1.53 | -2.90 | SGD | 0.7489 0.8482 |
| AUD/EUR | 0.5607 | -0.0008 | -0.0024 | -0.0045 | -0.0090 | TWD | 17.63 19.97 |
| AUD/GBP | 0.4894 | 0.0001 | 0.0005 | 0.0009 | 0.0016 | ZAR | 10.09 11.42 |
| USD Index | 97.87 | | | | | EQUITIES | |
| EUR/USD | 1.1737 | 0.0022 | 0.0062 | 0.0113 | 0.0204 | | Index |
| USD/JPY | 148.85 | -0.50 | -1.35 | -2.56 | -4.62 | NZX50 | 13,181 |
| GBP/USD | 1.3444 | 0.0002 | 0.0001 | -0.0006 | -0.0026 | ASX200 | 8,765 |
| EUR/GBP | 0.8727 | 0.0015 | 0.0045 | 0.0087 | 0.0169 | Dow Jones | 46,121 |
| USD/CNY | 7.1315 | -0.0132 | -0.0389 | -0.0726 | -0.1367 | S&P 500 | 6,638 |
| | | | | | | FTSE100 | 9,250 |
| | | | | | | DAX 30 | 23,667 |
| | | | | | | Nikkei | 45,630 |
| INTEREST | | New Zealand | | Australia | | COMMODITIES | |
| RATES | | Mid | | Mid | | | USD |
| 30 day bank bills | | 2.98% | | 3.58% | | Brent Crude | 69.16 |
| 90 day bank bills | | 2.83% | | 3.60% | | Gold | 3,730.74 |
| 1 year swap | | 2.60% | | 3.44% | | Silver | 43.88 |
| 2 year swap | | 2.67% | | 3.43% | | Iron Ore | 105.49 |
| 3 year swap | | 2.83% | | 3.48% | | CRB Index | 375.77 |
| 5 year swap | | 3.16% | | 3.85% | | | |
| 10 year swap | | 3.74% | | 4.26% | | | |
| 3 year Govt bond | | 3.07% | | 3.53% | | | |
| 5 year Govt bond | | 3.50% | | 3.77% | | | NZD |
| 10 year Govt bond | | 4.30% | | 4.41% | | NZ Carbon | 56.50 |

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