

Research Markets Today

1 August 2025

Events Round-Up

CH: Manufacturing PMI, Jul: 49.3 vs. 49.7 exp.
 CH: Non-manufacturing PMI, Jul: 50.1 vs. 50.2 exp.
 AU: Real retail sales (q/q%), Q2: 0.3 vs. 0.1 exp.
 JN: BoJ target rate, Jul: 0.5 vs. 0.5 exp.
 GE: Unemployment rate (%), Jul: 6.3 vs. 6.3 exp.
 EC: Unemployment rate (%), Jun: 6.2 vs. 6.3 exp.
 GE: CPI EU harmonised (y/y%), Jul: 1.8 vs. 1.9 exp.
 CA: GDP (m/m%), May: -0.1 vs. -0.1 exp.
 US: Personal income (m/m%), Jun: 0.3 vs. 0.2 exp.
 US: Real personal spending, Jun: 0.1 vs. 0.1 exp.
 US: Core PCE deflator (m/m%), Jun: 0.3 vs. 0.3 exp.
 US: Core PCE deflator (y/y%), Jun: 2.8 vs. 2.7 exp.
 US: Employment cost index (q/q%), Q2: 0.9 vs. 0.8 exp.
 US: Initial Jobless Claims (k), Jul 26: 218 vs. 224 exp.
 US: Chicago PMI, Jul: 47.1 vs. 42.0 exp.

Good morning

The S&P reached a fresh intra-day record high, amid solid earnings from big technology companies, but retraced earlier gains in afternoon trading. Major European stock markets declined with the Euro Stoxx index falling 1.3%. President Trump said he would delay the higher rate of reciprocal tariffs on Mexico by 90 days. The US is yet to announce agreements with several countries including Canada, India, China and Taiwan. Global bond markets are modestly lower in yield and the US dollar gained against G10 currencies.

US real consumption was subdued in June, rising 0.1%, which was in line with consensus expectations. There was limited recovery from the soft reading in May. The Federal Reserve's preferred inflation gauge, the core PCE deflator, increased 0.3% which was also in line with expectations and took the annual rate to 2.8%. The upward surprise in the Q2 core PCE deflator in the GDP report yesterday was due to upward small revisions to April and May data.

US treasuries are marginally lower in yield with the economic data coming in close to expectations. 10-year yield declined 2bp to 4.35% having peaked near 4.38% following the FOMC yesterday. Market pricing for the Fed was stable and indicates around 34bp of easing by December. European bond markets were little changed. The Annual rate of German CPI was 1.8%, marginally below

the consensus estimate, ahead of the euro area data, which is released this evening.

The Bank of Japan left rates unchanged which was in line with expectations. Inflation forecasts for FY26 and FY27 were revised 0.1% higher - the FY27 CPI forecast was increased to 2.0% - supporting the case for further gradual tightening. The Bank expects to raise rates if its forecasts on the economy and prices are realised. The yen gained immediately after the meeting. However, Governor Ueda's comments in the press conference that policy isn't 'behind the curve', triggered a reversal, and the yen has been a notable underperformer within G10 currencies.

Alongside the gains against the yen, which has seen USD/JPY trade above 150 and to the highest level since early April, the US dollar is broadly firmer against developed market currencies. The US dollar index is on track to gain nearly 3% in July, its first monthly advance in 2025. NZD/USD has fallen below 0.5900 and is at the bottom end of the trading range from the past two months. The NZD is weaker against the euro and gained against the yen.

There were small absolute moves across NZ fixed income in the local session yesterday. Swap rates were 1-2bp higher across the curve. 10-year NZGBs closed at 4.50%, unchanged on the day. The weekly NZ government bond tender attracted strong interest from investors with month end flow contributing to demand. There was a total of NZ\$2 billion of bids for the NZ\$450 million of nominal bonds being offered with both lines (May-2030 and May-2034) clearing more than 1bp below the prevailing market level.

Australian 10-year government bond futures are little changed since the local close yesterday suggesting limited directional bias for NZ yields on the open.

Consumer confidence and building permits are released today. The focus this evening will be the US labour market report. The consensus expects a 104k increase in nonfarm payrolls and a modest uptick in the unemployment rate to 4.2%. The ISM manufacturing report and preliminary CPI data in the euro area will also be monitored.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ Consumer Confidence Index	Jul		98.8	10:00
NZ	Building Permits (m/m%)	Jun		10.4	10:45
EC	CPI Estimate (y/y%)	Jul P	1.9	2	21:00
EC	CPI Core (y/y%)	Jul P	2.3	2.3	21:00
US	Change in Nonfarm Payrolls	Jul	104	147	00:30
US	Average Hourly Earnings (m/m%)	Jul	0.3	0.2	00:30
US	Average Hourly Earnings (y/y%)	Jul	3.8	3.7	00:30
US	Unemployment Rate	Jul	4.2	4.1	00:30
US	ISM Manufacturing	Jul	49.5	49	02:00
US	U. of Mich. Sentiment	Jul F	62	61.8	02:00
US	U. of Mich. 5-10 Yr Inflation	Jul F	3.6	3.6	02:00

Source: Bloomberg, BNZ

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	0.5896	+0.0	0.5888	0.5931	CHF	0.8124	-0.3	S&P 500	6,396	-0.1	15.8	Oil (Brent)	72.54	-1.0
AUD	0.6432	-0.0	0.6424	0.6472	SEK	9.782	-0.3	Dow	44,482	-0.2	8.9	Oil (WTI)	69.35	-1.2
EUR	1.1422	+0.2	1.1406	1.1458	NOK	10.322	-0.1	Nasdaq	21,311	+0.3	21.1	Gold	3294.1	-0.1
GBP	1.3220	-0.1	1.3186	1.3279	HKD	7.850	+0.0	Stoxx 50	5,320	-1.4	9.2	HRC steel	846.0	-1.6
JPY	150.64	+0.8	148.86	150.79	CNY	7.200	+0.0	FTSE	9,133	-0.0	9.1	CRB	305.2	-0.2
CAD	1.3847	+0.2			SGD	1.298	+0.1	DAX	24,065	-0.8	30.0	Wheat Chic.	538.5	-0.2
NZD/AUD	0.9167	+0.0			IDR	16,456	+0.3	CAC 40	7,772	-1.1	3.2	Sugar	16.35	-0.6
NZD/EUR	0.5162	-0.2			THB	32.76	+0.1	Nikkei	41,070	+1.0	7.7	Cotton	66.08	-0.5
NZD/GBP	0.4460	+0.1			KRW	1,394	+0.3	Shanghai	3,573	-1.2	21.9	Coffee	296.6	+0.5
NZD/JPY	88.82	+0.8			TWD	29.88	+0.6	ASX 200	8,743	-0.2	7.7	WM powder	3945	+0.0
NZD/CAD	0.8164	+0.2			PHP	58.33	+1.3	NZX 50	12,824	-0.3	2.7	Australian Futures		
NZ TWI	68.75	+0.0						VIX Index	15.43	-0.3	-5.7	3 year bond	96.59	-0.03
Interest Rates											10 year bond 95.70 0.02			
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	3.69	3.80	USD	4.33	-0.04	15-Apr-27	3.25	0.00	BKBM 1-mth	3.28	0.00	
AUD	3.85	3.68	3.30	4.18	AUD	4.26	0.00	15-May-28	3.44	0.00	BKBM 3-mth	3.20	0.00	
NZD	3.25	3.20	3.16	4.05	NZD	4.52	0.00	20-Apr-29	3.63	0.00	1 year	3.10	0.01	
EUR	2.00	2.02	2.10	2.68	GER	2.70	-0.01	15-May-30	3.82	0.00	2 year	3.16	0.00	
GBP	4.25	4.38	3.68	4.07	GBP	4.57	-0.03	15-May-31	4.03	0.00	3 year	3.29	0.00	
JPY	0.48	-0.03	0.81	1.34	JPY	1.56	-0.00	15-May-32	4.19	0.00	5 year	3.54	0.00	
CAD	2.75	4.97	2.67	3.16	CAD	3.45	-0.03	14-Apr-33	4.30	0.00	7 year	3.78	0.00	
									15-May-34	4.42	0.00	10 year	4.05	0.00
									15-May-35	4.52	0.00	15 year	4.33	0.00
									15-May-36	4.62	0.00	NZ Inflation-Indexed Bonds		
									15-May-37	4.74	0.00	Sep-30	2.02	0.00
									15-May-41	5.01	0.00	Sep-35	2.71	0.00
									15-May-51	5.20	0.00	Sep-40	3.11	0.00
									15-May-54	5.23	0.00			

NZD exchange rates

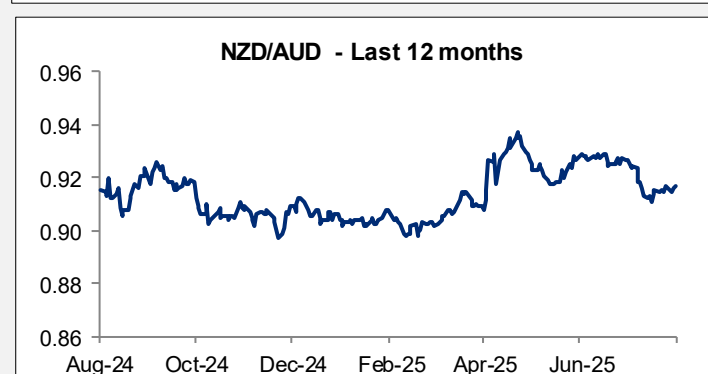
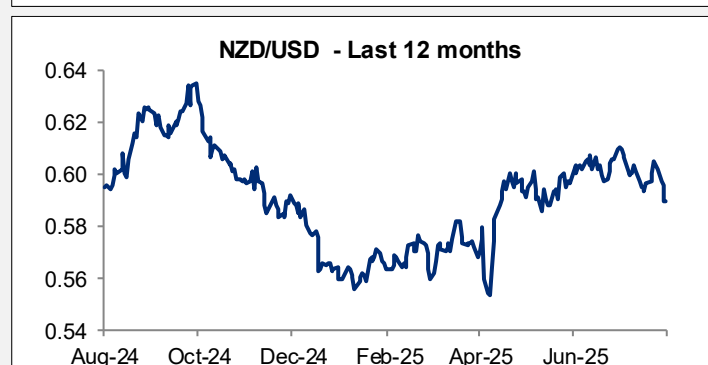
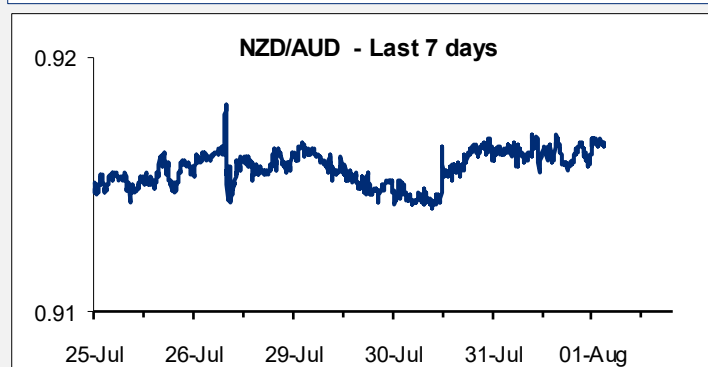
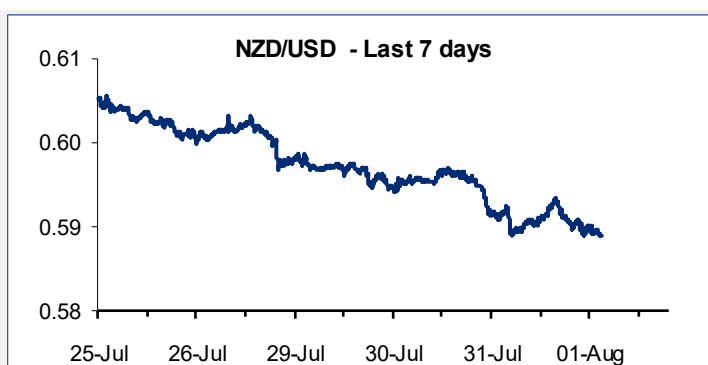
1/08/2025	6:36 am	Prev. NY close
USD	0.5896	0.5895
GBP	0.4460	0.4453
AUD	0.9167	0.9162
EUR	0.5162	0.5169
JPY	88.82	88.14
CAD	0.8164	0.8152
CHF	0.4790	0.4803
DKK	3.8532	3.8579
FJD	1.3394	1.3428
HKD	4.6284	4.6276
INR	51.65	51.54
NOK	6.0856	6.0878
PKR	168.01	167.99
PHP	34.39	33.95
PGK	2.4204	2.3983
SEK	5.7672	5.7763
SGD	0.7654	0.7643
CNY	4.2451	4.2427
THB	19.27	19.15
TOP	1.3798	1.3832
VUV	70.98	70.41
WST	1.6170	1.6258
XPF	61.47	60.93
ZAR	10.7234	10.6098

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.38	6.53
3 Months	19.31	19.71
6 Months	37.43	38.43
9 Months	52.80	54.80
1 Year	65.16	68.34

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.65	4.94
3 Months	13.69	14.73
6 Months	23.10	25.88
9 Months	30.71	36.01
1 Year	37.67	45.55



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