

Research Markets Today

1 July 2025

Events Round-Up

NZ: Filled Jobs SA MoM, May: 0.1 vs. -0.3 prev.
 NZ: ANZ Activity Outlook, Jun: 40.9 vs. 34.8 prev.
 CH: Manufacturing PMI, Jun: 49.7 vs. 49.6 exp.
 CH: Non-manufacturing PMI, Jun: 50.5 vs. 50.3 exp.
 GE: CPI EU Harmonized YoY, Jun P: 2.0 vs. 2.2 exp.
 US: MNI Chicago PMI, Jun: 40.4 vs. 42.9 exp.

Good morning

US equities are ending the month on a positive footing with the S&P trading to a fresh intra-day record high. Investor sentiment has been underpinned by signs of progress on trade negotiations and the prospect of easier policy monetary policy from the Federal Reserve. Bloomberg reported that the European Union is prepared to accept a trade deal, that includes a universal 10% tariff on most exports, with some key exemptions. The S&P has gained close to 10% in the June quarter outperforming the Euro Stoxx, which has risen less than 2%, and other major global indices.

In currency markets, the US dollar remained heavy with the dollar index (DXY) falling to fresh multi-year lows. The DXY, has fallen more than 10% in 2025, which is the worst start to the year in several decades. The Canadian dollar advanced after policy makers rescinded the digital services tax to defuse US trade threats. Meanwhile the AUD and NZD have been the best performing G10 currencies to start the week. NZD/USD traded to a fresh 2025 high near 0.6090 overnight. The NZD has gained against the yen and sterling and is little changed on the other major crosses.

US treasuries rallied with flattening bias. Yields are 2-5bp lower across the curve with month end index extensions contributing to demand. 10-year yields declined 5bp to 4.23% and are at the lowest level since the beginning of May. The longer end of the curve was supported by comments by Treasury Secretary Bessent who said it wouldn't make sense for the government to increase longer maturity treasury supply given where yields are.

German CPI unexpectedly eased to a 2.0% annual rate, which was below consensus estimates for a 2.2% increase. Regional European data has been mixed but are broadly consistent with inflation in the Eurozone settling near the

ECB's 2% target. European bond markets were little changed. 10-year bunds closed 2bp higher at 2.60%.

The official PMIs in China printed close to expectations. The manufacturing index remains marginally below 50 and notably captures the first full month after the US-China trade reset. Manufacturing production activities accelerated, and market demand improved according to the statistics agency. The services PMI edged higher to 50.5.

NZ filled jobs were weak in May. There was a modest 0.1% increase in the month, while the April reading was revised down to -0.3%. Jobs declined 0.2% in the June quarter and remain near the lowest level in two years. This suggests further upward pressure on the unemployment rate. Separately the activity indicator within the ANZ survey increased to 40.9 from 34.8 while inflation expectations were steady at 2.71%.

NZ fixed income yields moved modestly higher in the local session yesterday with the curve steepening. 2-year swap rates increased 1bp to 3.19% while 10-year rates closed at 4.08%, 3bp higher. The market looks ahead to key domestic economic data and the likely launch of the NZGB May-2031 tap syndication today. Pay side flow in swaps can be expected from bank balance sheets, who are expected to have solid demand, in the syndication.

Yields were 1-2bp higher across the NZ government curve with 10-year bonds closing at 4.59%. Australian 10-year government bond futures are close to 2bp lower since the local close yesterday suggesting a limited directional bias on the NZ open.

The Quarterly Survey of Business Opinion is the key domestic release today and is the final piece of first-tier economic data, ahead of the RBNZ Monetary Policy Review on July 9. Building permits for May are also scheduled. Preliminary CPI data for the Eurozone will be monitored. A modest uptick to 2% is expected in June, up from 1.9% in the previous month. The focus in the US will be the manufacturing ISM and JOLTS job openings report.

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Coming Up

	Period	Cons.	Prev.	NZT
NZ NZIER Business Opinion Survey				10:00
NZ Building Permits (m/m%)	May	-15.6		10:45
JN Tankan Large Mfg Index	2Q	10	12	11:50
CH Caixin China PMI Mfg	Jun	49.3	48.3	13:45
GE Unemployment Claims Rate SA	Jun	6.4	6.3	19:55
EC CPI Estimate (y/y%)	Jun P	2	1.9	21:00
EC CPI Core (y/y%)	Jun P	2.3	2.3	21:00
US Powell Participates in Panel with Lagarde, Bailey, Ueda				01:30
US ISM Manufacturing	Jun	48.7	48.5	02:00
US JOLTS job openings (k)	May	7300	7391	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	0.6090	+0.6	0.6057	0.6094	CHF	0.7934	-0.7	S&P 500	6,185	+0.2	13.3	Oil (Brent)	67.60	-0.3
AUD	0.6574	+0.7	0.6523	0.6577	SEK	9.471	-0.2	Dow	43,938	+0.3	12.3	Oil (WTI)	64.85	-1.0
EUR	1.1772	+0.5	1.1708	1.1772	NOK	10.086	+0.0	Nasdaq	20,309	+0.2	14.5	Gold	3307.2	+0.6
GBP	1.3715	+0.0	1.3674	1.3735	HKD	7.850	+0.0	Stoxx 50	5,303	-0.4	8.4	HRC steel	878.0	-0.6
JPY	144.23	-0.3	143.78	144.51	CNY	7.164	-0.1	FTSE	8,761	-0.4	7.3	CRB	299.7	+0.5
CAD	1.3632	-0.4			SGD	1.272	-0.3	DAX	23,910	-0.5	31.1	Wheat Chic.	538.8	-0.5
NZD/AUD	0.9264	-0.1			IDR	16,238	+0.3	CAC 40	7,666	-0.3	2.5	Sugar	15.48	-4.8
NZD/EUR	0.5173	+0.1			THB	32.48	-0.4	Nikkei	40,487	+0.8	2.2	Cotton	67.52	+0.7
NZD/GBP	0.4440	+0.5			KRW	1,354	-0.6	Shanghai	3,444	+0.6	15.0	Coffee	300.1	-1.9
NZD/JPY	87.84	+0.3			TWD	29.23	+0.6	ASX 200	8,542	+0.3	10.2	WM powder	3755	+0.4
NZD/CAD	0.8302	+0.1			PHP	56.34	-0.4	NZX 50	12,603	+0.2	6.9	Australian Futures		
NZ TWI	69.83	+0.3						VIX Index	17.05	+4.5	+37.1	3 year bond	96.73	-0.02
												10 year bond	95.82	0.02
Interest Rates														
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	3.50	3.70	USD	4.23	-0.05	15-Apr-27	3.31	0.02	BKBM 1-mth	3.33	0.00	
AUD	3.85	3.60	3.14	4.06	AUD	4.16	0.03	15-May-28	3.51	0.02	BKBM 3-mth	3.29	0.01	
NZD	3.25	3.29	3.19	4.08	NZD	4.54	0.02	20-Apr-29	3.68	0.02	1 year	3.16	0.00	
EUR	2.00	1.94	2.00	2.61	GER	2.61	0.02	15-May-30	3.86	0.02	2 year	3.19	0.01	
GBP	4.25	4.46	3.61	3.98	GBP	4.49	-0.02	15-May-31	4.06	0.01	3 year	3.31	0.02	
JPY	0.48	-0.03	0.73	1.21	JPY	1.43	-0.01	15-May-32	4.22	0.01	5 year	3.57	0.02	
CAD	2.75	4.97	2.46	2.97	CAD	3.27	-0.03	14-Apr-33	4.33	0.02	7 year	3.81	0.03	
								15-May-34	4.44	0.02	10 year	4.08	0.03	
								15-May-35	4.54	0.02	15 year	4.34	0.04	
								15-May-36	4.63	0.02	NZ Inflation-Indexed Bonds			
								15-May-37	4.72	0.02	Sep-30	2.02	0.02	
								15-May-41	4.97	0.01	Sep-35	2.71	0.02	
								15-May-51	5.17	0.01	Sep-40	3.11	0.02	
								15-May-54	5.21	0.01				

NZD exchange rates

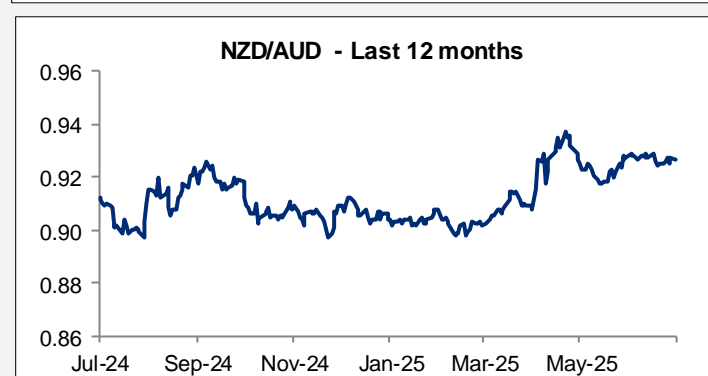
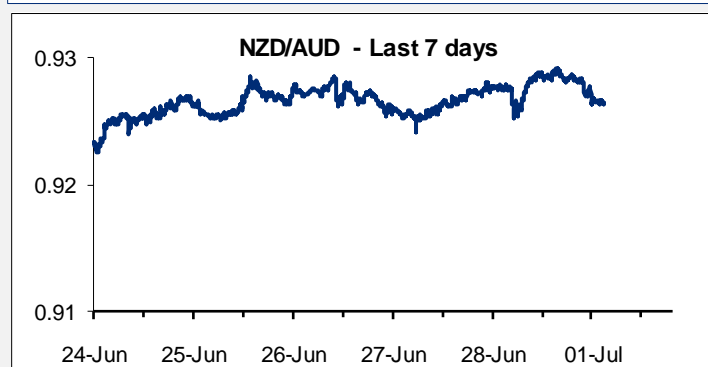
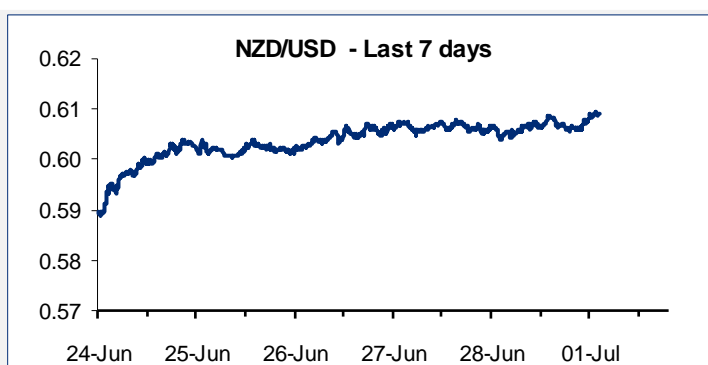
1/07/2025	6:18 am	Prev. NY close
USD	0.6090	0.6055
GBP	0.4440	0.4415
AUD	0.9264	0.9274
EUR	0.5173	0.5167
JPY	87.84	87.59
CAD	0.8302	0.8289
CHF	0.4832	0.4838
DKK	3.8597	3.8549
FJD	1.3646	1.3640
HKD	4.7807	4.7531
INR	52.22	51.76
NOK	6.1425	6.1019
PKR	172.77	171.77
PHP	34.30	34.25
PGK	2.4857	2.4524
SEK	5.7677	5.7435
SGD	0.7746	0.7726
CNY	4.3628	4.3430
THB	19.79	19.75
TOP	1.4163	1.4355
VUV	72.91	72.51
WST	1.6547	1.6439
XPF	61.96	61.67
ZAR	10.7845	10.7903

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.50	6.70
3 Months	18.42	18.82
6 Months	34.24	35.24
9 Months	45.40	47.39
1 Year	52.92	56.23

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.31	4.80
3 Months	10.03	10.99
6 Months	16.07	18.69
9 Months	19.52	24.62
1 Year	21.83	29.90



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