

# Research Markets Today

4 June 2025

## Events Round-Up

NZ: Terms of trade index (q/q%), Q1: 1.9 vs. 3.5 exp.  
 AU: Current account bal. (\$b), Q1: -14.7 vs. -12.5 exp.  
 CH: Caixin PMI manufacturing, May: 48.3 vs. 50.7 exp.  
 EC: CPI (y/y%), May: 1.9 vs. 2.0 exp.  
 EC: CPI core (y/y%), May: 2.3 vs. 2.4 exp.  
 EC: Unemployment rate, Apr: 6.2 vs. 6.3 exp.  
 US: JOLTS job openings (k), Apr: 7391 vs. 7100 exp.

## Good Morning

US equities are stronger, supported by the JOLTS report, which showed resilience in the labour market. US treasuries reversed course after the report, pushing up yields across the curve, and the 10-year rate is up slightly from the NZ close at 4.46%. The USD is broadly stronger over the past 24 hours, with the NZD hovering around 0.60 overnight after trading at a fresh 2025 high yesterday afternoon.

Overnight, the OECD revised down its global GDP forecasts for the second time this year, now seeing growth of 2.9% this year (from 3.1%) and remaining at 2.9% next year (from 3.0%). The slowdown is expected to be most concentrated in the US, Canada, Mexico and China, with smaller downward adjustments in other economies. The US saw the largest downgrade for this year, to 1.6% (from 2.2%). The OECD noted global economic prospects are weakening, with substantial barriers to trade, tighter financial conditions, diminishing confidence and heightened policy uncertainty projected to have adverse impacts on growth.

There was no market reaction, with the OECD simply formalising what market economists have been doing over recent months. Of more market interest, the US JOLTS report showed job openings rising 191k in April to 7391k, a much stronger than expected figure, with the consensus expecting the figure to fall to 7100k. The data can be choppy but is indicative of resilience of the US labour market. Digging deeper into the figures, there were also signs of some weakness, as layoffs increased, and the quits rate dropped as workers found it harder to get new jobs. The employment report at the end of the week will give a timelier update of the labour market.

The data supported a move higher in US equities and pushed US treasury yields higher after declines earlier in the session. The S&P500 is up 0.6% with an hour left of trading. The US 10-year rate is up to 4.46% after falling to as low as 4.40% ahead of the JOLTs report. Fed speakers have been active, with Atlanta Fed President Bostic reiterating his more hawkish view, saying he's in no rush to move interest rates, wanting to see a lot more progress on inflation despite recent encouraging price data.

Euro area CPI inflation for May came in one-tenth lower than consensus, with the headline rate falling to 1.9% yoy and the core rate down to 2.3%. The data came ahead of the ECB policy update later this week and reinforced market expectations for another 25bps cut to the deposit rate to 2.0%.

In currency markets, the USD is broadly stronger over the past 24 hours. Overnight moves have been mixed, with only small changes in the commodity currencies and GBP, while EUR and JPY are softer. EUR has fallen to 1.1370, not helped by the weaker inflation data, while USD/JPY traded just over 144 overnight before slipping below the figure.

The NZD rose to a fresh 2025 high of 0.6055 early afternoon yesterday and the AUD rose to 0.65, before weaker China data dampened the mood, and both currencies reversed course. China's Caixin manufacturing PMI fell 2.1pts to 48.3, its lowest level since September 2022 and moving in the opposite direction to the 0.5pt lift in the official manufacturing PMI to 49.5, released in the weekend. The Caixin survey is more weighted to smaller private sector export firms that could explain the divergence and could signal a hit being felt from the US-China trade war.

The NZD found some support around 0.5990 and has hovered around 0.60 overnight. The AUD found some support around 0.6450. After pushing above 0.9320 yesterday, NZD/AUD has fallen to 0.9285.

Trade wars and tariffs are off the front pages, but the White House confirmed that the US Trade Representative has sent letters to trading partners to remind them of an upcoming deadline in tariff negotiations. Earlier, Reuters reported that the US wants countries to provide their best offer on trade negotiations by Wednesday. The US will evaluate the responses within days and offer a possible counterproposal that could include a reciprocal tariff rate. The White House also confirmed that President Trump will

sign an order today doubling the tariff rate on steel and aluminium to 50%.

The overnight GDT dairy auction showed a 1.6% fall in the price index, with whole milk powder down 3.7% and skim milk powder down 1.1%. Weaker prices over the past couple of auctions don't change the bigger picture of dairy prices being elevated, after the strong run over the past eighteen months.

In the domestic rates market yesterday, curves were steeper, with modest downside pressure on short-term yields and longer-term rates higher. The 10-year NZGB closed up 4bps to 4.60%. The 2-year swap rate fell 2bps to 3.28% while the 10-year swap rate rose 3bps to 4.17%.

On the calendar today, the consensus sees a modest Australian Q1 GDP print of 0.4% q/q. In the US, ADP private payrolls and the ISM services survey are the key data releases. The Fed's Beige Book is also of increasing

relevance, giving timely anecdotal updates of the US economic situation post Liberation Day. The Bank of Canada meets and, while many economists are picking a 25bps rate cut, the consensus sees no change and the market is only pricing about 6bps of cuts.

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## Coming Up

		Period	Cons.	Prev.	NZT
AU	GDP (q/q%)	Q1	0.4	0.6	13:30
US	ADP employment change (k)	May	112	62	00:15
CA	Bank of Canada policy rate (%)	Jun	2.75	2.75	01:45
US	ISM services index	May	52.0	51.6	02:00
US	Fed Releases Beige Book				06:00

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	0.6001	-0.6	0.5988	0.6012	CHF	0.8238	+0.8	S&P 500	5,974	+0.6	13.1	Oil (Brent)	65.62	+1.5
AUD	0.6465	-0.5	0.6447	0.6472	SEK	9.628	+1.1	Dow	42,564	+0.6	10.4	Oil (WTI)	63.40	+1.4
EUR	1.1371	-0.6	1.1364	1.1432	NOK	10.150	+0.7	Nasdaq	19,414	+0.9	15.4	Gold	3350.6	-0.6
GBP	1.3521	-0.2	1.3492	1.3533	HKD	7.845	+0.0	Stoxx 50	5,376	+0.4	7.4	HRC steel	865.0	-3.1
JPY	143.93	+0.9	142.61	144.11	CNY	7.188	-0.1	FTSE	8,787	+0.1	6.3	CRB	294.9	+1.5
CAD	1.3721	+0.1			SGD	1.289	+0.3	DAX	24,092	+0.7	29.5	Wheat Chic.	550.3	-0.5
NZD/AUD	0.9282	-0.1			IDR	16,309	+0.3	CAC 40	7,764	+0.3	-2.9	Sugar	16.90	+0.1
NZD/EUR	0.5277	+0.0			THB	32.64	+0.3	Nikkei	37,447	-0.1	-3.6	Cotton	66.05	-0.2
NZD/GBP	0.4438	-0.4			KRW	1,377	-0.1	Shanghai	3,362	+0.4	8.8	Coffee	340.9	-1.0
NZD/JPY	86.37	+0.3			TWD	30.00	+0.1	ASX 200	8,467	+0.6	9.4	WM powder	4000	-0.2
NZD/CAD	0.8234	-0.5			PHP	55.71	+0.0	NZX 50	12,327	-0.7	3.8	Australian Futures		
NZ TWI	69.50	-0.4						VIX Index	17.78	-3.2	+35.6	3 year bond	96.67	0.01
Interest Rates												7 year bond		
												10 year bond		
												95.74 0.03		
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	3.74	3.92	USD	4.46	0.02	15-Apr-27	3.42	-0.01	BKBM 1-mth	3.36	0.00	
AUD	3.85	3.71	3.22	4.18	AUD	4.26	-0.01	15-May-28	3.63	-0.01	BKBM 3-mth	3.32	-0.00	
NZD	3.25	3.32	3.28	4.17	NZD	4.60	0.04	20-Apr-29	3.79	-0.00	1 year	3.21	-0.00	
EUR	2.25	1.98	1.94	2.52	GER	2.53	0.00	15-May-30	3.97	0.00	2 year	3.28	-0.02	
GBP	4.25	4.53	3.82	4.14	GBP	4.64	-0.03	15-May-31	4.16	0.01	3 year	3.41	-0.01	
JPY	0.48	-0.03	0.75	1.25	JPY	1.49	-0.02	15-May-32	4.32	0.03	5 year	3.68	0.01	
CAD	2.75	4.97	2.47	3.01	CAD	3.26	0.04	14-Apr-33	4.42	0.04	7 year	3.91	0.02	
							Policy Meeting Run		15-May-34	4.52	0.04	10 year	4.17	0.03
									15-May-35	4.60	0.04	15 year	4.42	0.03
							NZD AUD USD		15-May-36	4.70	0.04	NZ Inflation-Indexed Bonds		
							1st		15-May-37	4.81	0.04	Sep-30	2.24	0.01
* These are indicative ranges from 5pm NZT;							2nd		15-May-41	5.08	0.05	Sep-35	2.88	0.01
please confirm rates with your BNZ dealer							3rd		15-May-51	5.27	0.05	Sep-40	3.27	0.02
Rates are as of: NZT 06:47							4th		15-May-54	5.31	0.06			
Source: Bloomberg							5th							

\* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:47

Source: Bloomberg

**NZD exchange rates**

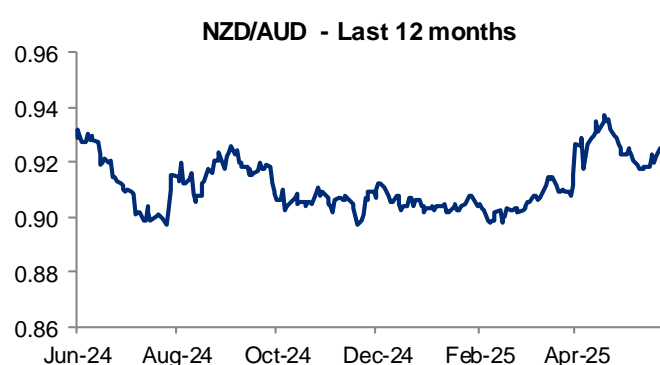
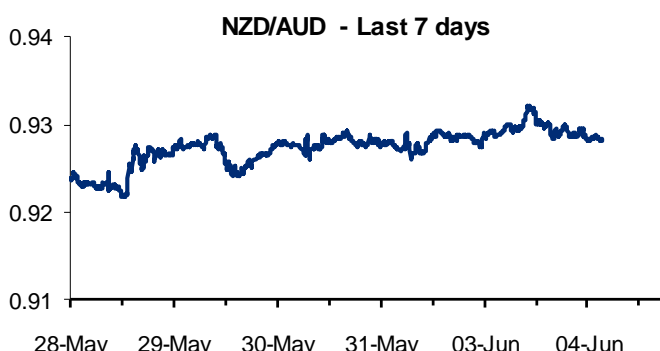
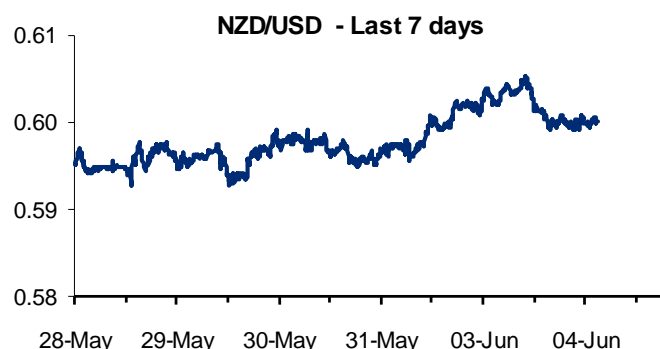
<b>4/06/2025</b>	<b>6:47 am</b>	<b>Prev. NY close</b>
USD	0.6001	0.6035
GBP	0.4438	0.4456
AUD	0.9282	0.9292
EUR	0.5277	0.5275
JPY	86.37	86.13
CAD	0.8234	0.8276
CHF	0.4944	0.4933
DKK	3.9362	3.9354
FJD	1.3592	1.3672
HKD	4.7079	4.7342
INR	51.36	51.53
NOK	6.0911	6.0800
PKR	169.19	170.20
PHP	33.44	33.62
PGK	2.4464	2.4542
SEK	5.7776	5.7485
SGD	0.7737	0.7756
CNY	4.3137	4.3445
THB	19.70	19.78
TOP	1.4011	1.4163
VUV	72.38	73.10
WST	1.6446	1.6482
XPF	63.02	63.18
ZAR	10.7289	10.7747

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.24	6.50
3 Months	18.62	19.08
6 Months	36.64	37.86
9 Months	50.97	53.03
1 Year	61.75	64.95

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.22	5.83
3 Months	13.11	14.25
6 Months	22.01	25.04
9 Months	26.64	31.64
1 Year	28.29	36.39



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