

# Research Markets Today

7 July 2025

## Events Round-Up

GE: Factory orders (m/m%), May: -1.4 vs. -0.2 exp.

## Good Morning

Last week ended on a quiet note, with US markets closed for the Independence Day holiday. There was a whiff of risk aversion in the air as investors looked towards 9-July, the day when the 90-day pause in Trump's reciprocal tariff policy expires. Ahead of this date, a number of tariff-related stories were doing the rounds on Friday, with follow-up reports during the weekend.

The threat of tariffs resulted in S&P500 futures falling 0.6%, while the Euro Stoxx 600 index closed down 0.5%. European rates showed little net movement. Net currency movements were small, but commodity currencies were on the weaker side of the ledger.

The NZD fell slightly lower in overnight trading on Friday, closing the week around the 0.6060 mark. The AUD showed a similar pattern, closing the week around 0.6550. NZD cross movements were flat to modestly weaker. Against the backdrop of weaker risk appetite, the yen outperformed, and NZD/JPY fell towards 87.5. The domestic rates market ended the week on a quiet note as well, with little net movement in yields.

Ahead of Independence Day, President Trump said his administration will probably start notifying trading partners Friday (4<sup>th</sup> July) of the new US tariffs on their exports, effective 1 August, adding "they'll range in value from maybe 60 or 70% tariffs to 10% to 20% tariffs". The market was unsure how seriously to take the higher figures quoted, as they were higher than the maximum 50% figure quoted on Liberation Day, hence traders adopted only a moderately cautious trading tone than outright panic. In a weekend update, Lutnick said the President has signed 12 letters that will be sent on Monday to various trading partners informing them of new tariff rates.

The FT reported Friday an escalation of US-EU trade tensions, with the US threatening to hit EU agriculture exports with 17% tariffs. The people briefed added that the two sides were working on a five-page draft "agreement in principle", but this currently has very little agreed-upon text in it.

The article offered some hints of what to expect after the 9-July deadline expires, with diplomats relaying three scenarios that the US had sketched out: (1) countries with an "agreement in principle" would keep the 10% tariffs, with possible further tariff relief at a later stage; (2) for countries that failed to reach such an agreement, the tariffs would return to the level announced on Liberation Day until a deal was struck; and (3) higher tariffs would be applied to countries that the US believes are not negotiating in good faith.

Friday's news was also peppered with articles noting rising trade tensions between China and the EU. The Chinese government intends to cancel part of a two-day summit with EU leaders planned later this month in China. Over the weekend, France's Finance Minister said Europe must shore up its tariff barriers to counter Chinese imports that risk harming the continent's industrial economy. Yesterday, China announced curbs on medical-device procurement for EU-based companies after the EU announced plans to restrict Chinese medical device manufacturers from accessing public procurement contracts.

Over the weekend, the outcome of the OPEC+ meeting was to increase oil production by 548,000 barrels a day next month. This was well above expectations, with the consensus believing the increase would be closer to the recent run rate of 411,000 extra barrels a day. The decision should see oil prices open the week on a softer note.

The economic calendar in the day and week ahead is light, with a dearth of top-tier releases. On the policy front, the RBA and RBNZ have policy meetings, with the former widely expected to cut rates again by 25bps (nearly fully priced) and the latter widely expected to take a pause in the easing cycle (just 3bps of cuts priced). Neither of these policy updates should perturb the market, with all eyes on what Trump announces after the 9-July deadline expires.

Traders should have learnt their lesson about over-reacting to tariff news after the Liberation Day shambles and everything is up for negotiation until the 1-August day hits, when new tariffs will apply. Yesterday, Treasury Secretary Bessent indicated that countries without a deal by 9-July will have the option of a three-week extension to negotiate.

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## Coming Up

		Period	Cons.	Prev.	NZT
JN	Fulltime pay - same base (y/y%)	May	2.6	2.5	11:30
GE	Industrial production (m/m%)	May	-0.5	-1.4	18:00

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	0.6059	-0.2	0.6050	0.6077	CHF	0.7940	-0.1	S&P 500	6,279	+0.8	12.8	Oil (Brent)	68.30	-0.7
AUD	0.6552	-0.2	0.6546	0.6574	SEK	9.560	-0.2	Dow	44,829	+0.8	13.8	Oil (WTI)	66.50	-0.7
EUR	1.1778	+0.2	1.1764	1.1788	NOK	10.081	+0.3	Nasdaq	20,601	+1.0	12.3	Gold	3346.5	+0.1
GBP	1.3647	-0.0	1.3635	1.3678	HKD	7.849	-0.0	Stoxx 50	5,289	-1.0	6.2	HRC steel	885.0	+0.0
JPY	144.50	-0.3	144.24	144.58	CNY	7.166	-0.1	FTSE	8,823	-0.0	7.5	CRB	299.9	-0.3
CAD	1.3604	+0.1			SGD	1.274	-0.1	DAX	23,787	-0.6	28.8	Wheat Chic.	556.8	-1.3
NZD/AUD	0.9247	+0.1			IDR	16,185	-0.1	CAC 40	7,696	-0.8	0.3	Sugar	16.38	+5.1
NZD/EUR	0.5144	-0.4			THB	32.35	-0.3	Nikkei	39,811	+0.1	-2.7	Cotton	65.66	-1.7
NZD/GBP	0.4439	-0.2			KRW	1,363	-0.1	Shanghai	3,472	+0.3	17.7	Coffee	289.6	-0.5
NZD/JPY	87.54	-0.5			TWD	28.92	+0.3	ASX 200	8,603	+0.1	10.0	WM powder	3800	+0.3
NZD/CAD	0.8242	-0.0			PHP	56.43	+0.3	NZX 50	12,767	+0.5	8.2	Australian Futures		
NZ TWI	69.52	-0.2						VIX Index	17.48	+6.7	+40.1	3 year bond	96.68	-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	3.63	3.80	USD	4.35	0.00	15-Apr-27	3.28	-0.00	BKBM 1-mth	3.33	0.00	
AUD	3.85	3.58	3.18	4.10	AUD	4.19	0.01	15-May-28	3.49	-0.00	BKBM 3-mth	3.28	-0.00	
NZD	3.25	3.28	3.19	4.08	NZD	4.54	0.00	20-Apr-29	3.67	-0.00	1 year	3.16	0.01	
EUR	2.00	1.94	1.96	2.58	GER	2.61	-0.01	15-May-30	3.86	0.00	2 year	3.19	0.01	
GBP	4.25	4.45	3.62	4.02	GBP	4.55	0.01	15-May-31	4.05	0.00	3 year	3.31	0.01	
JPY	0.48	-0.03	0.71	1.22	JPY	1.44	-0.01	15-May-32	4.21	0.01	5 year	3.57	0.01	
CAD	2.75	4.97	2.52	3.05	CAD	3.35	-0.03	14-Apr-33	4.33	0.00	7 year	3.81	0.01	
						Policy Meeting Run			15-May-34	4.44	0.00	10 year	4.08	0.01
						NZD AUD USD			15-May-35	4.54	0.00	15 year	4.34	0.01
						1st 3.22 3.41 4.32			15-May-36	4.63	0.01	NZ Inflation-Indexed Bonds		
						2nd 3.08 3.32 4.15			15-May-37	4.72	0.01	Sep-30	2.00	0.01
						3rd 3.03 3.14 3.99			15-May-41	4.97	0.01	Sep-35	2.69	0.01
						4th 2.94 3.05 3.79			15-May-54	5.20	0.02	Sep-40	3.09	0.01
						5th 2.89 2.94 3.70								
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates at NY close														
Source: Bloomberg														

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Rates at NY close

Source: Bloomberg

**NZD exchange rates**

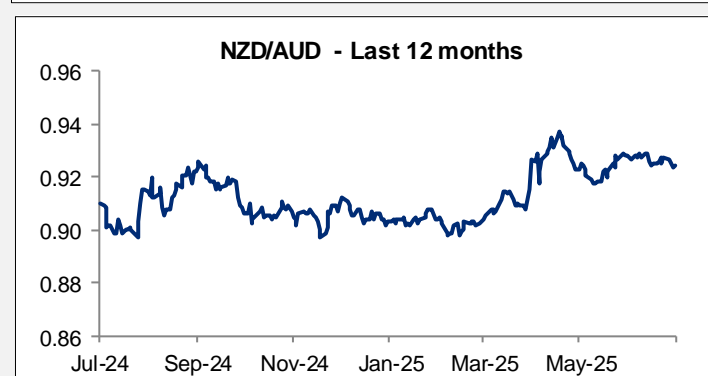
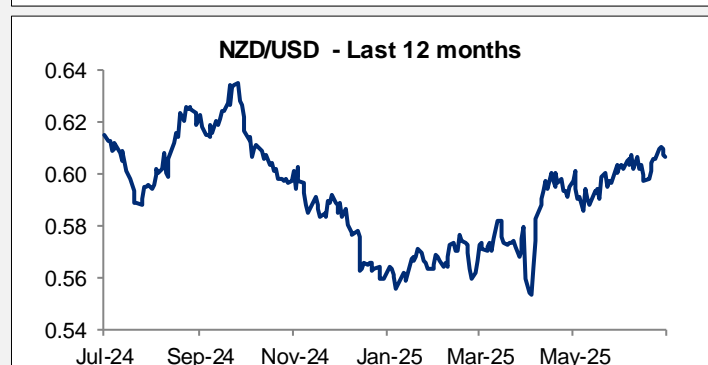
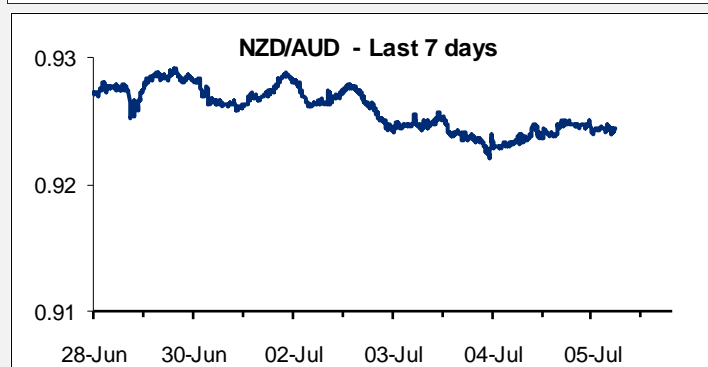
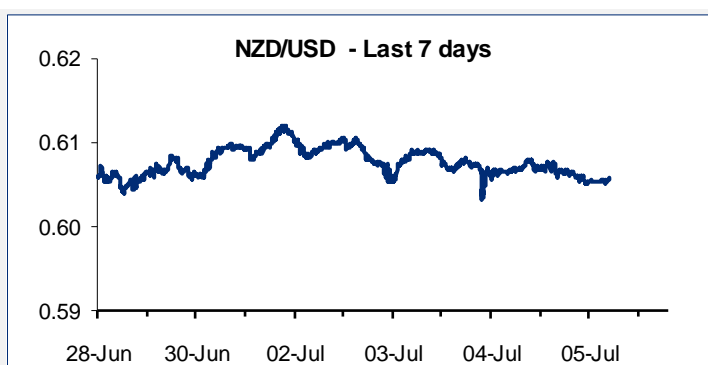
5/07/2025	NY close	Prev. NY close
USD	0.6059	0.6071
GBP	0.4439	0.4446
AUD	0.9247	0.9239
EUR	0.5144	0.5164
JPY	87.54	87.99
CAD	0.8242	0.8246
CHF	0.4812	0.4827
DKK	3.8385	3.8528
FJD	1.3643	1.3670
HKD	4.7567	4.7657
INR	51.75	51.80
NOK	6.1093	6.1037
PKR	171.92	172.22
PHP	34.19	34.14
PGK	2.4949	2.4599
SEK	5.7932	5.8172
SGD	0.7721	0.7742
CNY	4.3424	4.3533
THB	19.61	19.65
TOP	1.4077	1.4228
VUV	72.31	72.40
WST	1.6302	1.6466
XPF	61.56	61.74
ZAR	10.6519	10.6341

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	6.01	6.30
3 Months	18.78	19.28
6 Months	35.45	37.45
9 Months	48.75	51.49
1 Year	58.52	62.18

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	3.40	4.06
3 Months	9.49	10.57
6 Months	15.12	19.07
9 Months	20.74	25.82
1 Year	21.74	32.38



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