

# Research Markets Today

8 April 2025

## Events Round-Up

JN: Scheduled FT pay same base (y/y%), Feb: 1.9 vs. 3.0 prev.

GE: Industrial production (m/m%), Feb: -1.3 vs. -1.0 exp.

## Good Morning

Financial markets have been wild overnight, with extreme volatility due to poor liquidity conditions and not helped by an active session by President Trump on his social media account, including the threat of an additional 50% tariffs against China. As we go to print, US cash equities show a modest gain, wiping out early losses. US Treasury yields are much higher, and the NZD has continued to languish in the 0.55s but importantly the key support level of 0.55 has held.

The weekend US news cycle was replete with stories of Trump and his team digging their heels in, justifying their stand on punitive tariffs, and feigning a lack of concern about the market reaction or updated forecasts by some showing US economic recession as a base case on current policy. Trump said "Sometimes you have to take medicine to fix something".

The result was another massive risk-off trading session during NZ trading hours. Asian equity markets were particularly hard hit, with the Hong Kong's Hang Seng down 13.2%, Japan's Nikkei down 7.8%, and China's CSI300 down 7.1%, against a backdrop of lower global rates, tumbling commodity prices and the NZD and AUD significantly underperforming.

In the overnight trading session, volatility has been significant. Getting the market's attention was a report of Economic Council Director Hasset saying that Trump is considering a 90-day pause in tariffs for all countries except China. There was an immediate 6% surge in the S&P500 before unwinding as the White House subsequently dismissed this report as "fake news".

President Trump has added to market volatility with a series of social media posts, including further nonchalance about the market reaction, noting "oil prices are down, interest rates are down" and "President Trump is not going to bend". He happily pointed out that China's markets are crashing while not mentioning the same happening with US equities. He noted that more than 50 countries have

reached out to him to begin a negotiation. Australian beef got a mention, as he reposted a quote "Australia has sold \$29b worth of beef in the US, and we haven't been able to sell one hamburger in the Australia because of barriers".

Trump's longest post, however, was dedicated to China, where he added "...if China does not withdraw its 34% increase above their already long-term trading abuses by tomorrow, April 8th, 2025, the United States will impose ADDITIONAL Tariffs on China of 50%, effective April 9th. Additionally, all talks with China concerning their requested meetings with us will be terminated!"

With China already about to face average US tariffs close to 70%, which will all but annihilate trade with the US, the threat of further Chinese tariffs is hollow and Trump may as well threaten tariffs of a million percent – the tariff rate becomes irrelevant after a certain level. Yesterday, there were reports of China looking to front load stimulus measures to support its economy. On the daily CNY fix, the PBOC allowed for another small depreciation but still not tempted to unleash a much weaker yuan at this stage.

In terms of the EU's likely retaliatory response to tariffs, a senior EU official said that member states are expected to vote on a final list of US goods that will be subject to the bloc's retaliation for US metals tariffs, but they won't target the same value of goods as the US tariffs. Media are reporting that the EU is considering 25% tariff rates. Then there will be discussions on how to respond to the US reciprocal tariffs. The EU has again offered "zero-for-zero" tariffs for industrial goods during trade discussions with US officials, but the US hasn't responded.

Turning back to the markets, the S&P500 has traded a massive range overnight – down 4.8% near the open and up 3.4% at the peak following the "fake news". With just an hour left of trading the index shows a small gain. The Euro Stoxx 60 index closed down 4.5%, while the UK FTSE 100 closed down 4.4%. Reflecting panic in the market, the VIX index rose to as high as 60, a rare event, and currently at 46.

After trading between 3.85-3.95%, during the NZ trading session, the US 10-year Treasury rate pushed higher as European markets opened. It traded as high as 4.21% overnight, and currently sits at 4.15%. The curve has steepened, with the 2-year rate rising by less. The market is grappling with questions about the likely persistent of US inflation as a result of the tariffs and the scope for the Fed

long bonds were up 9bps. The 2-year swap rate fell 9bps to 3.10% while the 10-year swap rate fell 3bps to 3.89%.

On the economic calendar today, the NZ quarterly survey of business opinion will provide a snapshot of how businesses were faring ahead of the latest tariff shock, now of only academic interest. Likewise, the other surveys out today, on Australian consumers and businesses and US small businesses. Market attention will remain on the ongoing news on tariffs.

jason.k.wong@bnz.co.nz

## Coming Up

		Period	Cons.	Prev.	NZT
NZ	NZIER Business Opinion Survey				10:00
AU	Westpac consumer confid.	Apr		95.9	12:30
AU	NAB business conditions	Mar		4	13:30
US	NFIB small business optimism	Mar	99.0	100.7	22:00

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	0.5533	-1.1	0.5507	0.5644	CHF	0.8571	-0.4	S&P 500	5,092	+0.3	-2.2	Oil (Brent)	64.59	-1.5			
AUD	0.5976	-1.1	0.5945	0.6127	SEK	10.065	+0.6	Dow	37,870	-1.1	-2.7	Oil (WTI)	61.07	-1.5			
EUR	1.0930	-0.2	1.0902	1.1050	NOK	10.971	+1.9	Nasdaq	15,580	-0.1	-4.1	Gold	2961.9	-1.7			
GBP	1.2755	-1.0	1.2710	1.2934	HKD	7.768	-0.1	Stoxx 50	4,656	-4.5	-7.1	HRC steel	930.0	-0.2			
JPY	147.79	+0.6	145.08	148.15	CNY	7.321	+0.5	FTSE	7,702	-4.4	-2.6	CRB	288.5	-5.0			
CAD	1.4207	-0.1			SGD	1.352	+0.3	DAX	19,790	-4.1	8.9	Wheat Chic.	550.3	+1.4			
NZD/AUD	0.9259	-0.1			IDR	16,822	+1.0	CAC 40	6,927	-4.8	-14.1	Sugar	18.68	-0.8			
NZD/EUR	0.5062	-0.7			THB	34.73	+0.9	Nikkei	31,137	-7.8	-20.9	Cotton	65.99	+4.3			
NZD/GBP	0.4338	-0.1			KRW	1,471	+0.7	Shanghai	3,097	-7.3	1.6	Coffee	344.8	-5.7			
NZD/JPY	81.77	-0.6			TWD	33.08	+0.4	ASX 200	7,343	-4.2	-5.7	WM powder	4000	-0.2			
NZD/CAD	0.7861	-1.2			PHP	57.44	+1.1	NZX 50	11,776	-3.7	-1.7	Australian Futures					
NZ TWI	66.54	-0.6						VIX Index	46.80	+3.3	+192.0	3 year bond	96.75	0.15			
															10 year bond	95.68	-0.13
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	3.49	3.64	USD	4.15	0.15	15-Apr-27	3.29	-0.03	BKBM 1-mth	3.59	-0.06				
AUD	4.10	4.02	3.36	4.22	AUD	4.10	-0.12	15-May-28	3.47	-0.02	BKBM 3-mth	3.47	-0.08				
NZD	3.75	3.47	3.10	3.89	NZD	4.39	0.05	20-Apr-29	3.62	-0.01	1 year	3.11	-0.07				
EUR	2.50	2.32	2.03	2.60	GER	2.61	0.04	15-May-30	3.78	0.01	2 year	3.10	-0.09				
GBP	4.50	4.68	3.86	4.12	GBP	4.62	0.17	15-May-31	3.97	0.02	3 year	3.19	-0.09				
JPY	0.48	-0.03	0.61	0.93	JPY	1.12	-0.10	15-May-32	4.12	0.03	5 year	3.41	-0.06				
CAD	2.75	4.97	2.26	2.76	CAD	3.02	0.14	14-Apr-33	4.20	0.03	7 year	3.63	-0.05				
										15-May-34	4.29	0.04	10 year	3.89	-0.03		
										15-May-35	4.39	0.05	15 year	4.15	-0.03		
										15-May-36	4.49	0.05	NZ Inflation-Indexed Bonds				
										15-May-37	4.62	0.06	Sep-30	1.98	-0.02		
										15-May-41	4.87	0.08	Sep-35	2.57	0.02		
										15-May-51	5.06	0.08	Sep-40	2.90	0.04		
										15-May-54	5.09	0.09					
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer																	
Rates are as of: NZT 06:55																	
Source: Bloomberg																	

**NZD exchange rates**

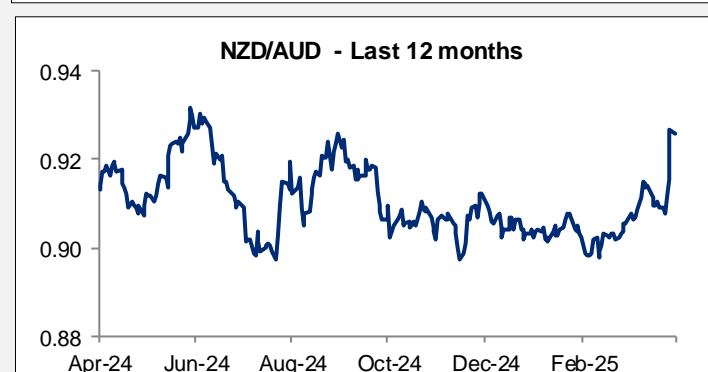
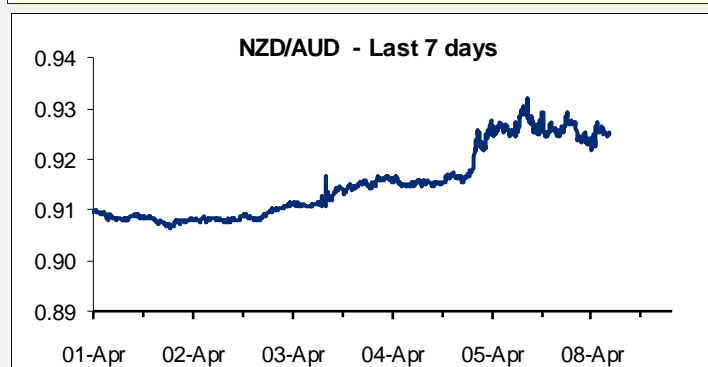
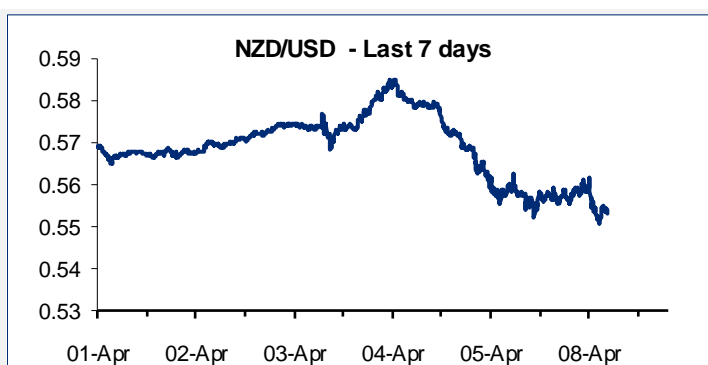
<b>8/04/2025</b>	<b>6:55 am</b>	<b>Prev. NY close</b>
USD	0.5533	0.5596
GBP	0.4338	0.4342
AUD	0.9259	0.9265
EUR	0.5062	0.5108
JPY	81.77	82.22
CAD	0.7861	0.7957
CHF	0.4742	0.4817
DKK	3.7795	3.8110
FJD	1.2922	1.2948
HKD	4.2982	4.3507
INR	47.50	47.70
NOK	6.0703	6.0226
PKR	155.23	156.92
PHP	31.78	31.80
PGK	2.2584	2.2888
SEK	5.5692	5.5987
SGD	0.7480	0.7539
CNY	4.0507	4.0749
THB	18.92	19.17
TOP	1.3199	1.3349
VUV	70.02	68.83
WST	1.5574	1.5580
XPF	60.69	61.47
ZAR	10.8383	10.7089

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.36	4.78
3 Months	13.27	14.02
6 Months	26.05	27.06
9 Months	36.84	38.85
1 Year	44.30	47.30

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.25	6.32
3 Months	14.61	16.84
6 Months	25.35	29.62
9 Months	33.06	39.47
1 Year	37.25	51.51



## Contact Details

### BNZ Research

**Stephen Toplis**  
Head of Research

**Doug Steel**  
Senior Economist

**Jason Wong**  
Senior Markets Strategist

**Stuart Ritson**  
Senior Interest Rate Strategist

**Matt Brunt**  
Economist

**Mike Jones**  
BNZ Chief Economist  
+64 9-956 0795

### Main Offices

**Wellington**  
Level 4, Spark Central  
42-52 Willis Street  
Private Bag 39806  
Wellington Mail Centre  
Lower Hutt 5045  
New Zealand  
Toll Free: 0800 283 269

**Auckland**  
80 Queen Street  
Private Bag 92208  
Auckland 1142  
New Zealand  
Toll Free: 0800 283 269

**Christchurch**  
111 Cashel Street  
Christchurch 8011  
New Zealand  
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

**Analyst Disclaimer:** The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

**New Zealand:** The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

**USA:** If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.