

Research Markets Today

9 July 2025

Events Round-Up

AU: NAB business conditions, Jun: 9 vs. 0 prev.

AU: RBA cash rate target (%), Jul: 3.85 vs. 3.6 exp.

US: NFIB small business optimism, Jun: 98.6 vs. 98.6 exp.

US: NY Fed 1yr inflation expectat., Jun: 3.02 vs. 3.20 prev.

Good Morning

Markets have settled somewhat after the initial shock yesterday of Trump starting to announce the punitive tariffs that will be in place from 1 August for countries where trade negotiations haven't gone well. US equities are flat, US Treasury yields are higher, and the curve is steeper again. Net currency movements have been modest, with the AUD a clear outperformer after the RBA shocked the market by not cutting rates.

Yesterday, President Trump told reporters that the door was left open for trade negotiations for those countries that had received their letters informing them of the tariff rates that would be applied from 1-August. The new tariff rates were close to the punitive levels reported on Liberation Day. Trump said if countries call with a different offer "and if I like it, we'll do it", adding that the current offer on the table was firm but not 100% firm.

Some media interpreted the comments as just another delay to tariffs and the date being a moveable feast, but Trump clarified overnight "There has been no change to this date, and there will be no change. In other words, all money will be due and payable starting AUGUST 1, 2025 - No extensions will be granted." Thus, while the tariff rates appear negotiable, Trump has made it clear that there will be no further delay to implementation. At the time of writing, no new tariff letters had been announced in addition to those released yesterday morning, but they can come at any given moment.

In additional tariff news overnight, Trump told reporters he planned to implement a 50% tariff rate on copper as part of a set of looming sectoral tariffs (these are separate to the country level tariffs which are being rolled out). On pharmaceuticals, he said higher tariffs wouldn't come in for another 12-18 months, but "they're going to be tariffed at a very, very, high rate, like 200%...we'll give them a certain period of time to get their act together". US copper prices are up over 10% to a record high, taking the YTD

gain to about 35% as markets have been anticipating a higher tariff. As US domestic production of copper can't be increased over coming years – it takes years to develop a mine – higher prices will directly feed into inflation pressure.

There have been plenty of rumours about where US-EU trade negotiations sit, with diplomats relaying conversations. US Commerce Secretary Lutnick said the EU has made real offers to the US and the bloc is indicating it will open markets. He added that Trump is deciding how to play those.

US equity markets aren't convinced that country-level tariffs will be higher than they currently are and, while trading with a cautious tone, the S&P500 is flat. Bond investors are taking higher tariffs a little bit more seriously, with rates higher and curves steeper for a second day, with rates up 1-4bps. The 30-year Treasury is approaching the 5% mark again. The 3-year bond auction didn't go particularly well, with rates pushing higher into the event and still clearing slightly above the prevailing yield, with investor demand extremely weak. Global rates are also higher, with UK and Germany 10-year rates up 4bps.

US economic data releases haven't been in focus, but for the record, year-ahead inflation expectations from the NY Fed's survey fell 18bps to a five-month low of 3.02% in June, while the three and five-year measures were unchanged at 3.00% and 2.61% respectively. The headline NFIB index of small business sentiment was little changed at 98.6.

Yesterday, the RBA shocked the market, keeping policy steady against high expectations of a 25bps cut. The market was nearly fully priced for a cut, but Governor Bullock explained that the Bank had limited ability to influence market pricing ahead of the decision, largely due to the new board voting structure that makes rate moves less predictable. For the first time, the Bank published unattributed votes of the nine members and the decision to hold was 6-3. Governor Bullock emphasised that the decision to hold was about timing rather than direction. The Board "could wait for a little more information to confirm that inflation remains on track to reach 2.5% on a sustainable basis".

Australian rates and the AUD jumped higher on the decision. While the market still sees the cash rate falling to around 3%, a high chance is given of the Bank delivering

The domestic rates market closed just ahead of the RBA announcement. It was a quiet session ahead of the RBNZ's meeting today, with higher rates across the curves by 1-3bps, but less than seen against the US and Australia. Since the NZ close, the Australian 3-year bond future is up 10bps in yield terms, while the 10-year rate is up 9bps,

In the day ahead, Chinese inflation data will be released, ahead of the RBNZ's Monetary Policy Review. Most analysts agree that the OCR will be left unchanged at 3.25%, the first pause in the easing cycle since it began last August. Forecasts won't be updated, and we expect a short policy assessment that keeps the Bank's options open regarding future policy decisions. With the market pricing about 40bps of further cuts, a neutral statement would likely come across as hawkish for those expecting a nod toward further easing.

jason.k.wong@bnz.co.nz

Coming Up

	Period	Cons.	Prev.	NZT
CH PPI (y/y%)	Jun	-3.2	-3.3	13:30
CH CPI (y/y%)	Jun	-0.1	-0.1	13:30
NZ RBNZ official cash rate (%)	Jul	3.25	3.25	14:00
US FOMC meeting minutes	Jun			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	0.6000	+0.1	0.5980	0.6029	CHF	0.7958	-0.3	S&P 500	6,228	-0.0	11.8	Oil (Brent)	70.18	+0.8
AUD	0.6530	+0.6	0.6508	0.6548	SEK	9.525	-0.1	Dow	44,265	-0.3	12.5	Oil (WTI)	68.38	+0.6
EUR	1.1727	+0.1	1.1683	1.1765	NOK	10.096	-0.4	Nasdaq	20,427	+0.1	11.0	Gold	3314.2	-0.9
GBP	1.3595	-0.1	1.3526	1.3647	HKD	7.850	+0.0	Stoxx 50	5,372	+0.6	8.1	HRC steel	890.0	+1.3
JPY	146.67	+0.4	146.00	146.98	CNY	7.179	+0.0	FTSE	8,854	+0.5	8.1	CRB	299.3	-0.2
CAD	1.3675	-0.1			SGD	1.279	-0.0	DAX	24,207	+0.6	31.0	Wheat Chic.	547.8	-0.1
NZD/AUD	0.9188	-0.5			IDR	16,206	-0.2	CAC 40	7,767	+0.6	1.8	Sugar	16.13	-0.9
NZD/EUR	0.5116	-0.1			THB	32.58	-0.2	Nikkei	39,689	+0.3	-4.5	Cotton	64.68	-0.4
NZD/GBP	0.4413	+0.2			KRW	1,372	-0.5	Shanghai	3,497	+0.7	18.2	Coffee	285.6	+2.6
NZD/JPY	88.00	+0.5			TWD	29.04	-0.0	ASX 200	8,591	+0.0	9.7	WM powder	3785	-0.1
NZD/CAD	0.8205	+0.0			PHP	56.36	-0.6	NZX 50	12,859	+0.7	8.5	Australian Futures		
NZ TWI	69.13	-0.0						VIX Index	16.71	-6.1	+35.1	3 year bond	96.59	-0.11
												10 year bond	95.65	-0.10
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	3.65	3.85	USD	4.41	0.03	15-Apr-27	3.28	0.01		BKBM 1-mth	3.33	0.00
AUD	3.85	3.58	3.31	4.22	AUD	4.26	0.08	15-May-28	3.49	0.01		BKBM 3-mth	3.27	0.00
NZD	3.25	3.27	3.19	4.09	NZD	4.55	0.03	20-Apr-29	3.67	0.01		1 year	3.15	0.00
EUR	2.00	1.94	2.00	2.64	GER	2.69	0.04	15-May-30	3.86	0.02		2 year	3.19	0.02
GBP	4.25	4.44	3.65	4.10	GBP	4.63	0.05	15-May-31	4.06	0.02		3 year	3.31	0.02
JPY	0.48	-0.03	0.72	1.27	JPY	1.50	0.04	15-May-32	4.22	0.02		5 year	3.57	0.02
CAD	2.75	4.97	2.55	3.12	CAD	3.43	0.03	14-Apr-33	4.34	0.02		7 year	3.81	0.02
								15-May-34	4.45	0.03		10 year	4.09	0.03
								15-May-35	4.55	0.03		15 year	4.35	0.02
								15-May-36	4.64	0.03				
								15-May-37	4.75	0.03				
								15-May-41	5.00	0.03				
								15-May-51	5.19	0.03				
								15-May-54	5.23	0.03				

NZD exchange rates

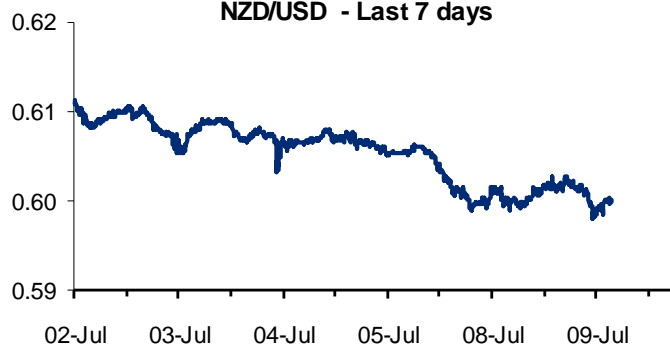
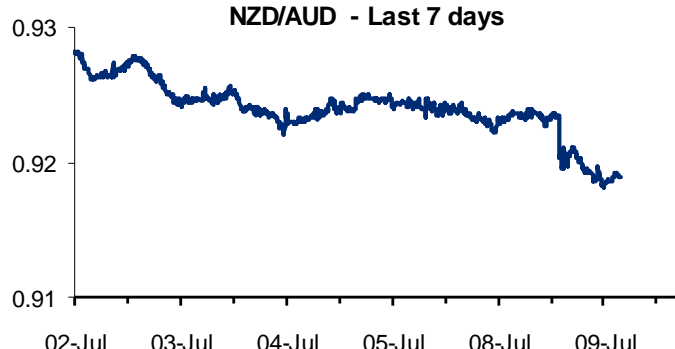
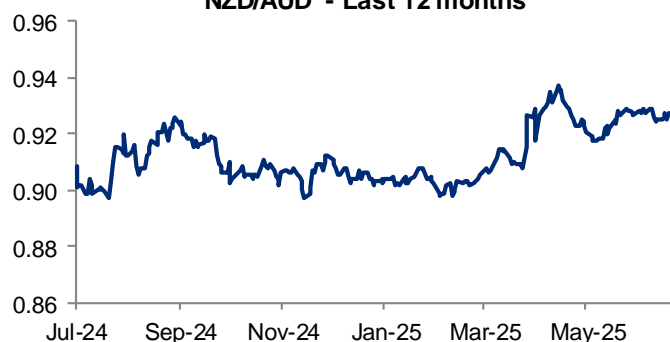
9/07/2025	6:58 am	Prev. NY close
USD	0.6000	0.5995
GBP	0.4413	0.4407
AUD	0.9188	0.9236
EUR	0.5116	0.5120
JPY	88.00	87.56
CAD	0.8205	0.8203
CHF	0.4775	0.4786
DKK	3.8194	3.8200
FJD	1.3588	1.3576
HKD	4.7116	4.7057
INR	51.44	51.48
NOK	6.0596	6.0742
PKR	170.68	170.39
PHP	33.83	33.99
PGK	2.4710	2.4681
SEK	5.7174	5.7167
SGD	0.7680	0.7672
CNY	4.3085	4.3021
THB	19.53	19.53
TOP	1.3974	1.3974
VUV	71.88	71.47
WST	1.6340	1.6389
XPF	61.11	61.08
ZAR	10.6842	10.7084

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.42	6.58
3 Months	19.10	19.50
6 Months	36.38	37.38
9 Months	49.60	51.70
1 Year	60.26	63.27

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.60	6.02
3 Months	14.43	15.41
6 Months	23.68	26.30
9 Months	30.00	35.11
1 Year	35.77	43.83

NZD/USD - Last 7 days**NZD/AUD - Last 7 days****NZD/USD - Last 12 months****NZD/AUD - Last 12 months**

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 2, BNZ Place
1 Whitmore Street
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.