

# Research Markets Today

9 June 2025

## Events Round-Up

GE: Industrial production (m/m%), Apr: -1.4 vs. -1.0 exp.  
 CA: Unemployment rate (%), May: 7.0 vs. 7.0 exp.  
 US: Change in nonfarm payrolls (k), May: 139 vs. 125 exp.  
 US: Unemployment rate (%), May: 4.2 vs. 4.2 exp.  
 US: Avg hourly earnings (m/m%), May: 0.4 vs. 0.3 exp.  
 US: Avg hourly earnings (y/y%), May: 3.9 vs. 3.7 exp.

## Good morning

US equity markets made solid gains into the end of last week supported by labour market data and further signs of easing US-China trade tensions. The S&P closed 1% higher and reached the psychological 6,000 level for the first time since February, as steady employment growth helped ease concerns about an imminent slowdown. In Europe, the Euro Stoxx index made modest gains. Treasury yields closed higher, and the US dollar gained against G10 currencies. Brent crude traded above US\$66 per barrel and is back at the top end of the one-month range.

President Trump said there will be a further high-level round of trade talks with China in London to stabilise economic relations. The US president announced details of the meeting after a phone call with Chinese President Xi Jinping earlier last week. Negotiations have stalled after the meeting in Geneva with both sides accusing each other of violating the previous agreement. In addition, it was announced that China had agreed to restart the flow of rare-earth materials.

US payrolls rose by 139k in May, above the 126k consensus estimate, though there were downward revisions of 95k to previous months. The unemployment rate remained steady at 4.2%. Hourly earnings were above expectations, increasing 0.4% in the month, which saw the annual rate increased to 3.9%. The data points to a slowing labour market, but not sufficiently so to alter the Fed's cautious easing bias, as the central bank awaits more clarity on the inflation backdrop.

The rates market appeared to be positioned for a weak labour market report - perhaps due to the soft run of activity data through last week - and pared expectations for Fed easing, despite the large downward revisions to payrolls in previous months. There is 44bp of cumulative easing priced by the December FOMC, compared to 54bp

earlier in the session. In posts on social media, President Trump continued to urge the Fed to reduce rates. US equities extended higher following the labour market data.

Treasury yields moved higher across the curve with a modest flattening bias at the ultra-long end. The UST 10y/30y curve has retraced to 46bp, 7bp below the recent high. 2-year yields ended the session at 4.04%, 12bp higher and back at the top end of the trading range from the past four weeks. 10-year yields also increased 12bp to 4.51%. European government bonds outperformed. 10-year bunds were unchanged at 2.57%, despite the large selloff in treasuries.

Higher US yields supported the US dollar which gained against G10 currencies. The yen underperformed given its sensitivity to moves in US yields and the rebound in risk sentiment. The Canadian dollar was supported by higher domestic yields after stronger than expected employment data. NZD/USD pulled back towards 0.6010. The NZD was generally weaker on the major crosses outside of NZD/JPY. NZD/AUD declined towards 0.9265 from levels near 0.9300 at the NZ close.

NZ fixed income yields reversed higher in the local session on Friday. The catalyst for the move was higher offshore rates in the absence of domestic data to provide direction. Swap rates closed 5-7bp higher across the curve with a modest steepening bias. 2-year rates ended the session at 3.26% while 10-year swaps closed at 4.13%.

The government curve matched the move in swaps. 10-year government bonds closed at 4.62% and asset swap spreads at 49bp. Spreads had a decent move wider during last week, after month end index rebalancing demand for NZGBs had faded. Australian 10-year government bond futures are ~7bp higher in yield terms since the local close on Friday, suggesting an upward bias, for NZ yields on the open.

In the day ahead, the domestic focus will centre on manufacturing, wholesale trade, and service indicators, which are the last of the partials for Q1 GDP, ahead of its 19 June release. We are currently forecasting 0.4% growth for the quarter and will finetune our estimate after the data today. China PPI and CPI is scheduled along with trade data.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	Business financial data	1Q	1.1	10:45	
CH	PPI (y/y%)	May	-3	-2.7	13:30
CH	CPI (y/y%)	May	-0.2	-0.1	13:30
CH	Exports (y/y%)	May	6	8.1	
CH	Imports (y/y%)	May	-0.9	-0.2	

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	0.6016	-0.3	0.6007	0.6046	CHF	0.8223	+0.3	S&P 500	6,000	+1.0	12.1	Oil (Brent)	66.47	+1.7		
AUD	0.6493	-0.2	0.6480	0.6507	SEK	9.640	+0.7	Dow	42,763	+1.0	10.0	Oil (WTI)	64.58	+1.9		
EUR	1.1394	-0.4	1.1372	1.1437	NOK	10.112	+0.4	Nasdaq	19,530	+1.2	13.7	Gold	3322.7	-0.8		
GBP	1.3527	-0.3	1.3508	1.3564	HKD	7.847	+0.0	Stoxx 50	5,430	+0.4	7.5	HRC steel	878.0	+0.0		
JPY	144.86	+0.9	143.81	145.09	CNY	7.193	+0.2	FTSE	8,838	+0.3	7.2	CRB	300.9	+0.8		
CAD	1.3698	+0.2			SGD	1.290	+0.3	DAX	24,304	-0.1	31.0	Wheat Chic.	568.8	+1.6		
NZD/AUD	0.9266	-0.1			IDR	16,285	+0.0	CAC 40	7,805	+0.2	-2.5	Sugar	16.49	-0.5		
NZD/EUR	0.5280	+0.1			THB	32.74	+0.3	Nikkei	37,742	+0.5	-2.4	Cotton	65.62	+0.4		
NZD/GBP	0.4448	-0.1			KRW	1,361	+0.4	Shanghai	3,385	+0.0	10.9	Coffee	355.5	-0.5		
NZD/JPY	87.14	+0.5			TWD	29.92	-0.0	ASX 200	8,516	-0.3	8.3	WM powder	3995	+0.3		
NZD/CAD	0.8241	-0.2			PHP	55.74	+0.2	NZX 50	12,563	-0.1	6.0	Australian Futures				
NZ TWI	69.57	-0.1						VIX Index	16.77	-9.3	+33.3	3 year bond	96.62	-0.03		
Interest Rates												3 year bond			96.62	-0.03
												10 year bond			95.68	-0.06
								NZ Government Bonds				NZ BKBM and Swap Yields				
Rates		Swap Yields		Benchmark 10 Yr Bonds												
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg			
USD	4.50	4.85	3.81	3.98	USD	4.51	0.12	15-Apr-27	3.41	0.07		BKBM 1-mth	3.36	0.00		
AUD	3.85	3.71	3.30	4.24	AUD	4.27	0.02	15-May-28	3.61	0.07		BKBM 3-mth	3.32	0.00		
NZD	3.25	3.32	3.26	4.13	NZD	4.62	0.09	20-Apr-29	3.77	0.07		1 year	3.19	0.01		
EUR	2.25	1.95	2.02	2.58	GER	2.58	-0.01	15-May-30	3.95	0.07		2 year	3.26	0.05		
GBP	4.25	4.52	3.85	4.15	GBP	4.64	0.03	15-May-31	4.14	0.07		3 year	3.38	0.06		
JPY	0.48	-0.03	0.75	1.25	JPY	1.46	-0.01	15-May-32	4.30	0.08		5 year	3.63	0.06		
CAD	2.75	4.97	2.56	3.07	CAD	3.34	0.09	14-Apr-33	4.41	0.08		7 year	3.87	0.07		

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

Rates at NY close

Source: Bloomberg

**NZD exchange rates**

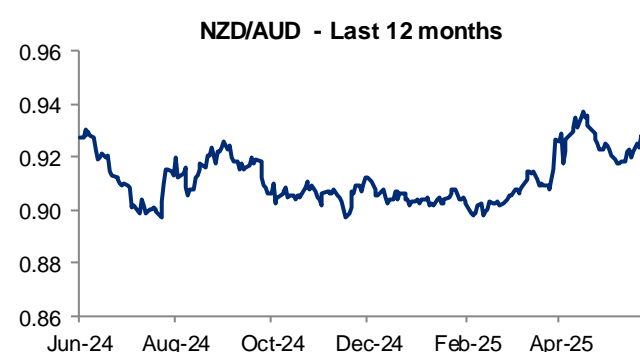
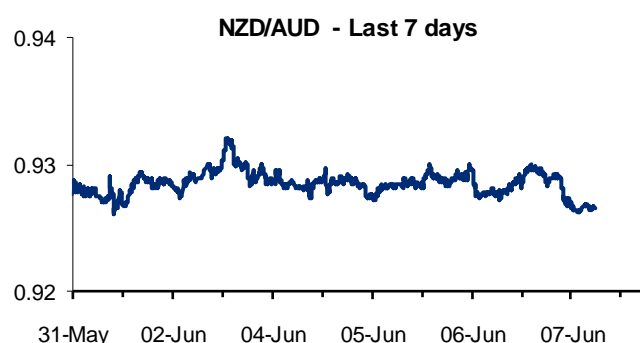
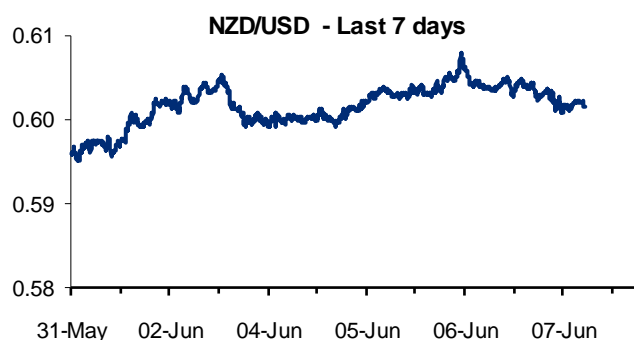
<b>7/06/2025</b>	<b>NY close</b>	<b>Prev. NY close</b>
USD	0.6016	0.6035
GBP	0.4448	0.4447
AUD	0.9266	0.9276
EUR	0.5280	0.5273
JPY	87.14	86.62
CAD	0.8241	0.8253
CHF	0.4944	0.4946
DKK	3.9356	3.9335
FJD	1.3595	1.3672
HKD	4.7183	4.7352
INR	51.49	51.78
NOK	6.0801	6.0798
PKR	169.66	170.28
PHP	33.46	33.66
PGK	2.4473	2.4354
SEK	5.7964	5.7744
SGD	0.7754	0.7761
CNY	4.3249	4.3317
THB	19.61	19.62
TOP	1.4000	1.4091
VUV	72.44	72.77
WST	1.6410	1.6595
XPF	63.08	63.17
ZAR	10.6912	10.7030

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.86	6.06
3 Months	18.70	19.20
6 Months	36.80	38.68
9 Months	52.17	55.32
1 Year	64.75	68.10

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.20	5.59
3 Months	13.15	14.14
6 Months	21.85	25.54
9 Months	28.43	34.26
1 Year	33.39	40.82



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