# Research Markets Today

10 July 2025

#### **Events Round-Up**

CH: PPI (y/y%), Jun: -3.6 vs. -3.2 exp. CH: CPI (y/y%), Jun: +0.1 vs. -0.1 exp.

NZ: RBNZ official cash rate (%), Jul: 3.25 vs. 3.25 exp.

### **Good Morning**

Newsflow has been light, but equity investors continue to pay little regard to Trump's tariff threats, with US and European markets stronger overnight. US Treasury yields have reversed course, with modest falls. Net currency movements have been small and there was little market reaction to the RBNZ's no-change policy decision yesterday.

Overnight, as promised President Trump posted more letters indicating new tariff rates that would apply from 1 August, subject to trade negotiations ahead of that date. These ranged between 20-30% for Algeria, Libya, Iraq, Sri Lanka, Brunei, Moldova and the Philippines, with most not far away from their Liberation Day tariff rates. More tariff rates will be announced later today. Being minor US trading partners, there was little market reaction to these. In terms of major trading partners, we are yet to find out about, there is more interest in where India, the EU and Taiwan sit.

Media report that an EU-US trade deal could potentially come within days. EU trade chief Šefčovič told European lawmakers the two sides had made "good progress" on the text of a joint statement, which he said could pave the way for a future, fully fledged EU-US trade agreement. There is optimism that the baseline tariff rate will remain at 10%, as for the UK.

Market reaction to Trump's latest sweep of tariff announcements has been nothing like what we saw in early April, and investors are taking a punt that the average US tariff rate won't end up far from the current level. Thus, equity investors are unperturbed and the S&P500 is currently up 0.4%, with Nvidia briefly trading at a market cap of \$4 trillion, the first company to reach that milestone. The Euro Stoxx 600 index rose 0.8% while Germany's DAX index rose 1.4% to a fresh record high.

Treasuries have broken a five-day losing streak, and yields have pushed lower across the curve. Even though the 10-

year rate was heading lower into an auction for \$39b of new notes, the event was still well received and yields subsequently fell further. The yield is currently near the low for the day, just under 4.34%, down about 7bps from the NZ close.

Minutes from the Fed's June meeting didn't reveal much new. "While a few participants noted that tariffs would lead to a one-time increase in prices and would not affect longer-term inflation expectations, most participants noted the risk that tariffs could have more persistent effects on inflation" A couple of participants said they would be open to considering a rate cut at the next meeting in July and they have since revealed themselves as Governor Waller and Bowman – these two are clearly in the minority.

Net currency movements for the day have been modest, with all majors contained within plus or minus 0.25% compared to this time yesterday. The NZD has been tracking sideways around the 0.6000 mark, showing little reaction to the RBNZ update yesterday (see below). NZD/AUD is flat around 0.9180. JPY recovered a little of its lost ground of the previous two days, supported by lower US Treasury yields and NZD/JPY has consolidated below 88

Yesterday, the RBNZ left the OCR unchanged at 3.25%, the first pause in the easing cycle since it began in August last year. The minutes revealed some robust debate on whether to cut again or hold policy steady, with the consensus opting to hold. The door was opened to a rate cut in August, with an explicit easing bias reintroduced into the press release viz "the Committee expects to lower the Official Cash Rate further", and with the minutes adding "broadly consistent with the projection outlined in May".

While the initial market reaction was higher rates and a higher NZD, after the market digested the news, these moves faded, and the net change was small. The 2-year swap rate closed up 2bps to 3.21%, down a basis point from the level prevailing just before the announcement. Earlier in the day, global forces (mostly reflecting the post-RBA on-hold decision the previous day) had driven rates modestly higher. With short end rates underpinned, the NZGB and swap curves steepened, with 10-year NZGB and swap rates closing the day up 5bps and 6bps respectively.

The OIS market prices about a 70% chance of a 25bps rate cut at the next meeting in August and just under 40bps of

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further rate cuts in aggregate, thus a high chance of at least one more rate cut in the cycle and a better than even chance of two cuts.

The economic calendar remains light for the day ahead, with US jobless claims data the only release of note.

jason.k.wong@bnz.co.nz

## **Coming Up**

		Period			
US	Initial jobless claims (k)	5-Jul	235	233	00:30

Source: Bloomberg, BNZ

Currenci	es								Equities				Commodities	S	
FX Majors	Inc	licative o	vernight i	ranges (*)		Other F	X		Major Indice	Major Indices			Price (Near futures, except CRB)		
	Last	% Day	Low	High			Last	% Day		Last	% Day	% Year		Last	Net Day
NZD	0.5999	+0.0	0.5981	0.6011	(	CHF	0.7950	-0.1	S&P 500	6,253	+0.4	12.1	Oil (Brent)	70.17	+0.0
AUD	0.6537	+0.1	0.6515	0.6548	5	SEK	9.517	-0.1	Dow	44,425	+0.4	13.1	Oil (WTI)	68.35	+0.0
EUR	1.1711	-0.1	1.1690	1.1728	1	NOK	10.095	-0.0	Nasdaq	20,579	+0.8	11.7	Gold	3319.8	+0.1
GBP	1.3587	-0.0	1.3574	1.3619	H	HKD	7.850	+0.0	Stoxx 50	5,446	+1.4	11.1	HRC steel	882.0	-0.9
JPY	146.34	-0.2	146.25	146.88	(	CNY	7.181	+0.0	FTSE	8,867	+0.1	8.9	CRB	302.3	+1.0
CAD	1.3695	+0.3			5	SGD	1.280	+0.1	DAX	24,550	+1.4	34.6	Wheat Chic.	547.5	-0.0
NZD/AUD	0.9177	-0.1			- 1	DR	16,258	+0.3	CAC 40	7,878	+1.4	4.9	Sugar	16.56	+2.7
NZD/EUR	0.5123	+0.1			7	ГНВ	32.66	+0.2	Nikkei	39,821	+0.3	-4.8	Cotton	64.96	-1.1
NZD/GBP	0.4415	+0.0			ŀ	(RW	1,375	+0.2	Shanghai	3,493	-0.1	18.8	Coffee	284.1	-0.5
NZD/JPY	87.79	-0.1			7	WD	29.15	+0.4	ASX 200	8,539	-0.6	9.2	WM powder	3785	+0.0
NZD/CAD	0.8216	+0.3			F	PHP	56.57	+0.4	NZX 50	12,769	-0.7	6.9	Australian Fu	tures	
NZ TWI	69.13	+0.0							VIX Index	15.82	-5.9	+26.5	3 year bond	96.54	-0.05
Interest F	Rates												10 year bond	95.68	0.01
Rates Swap Yields Benchmark 10			nark 10 Y	r Bonds	NZ Governm	nent Bonds	s		NZ BKBM and	Swap Yie	elds				
	Cash	3Mth	2 Yr	10 Yr			Last	Net Day			Last	Chg		Last	Chg
USD	4.50	4.85	3.61	3.79	Ų	JSD	4.34	-0.06	15-Apr-27		3.29	0.01	BKBM 1-mth	3.32	-0.01
AUD	3.85	3.77	3.30	4.19	A	AUD	4.34	0.08	15-May-28		3.52	0.03	BKBM 3-mth	3.26	-0.01
NZD	3.25	3.26	3.21	4.15	1	NZD	4.60	0.05	20-Apr-29		3.70	0.03	1 year	3.15	0.00
EUR	2.00	1.95	2.00	2.62	(	GER	2.67	-0.01	15-May-30		3.90	0.04	2 year	3.21	0.02
GBP	4.25	4.43	3.65	4.07	(	3BP	4.61	-0.02	15-May-31		4.10	0.04	3 year	3.34	0.02
JPY	0.48	-0.03	0.74	1.28		ΙΡΥ	1.51	0.01	15-May-32		4.27	0.04	5 year	3.61	0.04
CAD	2.75	4.97	2.52	3.06	(	CAD	3.37	-0.06	14-Apr-33		4.39	0.05	7 year	3.86	0.05
									15-May-34		4.50	0.05	10 year	4.15	0.06
					Poli	су Мее	ting Run	1	15-May-35		4.60	0.05	15 year	4.42	0.07
						NZD	AUD	USD	15-May-36		4.70	0.06			
1st 3.26 3.60 4.3					4.32	15-May-37		4.81	0.06	NZ Inflation-li	ndexed Bo	onds			
* These are indicative ranges from 5pm NZT; 2nd 3.08 3.50 4.15				15-May-41		5.07	0.07	Sep-30	2.09	0.04					
please confirm rates with your BNZ dealer 3rd 3.02 3.42 3.99					15-May-51		5.25	0.06	Sep-35	2.77	0.04				
Rates are as of: NZT 06:53 4th 2.93 3.23 3.81					15-May-54		5.29	0.06	Sep-40	3.17	0.04				
Source: Bloomberg 5th 2.88 3.11 3.70															

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NZD exchange rates						
10/07/2025	6:53 am	Prev. NY close				
USD	0.5999	0.5998				
GBP	0.4415	0.4413				
AUD	0.9177	0.9185				
EUR	0.5123	0.5116				
JPY	87.79	87.92				
CAD	0.8216	0.8193				
CHF	0.4769	0.4774				
DKK	3.8218	3.8166				
FJD	1.3569	1.3561				
HKD	4.7092	4.7084				
INR	51.40	51.40				
NOK	6.0558	6.0556				
PKR	170.60	170.48				
PHP	33.94	33.81				
PGK	2.4697	2.4502				
SEK	5.7090	5.7129				
SGD	0.7681	0.7674				
CNY	4.3077	4.3057				
THB	19.62	19.51				
TOP	1.3967	1.4057				
VUV	71.88	71.98				
WST	1.6311	1.6322				
XPF	61.11	61.06				
ZAR	10.6752	10.6680				

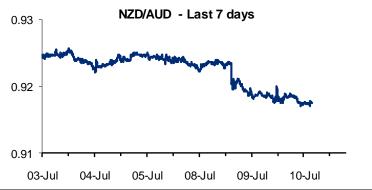
### **NZD/USD Forward Points**

	BNZ buys NZD	<b>BNZ</b> sells NZD
1 Month	5.97	6.17
3 Months	19.51	19.93
6 Months	35.90	36.90
9 Months	49.01	51.09
1 Year	58.25	61.57

#### **NZD/AUD Forward Points**

	<b>BNZ</b> buys NZD	BNZ sells NZD
1 Month	5.05	5.50
3 Months	14.71	15.77
6 Months	24.35	26.95
9 Months	30.82	35.64
1 Year	35.73	43.55









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# **Contact Details**

#### **BNZ Research**

Stephen ToplisDoug SteelJason WongStuart RitsonMatt BruntHead of ResearchSenior EconomistSenior Markets StrategistSenior Interest Rate StrategistEconomist

#### **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

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