

Research Markets Today

10 June 2025

Events Round-Up

CH: PPI (y/y%), May: -3.3 vs. -3.2 exp.

CH: CPI (y/y%), May: -0.1 vs. -0.2 exp.

CH: Exports (USD, y/y%), May: 4.8 vs. 6.0 exp.

CH: Imports (USD, y/y%), May: -3.4 vs. -0.9 exp.

US: NY Fed 1-yr inflation expect., May: 3.20 vs. 3.63 prev.

Good Morning

Newsflow has been light to start the week, and we await news from London around US-China trade talks. US equities are up modestly, and US treasury yields are down modestly. The USD has started the week on a soft note with a broadly-based fall, helping the NZD push up through 0.6050.

US and China are began trade talks in London in the early afternoon London time and have extended into the evening and may restart tomorrow if necessary. White House economic advisor Hassett told CNBC that US export controls on semi-conductors will be eased (excluding the very, very high end Nvidia chips) and rare earths will be released in volume by China. Let's see if that is indeed the outcome. In the weekend, ahead of the talks, China's Commerce Ministry said it had approved some export licences for rare-earth related products, in a goodwill gesture.

In economic news, US inflation expectations measured by the NY Fed's survey fell across all horizons, with the year-ahead rate down four-tenths to 3.2%, the three-year ahead measure down two-tenths to 3.0% and the five-year ahead measure down one-tenth to 2.6%. This survey has shown inflation expectations at much lower levels than the University of Michigan survey, suggesting it is much more attune to the real world.

US treasuries were supported after the survey, and rates are down 3-4bps from Friday's close. The 10-year rate is currently trading at the bottom of the 4.47%-4.52% overnight range, down 2bps from the NZ close. US equities have begun the week on a moderately positive note, with the S&P500 up 0.3% with an hour left of trading, with the recent recovery seeing it tracking within about 2% of the February high.

Yesterday, Chinese inflation data remained weak, with PPI deflation extending relentlessly into May and the index down 3.3% y/y, although there was no sign that Chinese manufacturers were accepting lower prices because of the US tariffs. The CPI fell 0.1% y/y. Chinese export and import growth was weaker than expected in May, with exports up 4.8% y/y in USD terms and imports down 3.4%, the latter indicative of soft domestic demand. Data have recently been distorted by fluctuations in tariffs, and China's exports to the US slumped 34%, but this was cushioned by stronger growth to other regions, including a 22% lift in exports to Vietnam, as some trade was likely re-routed.

In the currency market, the USD is broadly weaker, while the NZD and AUD has outperformed. The NZD has pushed up to just over 0.6050 while the AUD is up to 0.6520, both falling short of revisiting last week's highs, while NZD/AUD is at 0.9280. The NZD is modestly higher on the other key crosses, including NZD/EUR having a peek just over 0.53.

The domestic rates market was quiet yesterday, with most of Australia on holiday. The NZGB curve was marked steeper, with short-end rates unchanged and lower term rates up 3bps, taking the 10-year rate to 4.65%. The 2-year swap rate rose 1bp to 3.27% and the 10-year swap rate rose 4bps to 4.17%.

NZ business financial data released for Q1 were firmer than we had expected across wholesale trade, manufacturing, and selected services, resulting an upward revision to our Q1 GDP estimate from 0.4% q/q to 0.7%. If the figure prints meaningfully above the RBNZ's 0.4% estimate in its May MPS it would increase the chance of a pause in the OCR cutting cycle in July. Since the RBNZ's move to a neutral policy bias at the May MPS, the market has seen more chance of the Bank pausing in July, and that didn't change after yesterday's data, with just 5bps of easing priced for the meeting.

On economic calendar for the day ahead are Australian consumer and business confidence data, UK labour market data and the US NFIB small business survey.

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Coming Up

		Period	Cons.	Prev.	NZT
AU	Westpac consumer confidence	Jun	92.1	12:30	
AU	NAB business conditions	May	2	13:30	
UK	Pvte earnings ex bonus (3m/y%)	Apr	5.3	5.6	18:00
UK	Unemployment rate (%)	Apr	4.6	4.5	18:00
US	NFIB small bus. optimism	May	95.8	95.8	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	0.6055	+0.7	0.6036	0.6065	CHF	0.8212	-0.1	S&P 500	6,020	+0.3	12.6	Oil (Brent)	67.11	+0.9
AUD	0.6525	+0.5	0.6506	0.6534	SEK	9.585	-0.6	Dow	42,840	+0.2	10.4	Oil (WTI)	65.36	+1.2
EUR	1.1429	+0.3	1.1387	1.1439	NOK	10.048	-0.6	Nasdaq	19,605	+0.4	14.4	Gold	3334.1	+0.3
GBP	1.3561	+0.2	1.3525	1.3581	HKD	7.848	+0.0	Stoxx 50	5,422	-0.2	7.3	HRC steel	880.0	+0.2
JPY	144.48	-0.3	143.98	144.77	CNY	7.180	-0.2	FTSE	8,832	-0.1	7.1	CRB	300.9	+0.8
CAD	1.3679	-0.1			SGD	1.285	-0.3	DAX	24,174	-0.5	30.3	Wheat Chic.	557.3	-2.0
NZD/AUD	0.9280	+0.1			IDR	16,291	+0.0	CAC 40	7,791	-0.2	-2.6	Sugar	16.67	+1.1
NZD/EUR	0.5298	+0.4			THB	32.64	-0.3	Nikkei	38,089	+0.9	-2.4	Cotton	65.97	+0.5
NZD/GBP	0.4465	+0.5			KRW	1,354	-0.5	Shanghai	3,400	+0.4	11.4	Coffee	359.4	+1.1
NZD/JPY	87.48	+0.5			TWD	29.94	+0.1	ASX 200	8,516	-0.3	8.3	WM powder	3970	-0.6
NZD/CAD	0.8283	+0.5			PHP	55.82	+0.1	NZX 50	12,539	-0.2	6.4	Australian Futures		
NZ TWI	69.88	+0.5						VIX Index	16.89	+0.7	+38.2	3 year bond	96.56	-0.06
Interest Rates												7 year bond		
												10 year bond		
												95.70		
												0.01		
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	3.77	3.95	USD	4.48	-0.03	15-Apr-27	3.41	-0.00	BKBM 1-mth	3.36	0.00	
AUD	3.85	3.71	3.29	4.22	AUD	4.27	0.00	15-May-28	3.61	0.00	BKBM 3-mth	3.31	-0.00	
NZD	3.25	3.31	3.27	4.17	NZD	4.65	0.03	20-Apr-29	3.78	0.01	1 year	3.22	0.03	
EUR	2.25	1.96	2.01	2.57	GER	2.57	-0.01	15-May-30	3.96	0.02	2 year	3.27	0.01	
GBP	4.25	4.52	3.82	4.13	GBP	4.63	-0.01	15-May-31	4.16	0.02	3 year	3.39	0.02	
JPY	0.48	-0.03	0.75	1.23	JPY	1.47	0.01	15-May-32	4.33	0.02	5 year	3.66	0.02	
CAD	2.75	4.97	2.56	3.06	CAD	3.34	-0.00	14-Apr-33	4.44	0.03	7 year	3.90	0.03	
						Policy Meeting Run		15-May-34	4.55	0.03	10 year	4.17	0.04	
								15-May-35	4.65	0.03	15 year	4.42	0.04	
								15-May-36	4.74	0.03	NZ Inflation-Indexed Bonds			
								15-May-37	4.86	0.03	Sep-30	2.17	0.00	
								15-May-41	5.11	0.03	Sep-35	2.87	0.01	
								15-May-51	5.30	0.03	Sep-40	3.25	0.01	
								15-May-54	5.35	0.03				

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

Rates are as of: NZT 06:45

Source: Bloomberg

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NZD exchange rates

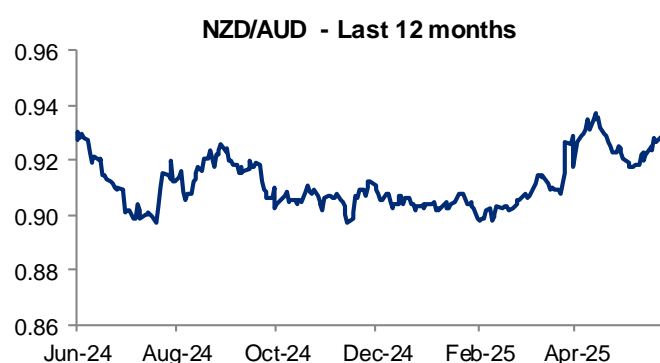
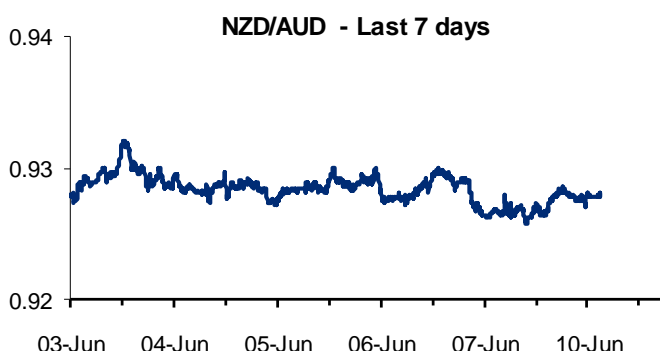
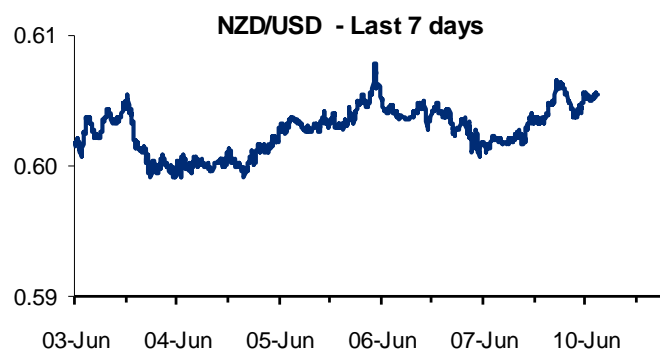
10/06/2025 6:46 am		Prev. NY close
USD	0.6055	0.6013
GBP	0.4465	0.4445
AUD	0.9280	0.9265
EUR	0.5298	0.5276
JPY	87.48	87.10
CAD	0.8283	0.8235
CHF	0.4972	0.4944
DKK	3.9523	3.9356
FJD	1.3702	1.3595
HKD	4.7520	4.7183
INR	51.85	51.49
NOK	6.0839	6.0801
PKR	170.85	169.66
PHP	33.81	33.46
PGK	2.4654	2.4473
SEK	5.8039	5.7964
SGD	0.7782	0.7754
CNY	4.3471	4.3249
THB	19.78	19.61
TOP	1.4104	1.4000
VUV	72.88	72.44
WST	1.6526	1.6410
XPF	63.43	63.08
ZAR	10.7240	10.6912

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.93	6.09
3 Months	18.77	19.25
6 Months	37.02	38.03
9 Months	51.72	53.88
1 Year	63.48	66.50

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.12	5.57
3 Months	12.88	14.06
6 Months	21.63	24.26
9 Months	27.31	32.08
1 Year	31.36	38.76



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