

Research Markets Today

11 July 2025

Events Round-Up

US: Initial jobless claims (k), wk to 5-Jul: 227 vs. 235 exp.

Good Morning

Newsflow remains light, with nothing in the way for global equity markets to probe fresh record highs. US Treasury yields are slightly higher. Against a backdrop of higher risk appetite, commodity currencies have outperformed, with the AUD the best performing.

Not long after we went to print yesterday, President Trump announced a 50% tariff for Brazil, more a political decision directed towards punishing Brazil's current government than a metric related to trade imbalances. This was a new development to the extent that tariff threats seem no longer related to national security or trade imbalance concerns, they can also be imposed simply if Trump doesn't like you, the legality of which is even more dubious than the widespread country tariffs imposed under emergency powers.

Brazil's President came out fighting, threatening reciprocity and ending a long post on social media with "Sovereignty, respect and the unwavering defense of the interests of the Brazilian people are the values that guide our relationship with the world." Any retaliation by Brazil will be met with higher US tariffs. While it too early to jump to conclusions (who knows if that punishing tariff rate will actually be implemented) to the extent that the US currently buys a lot of Brazilian beef, if NZ's tariff rate remains at 10% then NZ beef exporters could gain US market share.

Markets didn't take much notice of this news, with even a modest reaction to Brazilian assets, with its currency down about 1% since the threat. With no further news on tariffs, or anything much in general, global equity markets have continued to trend higher. The S&P500 is currently up 0.3%, close to its recent record high, with the Nasdaq index on track to record a consecutive record high.

The economic calendar has been very light. US initial jobless claims were lower than expected, dropping 5k to a seven-week low of 227k last week, possibly affected by shifting seasonal patterns related to the annual shutdown to auto manufacturers. Continuing claims, lagged by a week, rose 10k to a fresh 3½-year high of 1965k, in line

with consensus, suggesting a rising cohort of long-term unemployed.

US treasury yields are slightly higher, up 1-2bps out to 10-years maturity. Fed Governor Waller, who has aspirations to be the next Fed Chair, repeated his mantra that the Fed is too tight and can consider cutting in July. Yesterday's FOMC minutes revealed him and fellow Trump appointee Governor Bowman as outliers on the committee, being the "couple" of participants who called for July rate cuts. Waller added "my view on rates is not political".

The market had no problem absorbing \$22b of new 30-year supply, with a robust auction a sign of diminished concern about the trajectory of US fiscal policy, and the ultra- long bond outperformed, with the 30-year rate down 1bp for the day, at 4.86%.

Higher risk sentiment, with the VIX index probing lows not seen since earlier this year, have supported commodity currencies. The AUD is the best performer for the day, rising to 0.6585, just shy of the 2025 high seen on the first day of the month. The NZD is trading at 0.6030, its high for the day. NZD/AUD has fallen to 0.9160, extending losses seen since the RBA's shock on-hold decision on Tuesday which caused a shake-out of positions, even if the decision not to cut rates was just one of timing.

European currencies have dragged the chain, resulting in NZD/EUR recovering to 0.5150 and NZD/GBP to 0.4440. NZD/JPY is back above 88.

Global forces drove down NZ rates yesterday and seemingly no barrier to a strong interest at the weekly bond tender, with participants needing to cover short positions. The 10-year bond fell even further after the event and closed down 8bps for the day at 4.52%. The curve showed a bias to flatten, with short-dated NZGB yields down 4bps. The flattening bias was also evident for the swaps curve, with the 2-year rate down 3bps to 3.18% and the 10-year rate down 8bps to 4.08%.

In the day ahead, NZ's manufacturing PMI is released, where there will be interest in whether the notable fall in May is partially reversed or not. Tonight sees the release of monthly UK GDP data and Canada's employment report.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Manufacturing PMI	Jun		47.5	10:30
UK	GDP (m/m%)	May	0.1	-0.3	18:00
UK	Industrial production (m/m%)	May	-0.1	-0.6	18:00
CA	Unemployment rate (%)	Jun	7.1	7	00:30

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	0.6030	+0.5	0.5997	0.6031	CHF	0.7970	+0.3	S&P 500	6,286	+0.4	11.6	Oil (Brent)	68.90	-1.8
AUD	0.6584	+0.7	0.6542	0.6585	SEK	9.514	-0.0	Dow	44,690	+0.5	12.5	Oil (WTI)	66.85	-2.2
EUR	1.1692	-0.2	1.1663	1.1738	NOK	10.081	-0.2	Nasdaq	20,643	+0.2	10.7	Gold	3327.8	+0.2
GBP	1.3575	-0.1	1.3533	1.3620	HKD	7.850	+0.0	Stoxx 50	5,438	-0.1	9.7	HRC steel	882.0	+0.0
JPY	146.22	-0.1	146.07	146.79	CNY	7.178	-0.0	FTSE	8,976	+1.2	9.5	CRB	301.7	-0.2
CAD	1.3674	-0.1			SGD	1.280	-0.0	DAX	24,457	-0.4	32.9	Wheat Chic.	554.5	+1.4
NZD/AUD	0.9159	-0.2			IDR	16,224	-0.2	CAC 40	7,902	+0.3	4.3	Sugar	16.26	-1.8
NZD/EUR	0.5157	+0.8			THB	32.62	-0.2	Nikkei	39,646	-0.4	-6.1	Cotton	66.25	-0.0
NZD/GBP	0.4442	+0.6			KRW	1,374	-0.1	Shanghai	3,510	+0.5	18.2	Coffee	287.8	+1.1
NZD/JPY	88.17	+0.5			TWD	29.24	+0.3	ASX 200	8,589	+0.6	8.9	WM powder	3780	-0.1
NZD/CAD	0.8245	+0.4			PHP	56.46	-0.2	NZX 50	12,760	-0.1	5.8	Australian Futures		
NZ TWI	69.39	+0.3						VIX Index	15.82	-0.8	+23.1	3 year bond	96.58	0.04
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	3.61	3.79	USD	4.34	0.01	15-Apr-27	3.26	-0.04	BKBM 1-mth	3.36	0.04	
AUD	3.85	3.74	3.30	4.20	AUD	4.28	-0.06	15-May-28	3.47	-0.04	BKBM 3-mth	3.30	0.04	
NZD	3.25	3.30	3.18	4.08	NZD	4.52	-0.08	20-Apr-29	3.65	-0.05	1 year	3.14	-0.01	
EUR	2.00	1.97	2.03	2.65	GER	2.71	0.03	15-May-30	3.83	-0.06	2 year	3.18	-0.03	
GBP	4.25	4.43	3.64	4.07	GBP	4.60	-0.02	15-May-31	4.03	-0.07	3 year	3.30	-0.04	
JPY	0.48	-0.03	0.75	1.28	JPY	1.50	-0.01	15-May-32	4.19	-0.08	5 year	3.56	-0.05	
CAD	2.75	4.97	2.55	3.10	CAD	3.41	0.03	14-Apr-33	4.31	-0.08	7 year	3.80	-0.06	
								15-May-34	4.42	-0.08	10 year	4.08	-0.08	
								15-May-35	4.52	-0.08	15 year	4.34	-0.08	
								15-May-36	4.62	-0.08	NZ Inflation-Indexed Bonds			
								15-May-37	4.73	-0.08	Sep-30	2.00	-0.09	
								15-May-41	4.98	-0.08	Sep-35	2.69	-0.09	
								15-May-51	5.17	-0.08	Sep-40	3.08	-0.09	
								15-May-54	5.21	-0.08				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:58														
Source: Bloomberg														

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NZD exchange rates

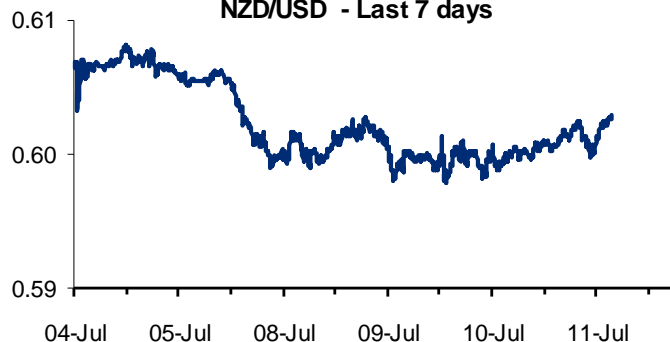
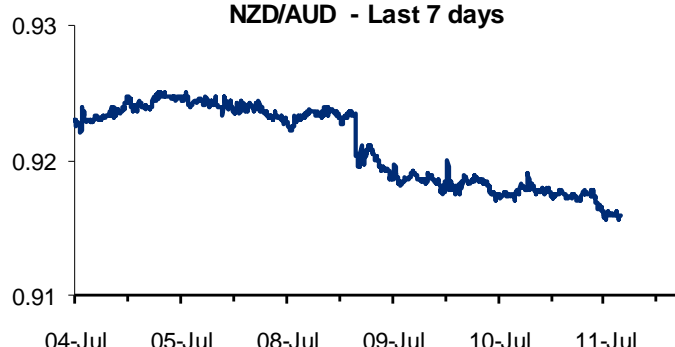
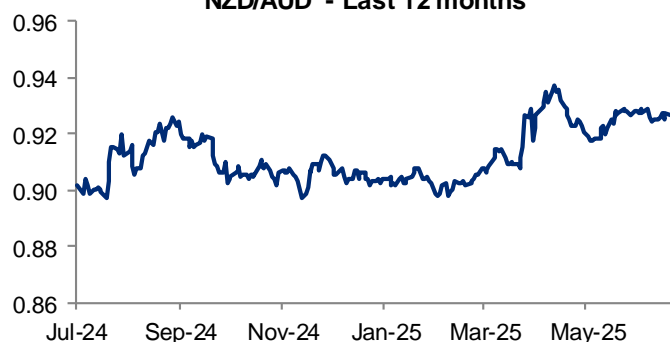
11/07/2025	6:58 am	Prev. NY close
USD	0.6030	0.6000
GBP	0.4442	0.4416
AUD	0.9159	0.9181
EUR	0.5157	0.5119
JPY	88.17	87.80
CAD	0.8245	0.8211
CHF	0.4803	0.4766
DKK	3.8453	3.8196
FJD	1.3621	1.3565
HKD	4.7281	4.7098
INR	51.58	51.41
NOK	6.0770	6.0597
PKR	171.39	170.63
PHP	34.01	33.94
PGK	2.4796	2.4702
SEK	5.7379	5.7091
SGD	0.7711	0.7682
CNY	4.3234	4.3084
THB	19.69	19.52
TOP	1.4030	1.3986
VUV	72.21	71.89
WST	1.6381	1.6383
XPF	61.42	61.10
ZAR	10.6987	10.6981

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.88	6.04
3 Months	18.80	19.20
6 Months	35.90	36.90
9 Months	49.67	51.67
1 Year	59.49	62.51

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.83	5.21
3 Months	13.95	14.92
6 Months	24.45	27.03
9 Months	31.56	36.65
1 Year	37.34	44.66

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

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