

Research Markets Today

12 May 2025

Events Round-Up

JP: Schd. FT pay -same base (y/y%), Mar: 2.0 vs. 2.2 exp.
 CH: Exports (USD, y/y%), Apr: 8.1 vs. 2 exp.
 CH: Imports (USD, y/y%), Apr: -0.2 vs. -5.9 exp.
 CA: Unemployment rate (%), Apr: 6.9 vs. 6.8 exp.
 CH: PPI (y/y%), Apr: -2.7 vs. -2.8 exp.
 CH: CPI (y/y%), Apr: -0.1 vs. -0.1 exp.

Good morning

US asset markets were largely in a holding pattern into the weekly close ahead of the first official trade talks between the US and China in Switzerland. US equities and treasury yields ended the session little changed with limited first tier economic data to provide the market with direction. European equities advanced. The Dax index in Germany has fully retraced its April drawdown and closed above its previous March peak.

US Treasury Secretary Bessent said there had been 'substantial progress' in the two days of talks with China and that further details would be shared today. President Trump had earlier sounded positive about the talks in a post on social media. He said there were many things discussed and agreed on. Risk sensitive assets have unwound the losses, following the reciprocal tariffs were announced, reflecting optimism about a de-escalation.

China's trade data for April was closely monitored given it captures the initial period after the trade war escalation. China's exports surprisingly increased 8.1%, which was above the consensus forecast, despite a 21% drop in shipments to the US. China's increased exports to India, Southeast Asia and the European Union helped to compensate for the decline in US exports.

The trade data only captures the initial period after prohibitive tariffs came into force, with their effects likely to become more pronounced going forward. A decline in exports would make it harder for China to meet its 5% official growth target. In 2024, exports made up roughly one-third of China's GDP growth.

The market pared Fed rate cut expectations at the margin with Fed speakers echoing Chair Powell's patient message on rates from the FOMC. There is around 66bp of easing priced by the end of the year. This is the least number of

cuts priced since reciprocal tariffs were announced and compares with ~100bp at the beginning of the month. 2-year treasury yields closed 2bp higher at 3.89%. The curve had a modest flattening bias with 10-year notes closing unchanged at 4.38%.

The US dollar index ended the week modestly lower compared to the NZ close on Friday albeit having recovered off the session low. The pound was the strongest amongst the major pairings while the euro and yen ended marginally higher. The NZD ended little changed against the US dollar and on the major crosses, except for NZD/GBP, which dipped towards 0.4440.

The Canadian dollar underperformed after labour market data was weaker than expected. The unemployment rate rose to 6.9% with the market pricing an increased chance of a 25bp rate cut by the Bank of Canada in early June.

Consumer prices in China fell for the third consecutive month in April. CPI fell at a 0.1% annual rate amid weak domestic demand. Producer prices have been falling for almost three years. Deflationary pressures are likely to remain as the economy faces additional headwinds from the trade war. Chinese authorities announced a range of measures to provide support last week including a rate cut and reducing banks' reserve ratio requirements.

The NZ fixed income market moved higher in yield to start the local session on Friday reflecting moves in global markets. However, after the initial selloff which saw swap rates marked 6bp higher across the curve, the market reversed lower with no apparent catalyst. 2-year swap rates closed 2bp higher at 3.08%.

There was similar price action in NZ government bonds with an initial move higher in yield reversing course. NZGBs outperformed US treasuries. The 10-year spread compressed to 15bp by the local close. The 10-year benchmark yield ended the session 3bp higher at 4.48%.

Australian 10-year government bond futures little changed since the local close on Friday, suggesting limited directional bias, for NZ yields on the open.

There is no economic data of note today.

stuart.ritson@bnz.co.nz

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	0.5910	+0.1	0.5885	0.5921	CHF	0.8313	-0.0	S&P 500	5,660	-0.1	8.4	Oil (Brent)	63.91	+1.7
AUD	0.6411	+0.2	0.6394	0.6433	SEK	9.717	-0.2	Dow	41,249	-0.3	4.4	Oil (WTI)	61.02	+1.9
EUR	1.1249	+0.2	1.1237	1.1293	NOK	10.380	-0.5	Nasdaq	17,929	+0.0	9.7	Gold	3344.0	+1.1
GBP	1.3302	+0.5	1.3242	1.3323	HKD	7.778	+0.1	Stoxx 50	5,310	+0.4	4.4	HRC steel	890.0	+0.0
JPY	145.38	-0.4	144.83	145.41	CNY	7.238	-0.1	FTSE	8,555	+0.3	1.4	CRB	295.1	+1.1
CAD	1.3938	+0.1			SGD	1.298	-0.2	DAX	23,499	+0.6	25.2	Wheat Chic.	521.8	-1.4
NZD/AUD	0.9218	-0.2			IDR	16,520	+0.1	CAC 40	7,744	+0.6	-5.8	Sugar	17.78	+1.6
NZD/EUR	0.5253	-0.1			THB	33.00	+0.0	Nikkei	37,503	+1.6	-1.9	Cotton	66.61	-0.1
NZD/GBP	0.4443	-0.4			KRW	1,398	-0.4	Shanghai	3,342	-0.3	5.9	Coffee	387.8	+0.1
NZD/JPY	85.91	-0.3			TWD	30.23	-0.2	ASX 200	8,231	+0.5	6.2	WM powder	4360	-1.0
NZD/CAD	0.8237	+0.2			PHP	55.46	-0.3	NZX 50	12,605	+1.1	7.2	Australian Futures		
NZ TWI	68.95	-0.1						VIX Index	21.90	-2.6	+74.5	3 year bond	96.59	-0.06
Interest Rates												10 year bond 95.71 0.00		
	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	3.67	3.85	USD	4.38	0.00	15-Apr-27	3.25	0.02	BKBM 1-mth	3.53	0.00	
AUD	4.10	3.81	3.29	4.16	AUD	4.29	0.05	15-May-28	3.46	0.02	BKBM 3-mth	3.37	-0.00	
NZD	3.50	3.37	3.10	3.99	NZD	4.51	0.03	20-Apr-29	3.64	0.02	1 year	3.09	0.01	
EUR	2.25	2.14	1.95	2.51	GER	2.56	0.03	15-May-30	3.83	0.03	2 year	3.10	0.02	
GBP	4.25	4.60	3.71	4.04	GBP	4.57	0.02	15-May-31	4.04	0.04	3 year	3.22	0.02	
JPY	0.48	-0.03	0.64	1.12	JPY	1.37	0.03	15-May-32	4.21	0.03	5 year	3.47	0.02	
CAD	2.75	4.97	2.37	2.87	CAD	3.16	-0.05	14-Apr-33	4.32	0.04	7 year	3.72	0.02	
								15-May-34	4.42	0.04	10 year	3.99	0.02	
								15-May-35	4.51	0.03	15 year	4.25	0.02	
								15-May-36	4.61	0.03	NZ Inflation-Indexed Bonds			
								15-May-37	4.74	0.04	Sep-30	2.07	0.02	
								15-May-41	4.97	0.03	Sep-35	2.71	0.02	
								15-May-51	5.15	0.03	Sep-40	3.04	0.02	
								15-May-54	5.19	0.04				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates at NY close														
Source: Bloomberg														

NZD exchange rates

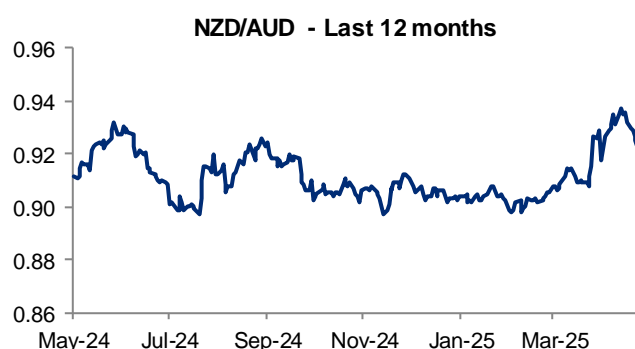
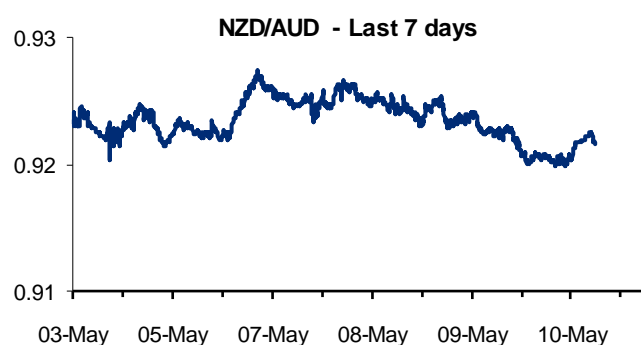
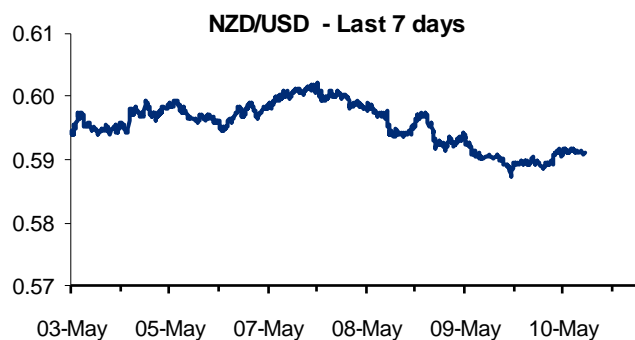
10/05/2025	NY close	Prev. NY close
USD	0.5910	0.5905
GBP	0.4443	0.4458
AUD	0.9218	0.9227
EUR	0.5253	0.5259
JPY	85.91	86.16
CAD	0.8237	0.8222
CHF	0.4913	0.4911
DKK	3.9188	3.9238
FJD	1.3453	1.3476
HKD	4.5970	4.5903
INR	50.46	50.62
NOK	6.1347	6.1596
PKR	166.49	166.21
PHP	32.79	32.84
PGK	2.4152	2.4122
SEK	5.7427	5.7490
SGD	0.7671	0.7682
CNY	4.2778	4.2769
THB	19.51	19.39
TOP	1.3776	1.3794
VUV	71.71	71.53
WST	1.6463	1.6469
XPF	62.25	62.26
ZAR	10.7572	10.7476

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.52	5.78
3 Months	17.87	18.53
6 Months	36.43	38.43
9 Months	52.13	55.17
1 Year	63.35	67.19

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.87	5.37
3 Months	16.01	17.28
6 Months	29.75	33.77
9 Months	40.70	46.94
1 Year	48.74	58.14



Contact Details

BNZ Research**Stephen Toplis**

Head of Research
+64 4 474 6905

Doug Steel

Senior Economist
+64 4 474 6923

Jason Wong

Senior Markets Strategist
+64 4 924 7652

Stuart Ritson

Senior Interest Rate Strategist
+64 9 9248601

Mike Jones

BNZ Chief Economist
+64 9-956 0795

Main Offices**Wellington**

Level 4, Spark Central
42-52 Willis Street
Private Bag 39806
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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