

# Research Markets Today

15 April 2025

## Events Round-Up

NZ: Performance of services index, Mar: 49.1 vs. 49.0 prev.

NZ: Card spending total (m/m%), Mar: -1.5 vs. -0.1 prev.

CH: Exports (USD, y/y%), Mar: 12.4 vs. 4.6 exp.

CH: Imports (USD, y/y), Mar: -4.3 vs. -2.1 exp.

## Good Morning

Markets have begun the week on a calmer note but there have still been some noteworthy movements, including a strong rally in US Treasuries, reversing some of last week's hefty move. Global equity markets are stronger and the NZD has outperformed, adding to last week's strong recovery and making a fresh 2025 high just over 0.5890.

Overnight, President Trump indicated he is looking at providing some relief to the auto sector by scaling back fresh tariffs, saying "I'm looking at something to help some of the car companies, where they're switching to parts that were made in Canada, Mexico and other places, and they need a little bit of time, because they're going to make them here". Trump added that "I don't change my mind, but I'm flexible".

This move on the auto sector follows the late Friday announcement to backtrack on some electronic goods from China to help Apple. Over the weekend, he played down the temporary exemption from reciprocal tariffs given to some electronic goods, saying "NOBODY is getting off the hook", adding that those goods will be just moving to a different tariff bucket.

Still to come, details on tariffs for semiconductors will be announced in the coming week and will likely come into effect in a month or two, while tariffs on pharmaceuticals will be rolled out in the "not too distant future".

The backtracking on previous announcements only serves to highlight the chaotic nature of the tariffs policy, the uncertainty around their implementation, and the scope for "favours" for companies that get in President Trump's ear. This isn't a conducive environment for businesses to invest and we've already seen the impact of the tariff policy on consumer sentiment.

In terms of negotiating new country trade deals, Treasury Secretary Bessent said he is prioritising the UK, Australia, South Korea, India and Japan as among his top targets.

Market conditions have remained choppy but not nearly as bad as last week. Still the S&P500 has traded a high/low range for the session of 1.9%, with strong early gains wiped out before the market recovered again. The index up over 1% with an hour of trading to go. European markets showed strong gains, with the UK FTSE100 up 2.1% and the Euro Stoxx 600 index up 2.7%.

US Treasuries broke a five-day losing streak, with the 10-year rate down 13bps from Friday's close to 4.36%, near the bottom edge of the range for the day. It has been a relatively steadily grind lower from the Asian open. Rates are down across the curve, with the 5-year rate showing an even larger 16bps fall, while the 2-year rate is down 13bps.

Former Treasury Secretary Yellen said that the recent selloff in Treasuries signalled a worrying drop in confidence in American policymaking, rather than a dysfunctional event that warrants Fed intervention.

Fed Governor Waller outlined two scenarios for the economy based on "large tariff" and "small tariff" policies, with the result of higher inflationary proving to be temporary in both. If the economic slowdown is significant and even threatens a recession, he would favour rate cuts "sooner and to a greater extent than previously thought". Under the smaller tariff scenario he would support a limited monetary response, with rate cuts "very much" on the table for the latter half of 2025.

In currency markets, the USD has been mixed, with falls against most majors but flat against EUR and CAD. The DXY index is lower for a fifth consecutive day, down 0.4%, although Friday's intraday low of 99.0 has held. A Bloomberg survey showed 77% of respondents expected the Bloomberg dollar spot index to trade lower over the next month, driven down from further rotation out of US assets.

Adding to last week's outperformance, the NZD sits top of the daily leaderboard, with a gain of 1% from last week's close to 0.5885, after reaching a fresh 2025 high just over 0.5890 overnight. The AUD is up 0.8% to 0.6340, with NZD/AUD pushing up to 0.9290. NZD/EUR is up just over 1% to 0.5185, NZD/JPY is back over 84 while NZD/GBP is modestly higher at 0.4460.

Yesterday, Chinese trade data showed a record trade surplus as exports surged, given the front-loading of activity ahead of tariffs. Even though China faced an extra

20% tariff imposed in February and March, shipments to the US continued to grow, ahead of anticipated additional tariffs. There were also signs of China increasing shipments to countries across Southeast Asia. The additional 145% tariff rate that hit during April, being the equivalent of a trade embargo, should see Chinese exports to US diminish towards zero.

In the domestic rates market, NZGBs performed better, reversing some recent underperformance. The curve significantly flattened, with rates modestly higher at the short end and ultra-long bond yields down 8bps. The 10-year rate closed down 4bps to 4.72%, against a 1bp fall in the 10-year swap rate. The 2-year swap rate rose 3bps to 3.15%.

In domestic data of note, the performance of services index showed further signs of stabilisation in March, with the composite index consistent with weak economic growth – better than the recessionary conditions endured over much of the past two years, but consistent with only a mild recovery at this stage. This was underlined by very weak electronic card spending data for March.

On the economic calendar in the day ahead, UK labour market and Canadian CPI data are the key releases. NZ monthly pricing indicators will help firm up Q1 CPI estimates for Thursday's release. The RBNZ's Conway delivers a speech on the RBNZ's forecasting process.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	RBNZ Chief Economist speaks about forecasting				9:30
NZ	Food prices (m/m%)	Mar		-0.5	10:45
UK	Pfte earnings x bonus (3m/yoy%)	Feb	6.0	6.1	18:00
UK	Unemployment rate (%)	Feb	4.4	4.4	18:00
EC	Industrial production (m/m%)	Feb	0.2	0.8	21:00
US	Empire manufacturing	Apr	-12.5	-20	0:30
CA	CPI (y/y%)	Mar	2.7	2.6	0:30
CA	CPI core (avg trim, median y/y%)	Mar	3.0	2.9	0:30

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	0.5886	+1.0	0.5831	0.5892	CHF	0.8139	-0.1	S&P 500	5,427	+1.2	5.9	Oil (Brent)	64.86	+0.2
AUD	0.6338	+0.8	0.6276	0.6343	SEK	9.761	-0.2	Dow	40,671	+1.2	7.1	Oil (WTI)	61.51	+0.0
EUR	1.1356	+0.0	1.1296	1.1425	NOK	10.573	-0.9	Nasdaq	16,913	+1.1	4.6	Gold	3195.0	-0.8
GBP	1.3198	+0.8	1.3123	1.3201	HKD	7.756	+0.0	Stoxx 50	4,911	+2.6	-0.9	HRC steel	938.0	+0.0
JPY	142.94	-0.4	142.24	144.08	CNY	7.310	+0.2	FTSE	8,134	+2.1	1.7	CRB	290.4	+1.9
CAD	1.3867	-0.1			SGD	1.315	-0.3	DAX	20,955	+2.9	16.9	Wheat Chic.	561.3	-1.6
NZD/AUD	0.9287	+0.3			IDR	16,787	-0.1	CAC 40	7,273	+2.4	-9.2	Sugar	17.87	-0.7
NZD/EUR	0.5183	+1.1			THB	33.54	+0.1	Nikkei	33,982	+1.2	-13.4	Cotton	64.09	-2.4
NZD/GBP	0.4460	+0.2			KRW	1,422	+0.1	Shanghai	3,263	+0.8	6.7	Coffee	358.5	+1.4
NZD/JPY	84.13	+0.6			TWD	32.44	-0.1	ASX 200	7,749	+1.3	-0.1	WM powder	4050	+1.1
NZD/CAD	0.8162	+1.0			PHP	57.08	+0.2	NZX 50	12,108	+0.7	1.6	Australian Futures		
NZ TWI	69.15	+0.9						VIX Index	30.91	-17.7	+78.6	3 year bond	96.66	-0.06
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	3.60	3.84	USD	4.36	-0.13	15-Apr-27	3.28	0.04	BKBM 1-mth	3.62	0.00	
AUD	4.10	4.05	3.25	4.29	AUD	4.40	0.01	15-May-28	3.52	0.03	BKBM 3-mth	3.49	0.01	
NZD	3.50	3.49	3.15	4.16	NZD	4.72	-0.04	20-Apr-29	3.75	0.02	1 year	3.10	0.02	
EUR	2.50	2.28	1.97	2.50	GER	2.51	-0.06	15-May-30	3.95	0.00	2 year	3.15	0.03	
GBP	4.50	4.66	3.83	4.12	GBP	4.66	-0.09	15-May-31	4.17	-0.01	3 year	3.29	0.04	
JPY	0.48	-0.03	0.59	1.08	JPY	1.34	0.02	15-May-32	4.38	-0.02	5 year	3.60	0.02	
CAD	2.75	4.97	2.42	2.86	CAD	3.14	-0.13	14-Apr-33	4.50	-0.03	7 year	3.87	0.00	
								15-May-34	4.62	-0.04	10 year	4.16	-0.01	
								15-May-35	4.72	-0.04	15 year	4.45	-0.02	
								15-May-36	4.82	-0.06				
								15-May-37	4.94	-0.07				
								15-May-41	5.20	-0.07				
								15-May-51	5.42	-0.08				
								15-May-54	5.44	-0.08				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 07:02														
Source: Bloomberg														
												NZ Inflation-Indexed Bonds		
												Sep-30	2.19	-0.02
												Sep-35	2.96	-0.03
												Sep-40	3.28	-0.03

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

Rates are as of: NZT 07:02

Source: Bloomberg

**NZD exchange rates**

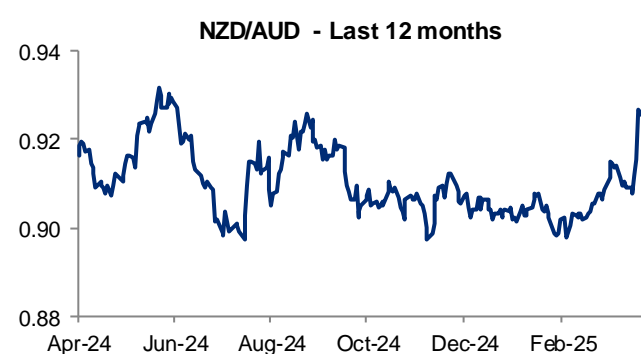
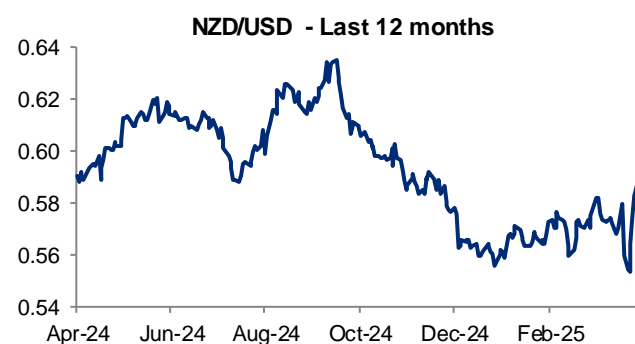
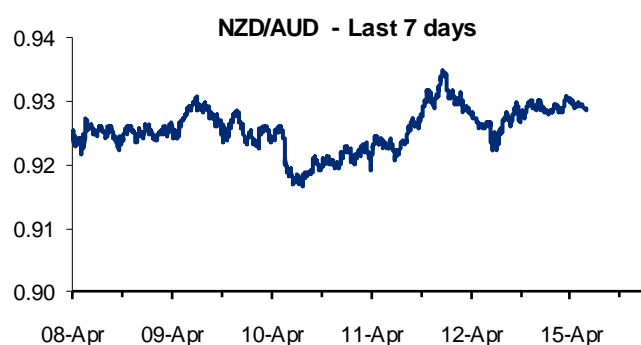
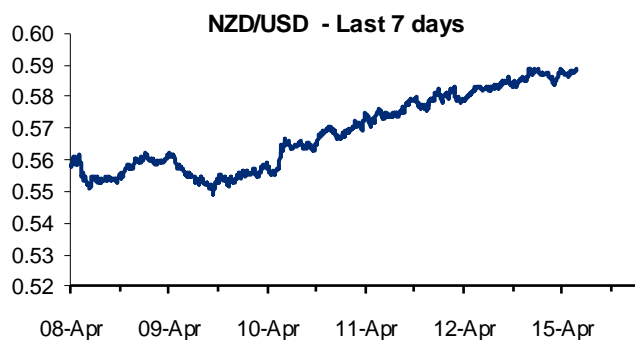
<b>15/04/2025</b>	<b>7:02 am</b>	<b>Prev. NY close</b>
USD	0.5886	0.5825
GBP	0.4460	0.4451
AUD	0.9287	0.9262
EUR	0.5183	0.5130
JPY	84.13	83.61
CAD	0.8162	0.8083
CHF	0.4791	0.4746
DKK	3.8705	3.8301
FJD	1.3590	1.3391
HKD	4.5651	4.5171
INR	50.65	50.50
NOK	6.2230	6.2145
PKR	165.15	163.36
PHP	33.60	33.19
PGK	2.3946	2.3902
SEK	5.7454	5.6959
SGD	0.7738	0.7684
CNY	4.3024	4.2476
THB	19.79	19.92
TOP	1.3948	1.3820
VUV	72.34	72.45
WST	1.6590	1.6261
XPF	61.83	62.89
ZAR	11.0851	11.1657

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.79	5.11
3 Months	15.32	15.88
6 Months	31.80	33.10
9 Months	45.76	48.54
1 Year	55.70	58.70

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.77	6.48
3 Months	14.97	16.48
6 Months	25.37	29.10
9 Months	32.66	39.40
1 Year	37.41	45.22



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