

Research Markets Today

15 July 2025

Events Round-Up

NZ: Performance of services index, Jun: 47.3 vs. 44.1 prev.

NZ: Card spending total (m/m%), Jun: -0.2 vs. 0.3 prev.

CH: Exports (USD, y/y%), Jun: 5.8 vs. 5.2 exp.

CH: Imports (USD, y/y%), Jun: 1.1 vs. 0.3 exp.

Good Morning

There has been a muted market reaction to Trump's weekend threat to raise tariffs on the EU and Mexico. US equities are higher and US Treasury yields show a minimal lift in rates. The USD is broadly stronger, although movements have been modest. The NZD has sustained the modest fall during NZ trading hours.

Market focus remained on tariffs to start the new week, following Trump's letters threatening 30% tariffs on the EU and Mexico, released during the weekend. President Trump told reporters he is always open to talk with trading partners, including the EU, adding "they're coming over, they'd like to talk". Somewhat contradictory, he also said "the letters are the deals, the deals are made, there are no deals to make".

EU chief trade negotiator, Šefčovič told reporters "the feeling on our side was that we are very close to an agreement." He added that the imposition of 30% reciprocal tariffs would mean the EU had nothing to lose if Trump escalated with even higher numbers in response, noting anything above 30% more or less has the same effect as it prohibits trade.

The market continues to take a sanguine view of where Trump lands on tariffs, presuming that the threats will be dialled back or not have much impact. After global equity market futures traded on a weaker note during the Asian session, sentiment has improved. The US S&P500 index is currently up 0.2%. The Euro Stoxx 50 index fell only 0.2%, while the broader Euro Stoxx 600 index fell less than 0.1%. While Mexico's key equity market index is down 0.4%, it's worth noting that the index is up 14% for the year, or up 26% in USD terms, even as the nation faces a 25% tariff in place for non-USMCA compliant goods. The market isn't concerned with a lift in that tariff to 30%.

US Treasury yields didn't show any reaction to the latest news on tariffs, and they have traded a tight range, with the 10-year rate between 4.40-4.44%. Ditto rates across the curve. The biggest move in rates has been seen in Japan's market, with increasing nerves ahead of the 20 July Upper House elections. The leading LDP's grip on power looks precarious and the market is worried about a ramp up in government spending, adding pressure to already worrisome fiscal accounts. Japan's JGB yield rose 6bps to 1.58%. The 40-year rate rose as much as 18bps before closing up 8bps.

In currency markets, the USD is broadly stronger for the day. The NZD has been one of the worst performers, down 0.5% from last week's close to 0.5975, with most of the falling coming during NZ trading hours and little price action overnight. The AUD is also weaker, probing sub-0.6550. NZD/AUD fell to 0.9115 yesterday, extending its fall post the RBA last week, but has ticked up to 0.9125.

With worries about Japan's fiscal trajectory, higher Japan-global rate spreads have not supported the yen, with USD/JPY extending yesterday's gain to reach 147.75. NZD/JPY found support after falling to 88 and has recovered overnight to 88.3. Despite the threat of higher tariffs, EUR is only down slightly and has outperformed GBP.

The other key news overnight was President Trump's support for Ukraine in its war against Russia. He said billions of dollars' worth of military equipment, including top-of-the-line weapons, would be purchased by NATO allies from the US, and that it would be quickly distributed to the battlefield. Trump threatened 100% secondary tariffs if the war in Ukraine does not end soon, giving a target of 50 days. These so-called secondary tariffs would hit countries that trade with Russia. Commerce Secretary Lutnick clarified that Trump could choose to impose either tariffs or sanctions on countries that do business with Russia and the US Ambassador said the secondary tariffs aimed to target buyers of Russian oil, naming China and India. Oil prices are weaker, regardless, with Brent crude currently down 1½%, trading with a USD69 handle.

The domestic rates market was quiet yesterday, with curves modestly steeper, as per global forces. NZGB rates from 10-years and beyond were up 4bps against unchanged short rates. The 2-year swap rate was flat at 3.17% against a 2bps lift in the 10-year rate. NZ's performance of services index rose 3.2pts to 47.3 in June,

On the economic calendar today, China Q2 GDP data are expected to show slightly weaker growth momentum in Q2, with the data released alongside an array of monthly activity indicators. US and Canadian CPI data are released tonight. Both the headline and core US CPI are expected to show a 0.3% m/m lift. Focus will be on the goods side to see signs of any pick-up in inflation from tariff increases earlier in the year. Another downside surprise would probably lead analysts to conclude that tariff impacts are still ahead, rather than suggest Trump was right in believing that tariffs are not inflationary.

Coming Up

		Period	Cons.	Prev.	NZT
AU	Westpac consumer confidence	Jul		92.6	12:30
CH	GDP (y/y%)	Q2	5.1	5.4	14:00
CH	GDP (q/q%)	Q2	0.9	1.2	14:00
CH	Retail sales (y/y%)	Jun	5.2	6.4	14:00
CH	Industrial production (y/y%)	Jun	5.6	5.8	14:00
CH	Fixed assets invest. (YTD y/y%)	Jun	3.6	3.7	14:00
EC	Industrial production (m/m%)	May	0.7	-2.4	21:00
US	Empire manufacturing	Jul	-9.6	-16	00:30
US	CPI (m/m%)	Jun	0.3	0.1	00:30
US	CPI ex food, energy (m/m%)	Jun	0.3	0.1	00:30
US	CPI (y/y%)	Jun	2.6	2.4	00:30
US	CPI ex food, energy (y/y%)	Jun	2.9	2.8	00:30
CA	CPI (y/y%)	Jun	1.9	1.7	00:30
CA	CPI core (avg median, trim y/y%)	Jun	3.0	3.0	00:30

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NZD exchange rates

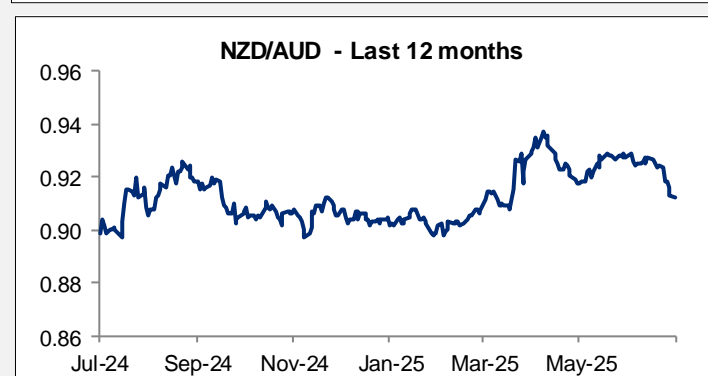
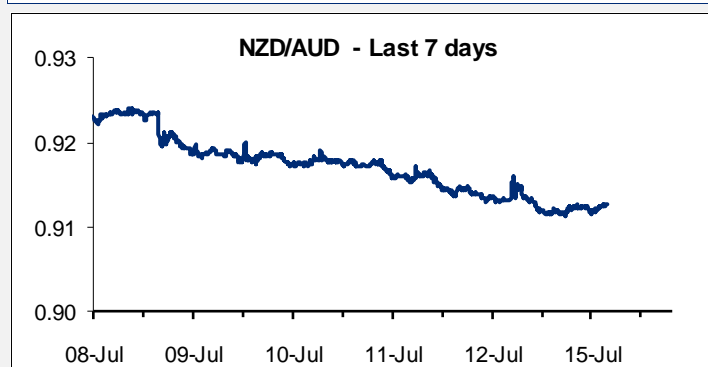
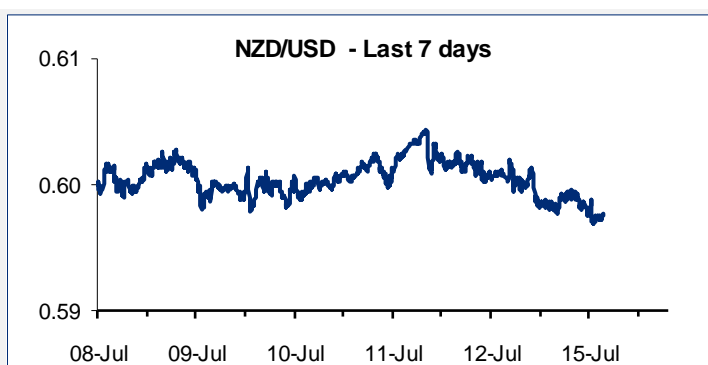
15/07/2025	6:57 am	Prev. NY close
USD	0.5975	0.6008
GBP	0.4449	0.4453
AUD	0.9126	0.9133
EUR	0.5120	0.5140
JPY	88.27	88.58
CAD	0.8187	0.8226
CHF	0.4768	0.4786
DKK	3.8224	3.8353
FJD	1.3437	1.3492
HKD	4.6896	4.7162
INR	51.37	51.55
NOK	6.0600	6.0849
PKR	169.93	170.97
PHP	33.85	33.93
PGK	2.4645	2.4734
SEK	5.7430	5.7444
SGD	0.7660	0.7692
CNY	4.2842	4.3078
THB	19.35	19.53
TOP	1.3909	1.4028
VUV	71.47	71.93
WST	1.6310	1.6312
XPF	61.05	61.28
ZAR	10.6969	10.7797

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.16	6.30
3 Months	18.56	18.96
6 Months	35.86	36.86
9 Months	49.39	51.44
1 Year	59.98	63.15

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.99	5.37
3 Months	13.64	14.77
6 Months	24.39	27.01
9 Months	31.63	36.92
1 Year	39.15	46.90



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