

Research Markets Today

15 May 2025

Events Round-Up

NZ: Card spending total (m/m%), Apr: -0.2 vs. -1.6 prev.

AU: Wage price index (q/q%), Q1: 0.9 vs. 0.8 exp.

AU: Wage price index (y/y%), Q1: 3.4 vs. 3.2 exp.

Good Morning

Markets are in a consolidation mode, against the backdrop of light newsflow. President Trump has been busy in the Middle East posting videos on social media of himself travelling in the region.

The S&P500 is currently flat but IT stocks have outperformed, boosted by deals signed by President Trump during his trip, including multi-year AI infrastructure projects. The Nasdaq index is up over ½%.

US Treasury yields are higher across the curve in the order of 4-6bps for the day as focus turns to the outlook for US fiscal policy. Trump's big, beautiful, bill paves the way for permanently lower taxes and likely even larger budget deficits. The prospect of revenue from tariffs providing an offsetting force is much reduced after the walk-back of tariff rates. The 2-year rate is consolidating its recent move above 4% and same goes for the 10-year rate above 4.5%.

As agreed earlier in the week, China's Ministry of Commerce said it had suspended a trade and investment ban against 17 US companies. China also suspended restrictions on exports of rare earths and other goods and technologies for the US. Fox News claimed that trade-tariff deals with Japan and South Korea were "close".

In late Asian trading there was some action in currency markets after Bloomberg reported that the US and South Korean governments discussed currency policies this month, fanning speculation President Trump's administration is open to a weaker USD and will make exchange rates a feature of upcoming trade talks. The South Korean won surged over 2% in response to the report, and the USD was broadly weaker. Markets are particularly sensitive to this topic, given a widely held views that the USD looks highly vulnerable under the current policy direction of the US government.

However, broad USD weakness didn't last much more than an hour before the market turned around and that move seemed vindicated after another Bloomberg report saying

US officials seeking to negotiate trade deals around the world are not working to include currency policy pledges in agreements. The report added that Treasury Secretary Bessent is the only member of the Trump administration's economic team tasked with addressing currency policy and he is in the "strong dollar" camp.

While the Korean won hasn't fully unwound the move, major currencies have done so. The NZD and AUD have been two of the weakest major currencies overnight and over the past 24 hours, reversing strength over the previous day. The NZD met some resistance overnight just under 0.5970 before falling all the way back down towards 0.59 and it has traded just below the figure. The AUD took a peek just over 0.65 and has fallen to 0.6425, with NZD/AUD flat for the day around 0.9180.

Other majors are modestly weaker against the USD and JPY is the only major to show a daily gain. The NZD is about 0.4-0.6% weaker against EUR and GBP but has fallen over 1% against the yen, taking NZD/JPY down to 86.5.

In the domestic rates market, global forces pushed up NZ rates, but there was some modest outperformance against Australia. Australian wage data were slightly stronger than expected while NZ card spending data was weak, with the total falling for a fourth successive month and thereby providing no evidence so far of easier monetary policy supporting spending.

In a quiet session, NZGB yields closed the day up 2-3bps across the curve. The 2-year swap rate was unchanged at 3.20% while the 10-year rate closed up 4bps to 4.14%.

On the economic calendar today, NZ monthly pricing indicators for April are released, followed by Australia's employment report. Key releases tonight include UK Q1 GDP and, in the US, retail sales and PPI data, alongside a number of second-tier indicators. Fed Chair Powell will be giving opening remarks at a conference.

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Coming Up

	Period	Cons.	Prev.	NZT
NZ Monthly price indicators	Apr			10:45
AU Employment change (k)	Apr	22.5	32.2	13:30
AU Unemployment rate (%)	Apr	4.1	4.1	13:30
UK GDP (q/q%)	Q1	0.6	0.1	18:00
EC Industrial production (m/m%)	Mar	1.8	1.1	21:00
US Retail sales (m/m%)	Apr	0.0	1.4	00:30
US Retail sales ex auto, gas (m/m%)	Apr	0.3	0.8	00:30
US Retail sales control group (m/m%)	Apr	0.3	0.4	00:30
US Empire manufacturing	May	-8.0	-8.1	00:30
US PPI ex food, energy (m/m%)	Apr	0.3	-0.1	00:30
US PPI ex food, energy (y/y%)	Apr	3.1	3.3	00:30
US Philly Fed business outlook	May	-11.2	-26.4	00:30
US Initial Jobless Claims	10-May	227	228	00:30
US Fed's Powell Gives opening remarks at conference				00:40
US Industrial production (m/m%)	Apr	0.1	-0.3	01:15
US NAHB housing market index	May	40	40	02:00

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	0.5898	-0.7	0.5897	0.5969	CHF	0.8422	+0.3	S&P 500	5,892	+0.1	12.3	Oil (Brent)	65.88	-1.1
AUD	0.6428	-0.6	0.6424	0.6501	SEK	9.758	+0.4	Dow	42,068	-0.2	6.3	Oil (WTI)	62.96	-1.1
EUR	1.1178	-0.1	1.1173	1.1266	NOK	10.390	+0.2	Nasdaq	19,121	+0.6	15.8	Gold	3180.7	-2.1
GBP	1.3265	-0.3	1.3260	1.3360	HKD	7.807	+0.1	Stoxx 50	5,403	-0.2	6.4	HRC steel	891.0	+0.7
JPY	146.71	-0.5	145.61	147.22	CNY	7.208	+0.1	FTSE	8,585	-0.2	1.9	CRB	300.5	+1.7
CAD	1.3974	+0.3			SGD	1.301	+0.0	DAX	23,527	-0.5	25.7	Wheat Chic.	524.8	+1.5
NZD/AUD	0.9175	+0.0			IDR	16,562	-0.4	CAC 40	7,837	-0.5	-4.7	Sugar	18.06	-0.9
NZD/EUR	0.5276	-0.6			THB	33.46	+0.7	Nikkei	38,128	-0.1	-0.7	Cotton	65.48	-1.1
NZD/GBP	0.4446	-0.3			KRW	1,402	-1.0	Shanghai	3,404	+0.9	9.1	Coffee	364.8	-2.8
NZD/JPY	86.53	-1.2			TWD	30.27	-0.5	ASX 200	8,280	+0.1	6.8	WM powder	4355	-0.6
NZD/CAD	0.8242	-0.4			PHP	55.88	+0.2	NZX 50	12,779	-0.1	10.9	Australian Futures		
NZ TWI	68.90	-0.6						VIX Index	18.21	-0.1	+35.7	3 year bond	96.39	-0.03
Interest Rates												10 year bond 95.47 -0.08		
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	3.84	4.00	USD	4.52	0.06	15-Apr-27	3.35	0.02	BKBM 1-mth	3.48	-0.02	
AUD	4.10	3.79	3.49	4.38	AUD	4.48	0.05	15-May-28	3.58	0.02	BKBM 3-mth	3.35	-0.02	
NZD	3.50	3.35	3.20	4.14	NZD	4.65	0.03	20-Apr-29	3.76	0.02	1 year	3.15	0.00	
EUR	2.25	2.14	2.09	2.64	GER	2.70	0.02	15-May-30	3.97	0.02	2 year	3.20	0.00	
GBP	4.25	4.58	3.86	4.19	GBP	4.71	0.04	15-May-31	4.17	0.03	3 year	3.33	0.01	
JPY	0.48	-0.03	0.73	1.25	JPY	1.46	0.02	15-May-32	4.35	0.03	5 year	3.61	0.02	
CAD	2.75	4.97	2.44	2.98	CAD	3.24	0.04	14-Apr-33	4.46	0.03	7 year	3.86	0.03	
								15-May-34	4.56	0.03	10 year	4.14	0.04	
								15-May-35	4.65	0.03	15 year	4.40	0.04	
								15-May-36	4.75	0.03	NZ Inflation-Indexed Bonds			
								15-May-37	4.87	0.03	Sep-30	2.13	0.01	
								15-May-41	5.11	0.03	Sep-35	2.78	0.02	
								15-May-51	5.29	0.03	Sep-40	3.11	0.02	
								15-May-54	5.32	0.02				

NZD exchange rates**15/05/2025 6:57 am Prev. NY close**

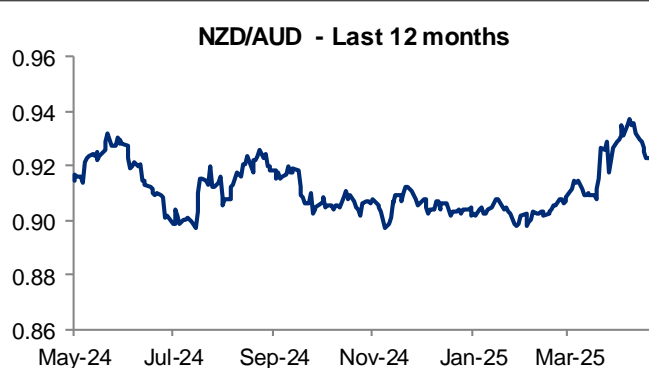
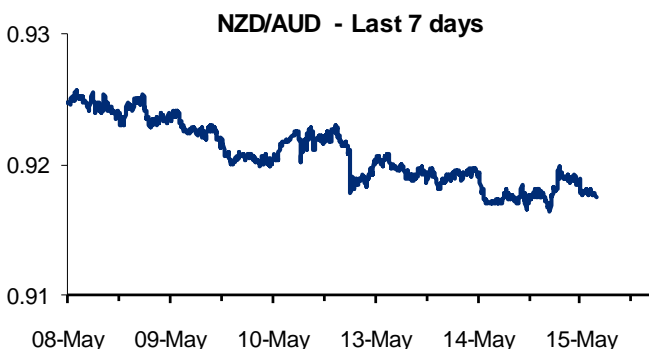
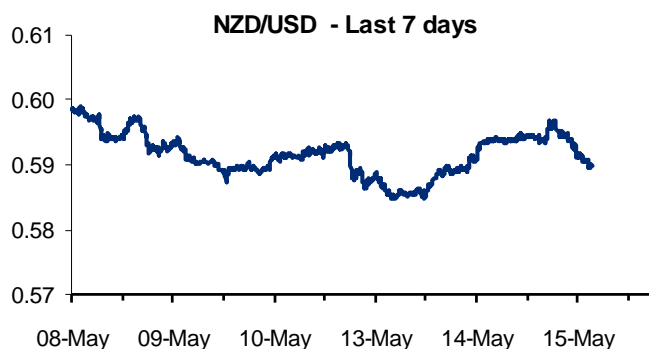
USD	0.5898	0.5938
GBP	0.4446	0.4463
AUD	0.9175	0.9176
EUR	0.5276	0.5309
JPY	86.53	87.57
CAD	0.8242	0.8275
CHF	0.4967	0.4985
DKK	3.9366	3.9599
FJD	1.3392	1.3511
HKD	4.6045	4.6299
INR	50.30	50.68
NOK	6.1282	6.1556
PKR	166.15	167.14
PHP	32.95	33.13
PGK	2.3976	2.3934
SEK	5.7552	5.7733
SGD	0.7674	0.7726
CNY	4.2515	4.2781
THB	19.59	19.72
TOP	1.3764	1.3871
VUV	71.18	72.16
WST	1.6273	1.6567
XPF	63.05	62.73
ZAR	10.7704	10.8755

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.50	5.74
3 Months	18.28	18.98
6 Months	38.10	39.10
9 Months	54.76	57.18
1 Year	67.52	70.88

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.72	5.37
3 Months	16.23	17.77
6 Months	32.41	35.24
9 Months	45.49	51.32
1 Year	56.76	65.45



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