

Research Markets Today

16 April 2025

Events Round-Up

NZ: Mthly pricing indicator (m/m%), Mar: 2.0 vs. 1.6 prev.
 UK: Pkte earnings x bonus (3m/yoy%), Feb: 5.9 vs. 6.0 exp.
 UK: Unemployment rate (%), Feb: 4.4 vs. 4.4 exp.
 EC: Industrial production (m/m%), Feb: 1.1 vs. 0.3 exp.
 US: Empire manufacturing, Apr: -8.1 vs. -13.5 exp.
 CA: CPI (y/y%), Mar: 2.3 vs. 2.7 exp.
 CA: CPI core (avg trim, med. y/y%), Mar: 2.85 vs. 2.95 exp.

Good Morning

Markets have been relatively calm compared to recent weeks, with only a couple of negative trade war-related headlines to digest. US equities are flat, and the US 10-year Treasury yield has fallen for a second successive day, further reversing some of last week's chunky rise. While the USD is broadly stronger overnight, the NZD has sustained much of the rally seen during local trading hours that saw it trade with a 0.59 handle for the first time this year.

In new trade-related headlines, China told its airlines not to place new orders for Boeing jets, seek approval before taking delivery of previously ordered Boeing aircraft, and halt any purchases of aircraft-related equipment and parts from US companies. Some Boeing aircraft destined for Chinese airlines have already been completed and are awaiting delivery.

The outcome of meetings between the EU and US on trade negotiations is that little progress has been made. An EU trade spokesman said the EU again offered to mutually drop all industrial goods tariffs to zero and the US side failed to set out its demands. Bloomberg reported that US officials indicated that the new 10% baseline tariff rate as well as other tariffs on autos and metals would not be removed outright. The EU's proposed retaliatory tariffs against the tariffs on steel and aluminium remain on pause, pending further negotiations.

In economic news, the US Empire manufacturing survey is the first regional survey to be released capturing the early Liberation Day tariff impact. While the headline figure bounced back to -8.1 in April (from the terrible -20.0 reading in March) the future general business conditions index fell to its second lowest reading in the more than 20-year history of the survey, while the prices paid and

received indices rose to their highest levels in more than two years, fitting the stagflation narrative normally associated with large-scale tariffs.

Canada's headline CPI inflation was much weaker than expected, falling to 2.3% yoy in March from 2.7%, but this didn't sway market or analyst expectations that the Bank of Canada is more likely to take a pause on the easing cycle, than cut rates again, at tonight's policy meeting.

UK labour market data showed a steady unemployment rate of 4.4% and slightly weaker than expected, but still strong, wage inflation data, with annual increases running just under 6%.

With an hour of trading to go, the US S&P500 index is currently flat, losing early gains, with the high/low trading range of around 1% less than we've recently been accustomed to. European equity markets were stronger, with gains in the order of 1½%.

In the bond market, European yields are modestly higher while US Treasury yields have fallen for a second successive day. The 10-year rate is currently near the bottom of its daily trading range, down 6bps for the day to 4.32% or 3bps lower from the NZ close. This takes the two-day fall to 17bps, still only partially reversing the 50bps gain last week.

Bank of America's latest Global Fund Manager survey showed a net 61% expect the USD to depreciate over the next 12 months, the most since 2006. The report also showed a record number of global investors, a net 53%, intend to cut their exposure to US equities.

Following its recent poor run, the USD is broadly stronger overnight. After last week's surge in the euro that saw it blast up through 1.1450, some profit-taking has been evident and EUR/USD is back down to 1.1270. GBP has held its ground against a stronger USD, and trades over 1.32, attributed to comments earlier this week by US Vice President Vance that there was a "good chance" a trade deal could be reached with the UK.

The NZD saw a further recovery during NZ trading hours that took it above 0.59 for the first time this year and it made an overnight high of 0.5944, before a stronger USD took over and slipped just below 0.59 this morning. Still, the NZD is the best performing of the majors over the past 24 hours, meaning it is higher on all the key crosses. NZD/AUD rose to 0.9320 before slipping just below 0.93.

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Coming Up

On the economic calendar, China Q1 GDP and monthly activity indicators for March are released, with figures supported by some front-loading of activity ahead of fresh US import tariffs. For the same reason, US retail sales for March are expected to be solid. UK CPI data are expected to show some moderation in inflation. The Bank of Canada meets and is widely expected to take a pause in the easing cycle. Fed Chair Powell speaks to the Economic Club of Chicago, where focus will be on any comments regarding the tariffs and policy implications.

		Period	Cons.	Prev.	NZT
CH	GDP (y/y%)	Q1	5.2	5.4	14:00
CH	GDP (q/q%)	Q1	1.4	1.6	14:00
CH	Industrial production (y/y%)	Mar	5.9	6.2	14:00
CH	Retail sales (y/y%)	Mar	4.3	3.7	14:00
CH	Fixed investment (YTD, y/y%)	Mar	4.1	4.1	14:00
UK	CPI (y/y%)	Mar	2.7	2.8	18:00
UK	CPI core (y/y%)	Mar	3.4	3.5	18:00
UK	CPI services (y/y%)	Mar	4.8	5.0	18:00
US	Retail sales (m/m%)	Mar	1.4	0.2	0:30
US	Retail sales ex auto, gas (m/m%)	Mar	0.6	0.5	0:30
US	Retail sales control group (m/m%)	Mar	0.6	1.0	0:30
US	Industrial production (m/m%)	Mar	-0.2	0.7	1:15
CA	Bank of Canada policy rate (%)	Apr	2.75	2.75	1:45
US	NAHB housing market index	Apr	38	39	2:00
US	Fed's Powell Speaks to Economic Club of Chicago				5:30

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	0.5897	+0.3	0.5892	0.5944	CHF	0.8222	+0.9	S&P 500	5,401	-0.1	6.7	Oil (Brent)	64.75	-0.2	
AUD	0.6347	+0.3	0.6341	0.6383	SEK	9.893	+1.1	Dow	40,477	-0.1	7.3	Oil (WTI)	61.43	-0.2	
EUR	1.1273	-0.7	1.1264	1.1379	NOK	10.653	+0.8	Nasdaq	16,833	+0.0	6.0	Gold	3218.7	+0.4	
GBP	1.3217	+0.2	1.3188	1.3252	HKD	7.758	+0.0	Stoxx 50	4,970	+1.2	-0.3	HRC steel	939.0	+0.1	
JPY	143.16	+0.1	142.60	143.51	CNY	7.316	+0.1	FTSE	8,249	+1.4	3.6	CRB	289.8	-0.2	
CAD	1.3967	+0.7			SGD	1.319	+0.3	DAX	21,254	+1.4	17.9	Wheat Chic.	556.3	-1.0	
NZD/AUD	0.9291	+0.0			IDR	16,827	+0.2	CAC 40	7,335	+0.9	-8.8	Sugar	17.52	-1.7	
NZD/EUR	0.5231	+1.1			THB	33.57	-0.2	Nikkei	34,268	+0.8	-10.9	Cotton	65.08	+1.5	
NZD/GBP	0.4462	+0.1			KRW	1,428	+0.4	Shanghai	3,268	+0.1	8.7	Coffee	367.2	+2.3	
NZD/JPY	84.42	+0.4			TWD	32.50	+0.2	ASX 200	7,762	+0.2	2.0	WM powder	4050	+0.0	
NZD/CAD	0.8236	+1.0			PHP	56.80	-0.5	NZX 50	12,011	-0.8	1.7	Australian Futures			
NZ TWI	69.39	+0.4						VIX Index	29.37	-4.9	+52.7	3 year bond	96.67	0.01	
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	3.59	3.81	USD	4.32	-0.05	15-Apr-27	3.23	-0.04	BKBM 1-mth	3.62	0.00		
AUD	4.10	4.01	3.26	4.23	AUD	4.35	-0.05	15-May-28	3.46	-0.06	BKBM 3-mth	3.49	-0.01		
NZD	3.50	3.49	3.14	4.07	NZD	4.59	-0.14	20-Apr-29	3.65	-0.09	1 year	3.11	0.01		
EUR	2.50	2.25	1.97	2.52	GER	2.53	0.02	15-May-30	3.84	-0.11	2 year	3.14	-0.00		
GBP	4.50	4.66	3.76	4.11	GBP	4.65	-0.01	15-May-31	4.05	-0.12	3 year	3.26	-0.03		
JPY	0.48	-0.03	0.64	1.12	JPY	1.37	0.03	15-May-32	4.26	-0.13	5 year	3.53	-0.07		
CAD	2.75	4.97	2.36	2.85	CAD	3.11	-0.01	14-Apr-33	4.36	-0.14	7 year	3.79	-0.08		
								15-May-34	4.48	-0.14	10 year	4.07	-0.09		
								15-May-35	4.59	-0.14	15 year	4.35	-0.10		
								15-May-36	4.69	-0.14	NZ Inflation-Indexed Bonds				
								15-May-37	4.80	-0.14	Sep-30	2.05	-0.14		
* These are indicative ranges from 5pm NZT;								15-May-41	5.06	-0.15	Sep-35	2.82	-0.14		
please confirm rates with your BNZ dealer								15-May-51	5.26	-0.15	Sep-40	3.14	-0.14		
Rates are as of: NZT 06:59								15-May-54	5.29	-0.15					
Source: Bloomberg															

NZD exchange rates

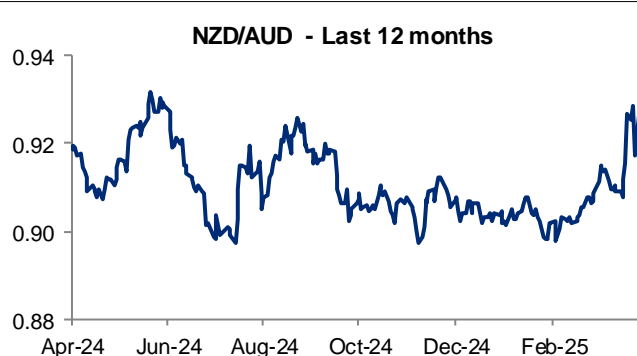
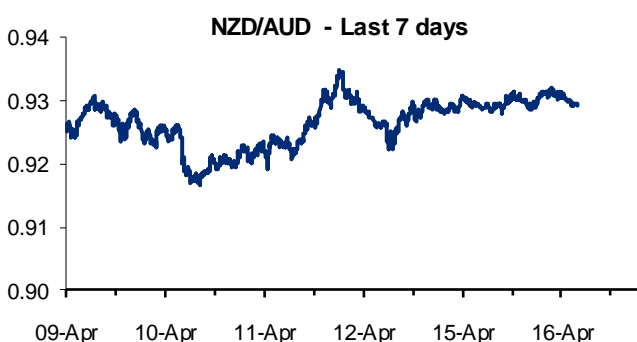
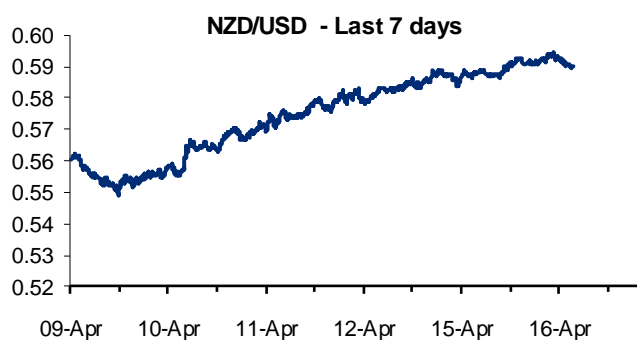
16/04/2025	6:59 am	Prev. NY close
USD	0.5897	0.5877
GBP	0.4462	0.4456
AUD	0.9291	0.9287
EUR	0.5231	0.5178
JPY	84.42	84.08
CAD	0.8236	0.8154
CHF	0.4849	0.4789
DKK	3.9055	3.8663
FJD	1.3569	1.3560
HKD	4.5747	4.5582
INR	50.58	50.57
NOK	6.2820	6.2086
PKR	165.45	164.89
PHP	33.48	33.55
PGK	2.4001	2.3910
SEK	5.8338	5.7479
SGD	0.7781	0.7731
CNY	4.3141	4.2958
THB	19.83	20.10
TOP	1.3974	1.3927
VUV	72.28	72.23
WST	1.6645	1.6531
XPF	62.18	61.75
ZAR	11.2578	11.1067

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.97	5.31
3 Months	15.45	16.01
6 Months	31.98	32.98
9 Months	46.14	48.76
1 Year	55.51	58.51

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.76	6.50
3 Months	15.11	16.50
6 Months	26.25	29.24
9 Months	34.11	40.41
1 Year	39.35	47.08



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