

Research Markets Today

18 July 2025

Events Round-Up

AU: Employment change (k), Jun: 2 vs. 20 exp.

AU: Unemployment rate (%), Jun: 4.3 vs. 4.1 exp.

UK: Pvte earnings x bonus (3m/y/y%), May: 4.9 vs. 4.8 exp.

UK: Unemployment rate (%), May: 4.7 vs. 4.6 exp.

US: Retail sales (m/m%), Jun: 0.6 vs. 0.1 exp.

US: Retail sales ex auto, gas (m/m%), Jun: 0.6 vs. 0.3 exp.

US: Retail sales control group, Jun: 0.5 vs. 0.3 exp.

US: Initial jobless claims (k), wk to 12-Jul: 221 vs. 234 exp.

US: Philly Fed business outlook, Jul: 15.9 vs. -1 exp.

US: NAHB housing market index, Jul: 33 vs. 33 exp.

Good Morning

Stronger than expected US economic data have supported US equity markets and the USD, without doing any harm to Treasuries.

US retail sales figures were stronger across the board, with the headline index rising 0.6% against an expected gain of 0.1%. Stronger auto sales inflated the result, but even excluding these, core sales were robust. The data are in nominal terms, so includes the impact higher inflation, but the market still saw the data as conveying a picture of robust spending, despite policy uncertainty and high mortgage rates.

The buoyant retail sales data were backed up by initial jobless claims falling for a fifth consecutive week last week, down 7k to a three-month low of 221k, providing some comfort that the labour market remains resilient.

Continuing claims, which are delayed by a week, rose by only 2k. The Philadelphia Fed business outlook index rose to a 5-month high of 15.9, the second regional Fed survey showing higher confidence, after the Empire survey released earlier this week. Pricing indicators intensified with signs of current and expected price increases becoming more widespread.

The stronger US data supported US equities, which continue to probe record levels. The S&P500 is currently up 0.6%, with stronger gains for the Nasdaq and Russell 2000. The stronger data only caused a temporary lift in US rates and net changes in Treasury yields have been small. The 2-year rate is currently up 2bps to 3.91% while the 10-

year rate is unchanged for the day at 4.46%, and down a couple of basis points from the NZ close.

Kevin Warsh, a frontrunner to replace Fed Chair Powell next year, gave some market-friendly comments in an CNBC interview as he argued that the independent conduct of monetary policy is essential. He reiterated his view that the Fed could cut interest rates if it paired those reductions with plans to significantly shrink the central bank's balance sheet, "there needs to be an exit plan to get the Fed out of fiscal business".

The UK unemployment rate rose to 4.7% for the three months through May, a four-year high, consistent with a cooling labour market. There were also signs of moderating wage inflation, with the key private sector figure excluding bonuses up 4.9% y/y, the lowest rate since early 2022. The data provided support to the widely held view that the BoE would cut its policy rate by 25bps at its next meeting in August, although for a second day, UK-global rate spreads widened, providing some support for GBP.

The USD has continued its recovery through July, with dollar indices up 0.3-0.5% for the day on broad-based gains. GBP has managed to keep pace with the USD overnight, but other European currencies are at the other end of the leaderboard. The NZD has largely tracked sideways overnight, finding some support just below 0.5910 and currently 0.5925, slightly weaker than this time yesterday. NZD/EUR has recovered a little after probing sub-0.51 levels. NZD/JPY has pushed above 88.

The AUD weakened after yesterday's Australian labour market report, which was weaker than expected, with flat employment and a two-tenths lift in the unemployment rate to 4.3%. The data reinforced market expectations that the RBA would cut 25bps at its next meeting in August, following its shock decision earlier this month to keep policy steady. The AUD has sustained a fall below 0.65 and NZD/AUD recovered to 0.9155 before easing to just below 0.9140.

In the domestic rates market, there was some intraday movement, with global forces putting downward pressure on rates and the bond tender to contend with, and the net result was NZGB rates closing the day flat at the short end and 2bps lower at the very long end. Against a backdrop of lower Australian rates, NZ swap rates closed unchanged

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across the curve, meaning higher NZ-Australian high spreads

NZ monthly CPI data for June confirmed the recent uplift in inflation with most of the measured items inflating at annual rates inconsistent with a 2% target, including food (4.6%), alcohol and tobacco (2.6%), rents (2.6%), electricity (10.4%), and accommodation services (5.2%). Transport goods and services were the only ones showing weak/falling prices. We maintained our forecast for Q2 CPI, due Monday, to be 0.8% q/q and 2.9% y/y, with annual inflation expected to reach 3% in Q3. There was little market reaction, with some buy-in to the optimistic view that higher inflation will only be transitory and so the RBNZ can still ease policy further, with about 40bps still priced.

On the calendar today, Japan CPI data will be released, while there are only second-tier releases tonight, including US housing starts, building permits and the University of Michigan consumer survey.

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Coming Up

		Period	Cons.	Prev.	NZT
JN	CPI (y/y%)	Jun	3.3	3.5	11:30
JN	CPI x fresh food, energy (y/y%)	Jun	3.3	3.3	11:30
US	Housing starts	Jun	1295	1256	00:30
US	Building permits	Jun	1387	1394	00:30
US	U. of Mich. consumer sentiment	Jul	61.5	60.7	02:00
US	U. of Mich. 5-10yr inflation exp.	Jul	3.9	4.0	02:00

Source: Bloomberg, BNZ

Currenci	ies							Equities				Commodities	S	
FX Majors	rs 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	0.5924	-0.4	0.5905	0.5932	CHF	0.8058	+0.6	S&P 500	6,299	+0.6	12.7	Oil (Brent)	69.55	+1.5
AUD	0.6486	-0.6	0.6455	0.6489	SEK	9.762	+0.5	Dow	44,530	+0.6	8.1	Oil (WTI)	67.62	+1.9
EUR	1.1583	-0.5	1.1557	1.1605	NOK	10.316	+0.7	Nasdaq	20,895	+0.8	16.1	Gold	3343.7	-0.5
GBP	1.3407	-0.1	1.3380	1.3421	HKD	7.849	-0.0	Stoxx 50	5,377	+1.5	9.9	HRC steel	877.0	+0.5
JPY	148.72	+0.6	148.38	149.09	CNY	7.182	+0.0	FTSE	8,973	+0.5	9.6	CRB	303.2	+0.1
CAD	1.3754	+0.5			SGD	1.286	+0.3	DAX	24,371	+1.5	32.2	Wheat Chic.	554.3	-1.3
NZD/AUD	0.9134	+0.3			IDR	16,341	+0.3	CAC 40	7,822	+1.3	3.3	Sugar	16.74	+1.1
NZD/EUR	0.5114	+0.1			THB	32.51	+0.2	Nikkei	39,901	+0.6	-0.6	Cotton	67.25	+0.5
NZD/GBP	0.4419	-0.3			KRW	1,392	+0.3	Shanghai	3,517	+0.4	18.1	Coffee	307.2	-0.4
NZD/JPY	88.10	+0.2			TWD	29.43	+0.0	ASX 200	8,639	+0.9	7.5	WM powder	3810	+1.1
NZD/CAD	0.8148	+0.1			PHP	57.27	+0.3	NZX 50	12,905	+1.2	4.7	Australian Fu	tures	
NZ TWI	68.62	-0.1						VIX Index	16.53	-3.7	+14.2	3 year bond	96.58	0.09
Interest I	Rates											10 year bond	95.63	0.04
Rates Swap Yields			Benc	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	3.91	USD	4.46	0.00	15-Apr-27		3.26	0.01	BKBM 1-mth	3.35	-0.01
AUD	3.85	3.71	3.27	4.23	AUD	4.35	-0.05	15-May-28		3.48	0.00	BKBM 3-mth	3.26	-0.01
NZD	3.25	3.26	3.17	4.13	NZD	4.58	-0.01	20-Apr-29		3.66	-0.00	1 year	3.13	0.00
EUR	2.00	2.02	2.01	2.65	GER	2.68	-0.01	15-May-30		3.86	-0.01	2 year	3.17	0.00
GBP	4.25	4.41	3.70	4.16	GBP	4.66	0.02	15-May-31		4.07	-0.01	3 year	3.30	0.00
JPY	0.48	-0.03	0.78	1.36	JPY	1.57	-0.02	15-May-32		4.24	-0.01	5 year	3.58	0.00
CAD	2.75	4.97	2.68	3.26	CAD	3.58	-0.00	14-Apr-33		4.36	-0.01	7 year	3.84	0.00
								15-May-34		4.48	-0.01	10 year	4.13	0.00
					Policy M	eeting Run		15-May-35		4.58	-0.01	15 year	4.40	0.00
					NZI) AUD	USD	15-May-36		4.68	-0.01			
					1st 3.08	3.58	4.32	15-May-37		4.79	-0.01	NZ Inflation-li	ndexed B	onds
* These are indicative ranges from 5pm NZT; 2nd 3.04 3.52 4.19					15-May-41		5.04	-0.01	Sep-30	2.03	-0.03			
please confirm rates with your BNZ dealer 3rd 2.94 3.32 4.07						15-May-51		5.24	-0.02	Sep-35	2.72	-0.02		
Rates are as of: NZT 06:55 4th 2.87 3.19 3.90					15-May-54		5.27	-0.02	Sep-40	3.12	-0.02			
Source: Bloomberg 5th 2.86 3.07 3.80					-									

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0.61

0.60

0.90

11-Jul

12-Jul

NZD exchange rates								
18/07/2025		Prev. NY close						
USD	0.5924	0.5947						
GBP	0.4419	0.4431						
AUD	0.9134	0.9110						
EUR	0.5114	0.5109						
JPY	88.10	87.94						
CAD	0.8148	0.8137						
CHF	0.4774	0.4762						
DKK	3.8172	3.8132						
FJD	1.3412	1.3406						
HKD	4.6497	4.6682						
INR	50.99	51.11						
NOK	6.1101	6.0936						
PKR	168.77	169.30						
PHP	33.92	33.95						
PGK	2.4072	2.4175						
SEK	5.7815	5.7763						
SGD	0.7621	0.7628						
CNY	4.2546	4.2691						
THB	19.26	19.35						
TOP	1.3825	1.4026						
VUV	71.11	71.49						
WST	1.6100	1.6251						
XPF	60.75	60.88						
ZAR	10.5781	10.5956						

0.59 0.58 11-Jul 12-Jul 15-Jul 16-Jul 17-Jul 18-Jul NZD/AUD - Last 7 days 0.92 0.91

15-Jul

NZD/USD - Last 7 days

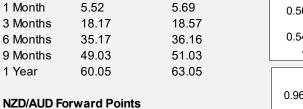


16-Jul

17-Jul

18-Jul





BNZ sells NZD

	BNZ buys NZD	BNZ sells NZD
1 Month	4.11	4.52
3 Months	12.53	13.50
6 Months	20.60	23.18
9 Months	26.17	31.28
1 Year	32.34	39.95

BNZ buys NZD

NZD/USD Forward Points



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