

# Research Markets Today

19 June 2025

## Events Round-Up

NZ: Westpac consumer confidence, Q2: 91.2 vs. 89.2 prev.  
 NZ: Current a/c balance (% of GDP), Q1: -5.7 vs. -5.8 exp.  
 UK: CPI (yoy%), May: 3.4 vs. 3.3 exp.  
 UK: CPI core (y/y%), May: 3.5 vs. 3.5 exp.  
 UK: CPI services (y/y%), May: 4.7 vs. 4.8 exp.  
 US: Housing starts (k), May: 1256 vs. 1351 exp.  
 US: Building permits (k), May: 1393 vs. 1424 exp.  
 US: Initial jobless claims (k), June 14: 245 vs. 245 exp.  
 US: Fed Funds rate (upper bd%), Jun: 4.5 vs. 4.5 exp.

## Good morning

In the lead up to the US Federal Reserve's rate decision this morning, US equities traded modestly higher and treasury yields were lower across the curve. Currency markets were generally stable, although the Swedish krone fell sharply, after the Riksbank cut rates to 2.0% and signalled more easing is possible. Brent Crude prices are little changed around US\$76 per barrel, having recovered from an earlier dip, after President Trump said Iran had reached out and wants to negotiate.

The FOMC left rates on hold for the fourth consecutive meeting. It kept the upper bound for the Fed Funds Rate at 4.5% which was unanimously expected by economists and in line with market pricing. Policy makers have reduced their estimates for growth and lifted inflation projections. They are waiting for greater clarity on how the administration's policies will affect inflation and the economy.

The updated Summary of Economic Projections show policy makers have downgraded growth while increasing their inflation forecasts. The economy is expected to grow 1.4% this year compared with a 1.7% forecast at the March FOMC. Core PCE inflation projections increased to 3.1% from 2.8%. The median FOMC member still expects to cut rates by 50bp this year but several officials lowered the amount of projected easing.

In the accompanying press conference, Fed Chair Powell highlighted the high level of uncertainty and that the current stance on policy is well placed to respond. He noted that inflation remains somewhat elevated relative to its 2% goal. The market is pricing around 48bp of easing by

the end of the year compared with 45bp earlier in the session.

US treasury yields remained lower after the announcement while currency markets were little changed. The dollar index continued to trade within its narrow overnight range. NZD/USD is a touch firmer relative to the local close yesterday with only modest changes on the major cross rates. US equities maintained previous gains.

In other data, weekly jobless claims, which were released a day earlier than usual given the given the US public holiday, matched consensus estimates at 245k. The four-week moving average climbed to the highest level since August 2023 which is consistent with a gradual softening in the labour market. Residential construction was also weaker than expected though this data can be volatile.

UK headline inflation was marginally stronger than the consensus estimate, increasing at an 3.4% annual rate in May. However, the core reading was in line with expectations at 3.5%, and services inflation which is closely monitored for signs of domestic price pressures, decreased to 4.7%, from 5.4% in April. This was in line with the Bank of England's projections.

NZ interest rate markets were quiet in the local session yesterday with negligible changes across the swap and government curves. The market looked past a small lift in Q2 consumer confidence. However, the index remains well below levels that would be consistent with a pickup in consumer spending later in the year. This is another indicator which suggests caution around the contours of the economic recovery.

The weekly government bond tender takes place this afternoon with NZ\$450 million of nominal bonds split across the Apr-2029 (\$225m), Apr-2037 (\$175m) and May-2051 (\$50m) maturities. This is the first time the 2037s have featured this calendar year and the 2051s have only been tendered infrequently. There will also be a small parcel of Sep-2040 inflation indexed bonds. Longer dated break inflation is close to multi-year lows.

March quarter GDP is released in the day ahead. The consensus is looking for a 0.7% expansion which aligns with our forecast. This is above the RBNZ's 0.4% estimate at the May Monetary Policy Statement. However more

timely activity indicators, like the PMIs released over the past week, point towards weaker activity in Q2.

Labour market data is scheduled in Australia with the unemployment rate expected to remain stable at 4.1%. The Bank of England is unanimously expected to leave rates unchanged at 4.25% which is fully reflected in market pricing.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	GDP (q/q%)	1Q	0.7	0.7	10:45
AU	Employment Change	May	21.2	89	13:30
AU	Unemployment Rate	May	4.1	4.1	13:30
UK	Bank of England Bank Rate	June	4.25	4.25	23:00

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	0.6033	+0.3	0.6018	0.6057	CHF	0.8182	+0.3	S&P 500	6,008	+0.3	9.5	Oil (Brent)	76.77	+0.5
AUD	0.6511	+0.5	0.6487	0.6538	SEK	9.639	+0.9	Dow	42,350	+0.2	9.1	Oil (WTI)	75.21	+0.7
EUR	1.1491	+0.0	1.1484	1.1530	NOK	9.965	+0.2	Nasdaq	19,611	+0.4	9.8	Gold	3389.8	+0.1
GBP	1.3430	-0.1	1.3423	1.3476	HKD	7.850	+0.0	Stoxx 50	5,267	-0.4	7.1	HRC steel	870.0	+0.7
JPY	144.92	-0.2	144.34	145.13	CNY	7.189	+0.0	FTSE	8,843	+0.1	8.0	CRB	314.0	+1.2
CAD	1.3681	+0.1			SGD	1.285	-0.1	DAX	23,318	-0.5	28.6	Wheat Chic.	589.5	+4.2
NZD/AUD	0.9266	-0.2			IDR	16,313	+0.1	CAC 40	7,656	-0.4	0.4	Sugar	15.88	-1.1
NZD/EUR	0.5250	+0.2			THB	32.66	+0.3	Nikkei	38,885	+0.9	0.8	Cotton	64.84	-0.6
NZD/GBP	0.4492	+0.3			KRW	1,374	-0.1	Shanghai	3,389	+0.0	12.3	Coffee	322.3	-3.8
NZD/JPY	87.43	+0.1			TWD	29.56	+0.2	ASX 200	8,531	-0.1	9.8	WM powder	3780	+0.0
NZD/CAD	0.8254	+0.4			PHP	56.95	+0.5	NZX 50	12,627	-0.1	8.2	Australian Futures		
NZ TWI	69.74	+0.2						VIX Index	20.07	-7.1	+63.2	3 year bond	96.63	0.01
Interest Rates												7 year bond		
												10 year bond		
	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	3.71	3.85	USD	4.38	-0.00	15-Apr-27	3.42	-0.00	BKBM 1-mth	3.34	0.00	
AUD	3.85	3.70	3.24	4.15	AUD	4.25	-0.01	15-May-28	3.62	-0.00	BKBM 3-mth	3.30	-0.00	
NZD	3.25	3.30	3.29	4.15	NZD	4.60	-0.01	20-Apr-29	3.79	-0.00	1 year	3.21	0.00	
EUR	2.00	2.02	1.99	2.52	GER	2.50	-0.04	15-May-30	3.97	-0.00	2 year	3.29	0.00	
GBP	4.25	4.49	3.71	4.01	GBP	4.50	-0.06	15-May-31	4.16	-0.00	3 year	3.42	0.00	
JPY	0.48	-0.03	0.69	1.20	JPY	1.46	-0.01	15-May-32	4.31	-0.00	5 year	3.67	0.00	
CAD	2.75	4.97	2.58	3.08	CAD	3.35	-0.02	14-Apr-33	4.41	-0.00	7 year	3.89	-0.00	
								15-May-34			10 year			
								15-May-35			15 year			
								15-May-36						
								15-May-37						
								15-May-41						
								15-May-51						
								15-May-54						

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

Rates are as of: NZT 06:52

Source: Bloomberg

**NZD exchange rates**

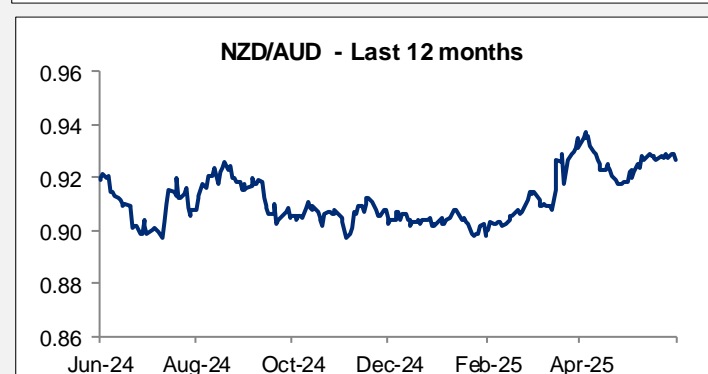
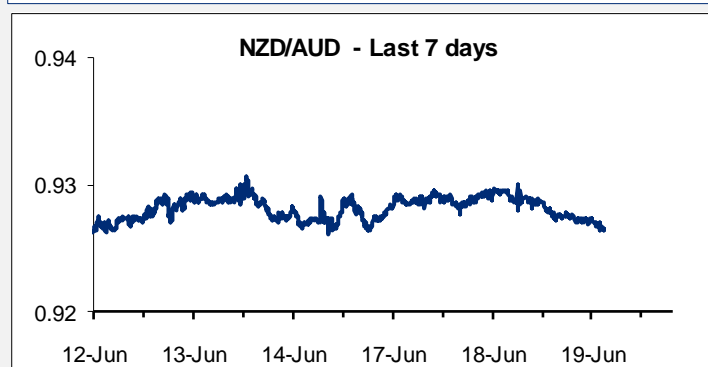
19/06/2025	6:52 am	Prev. NY close
USD	0.6033	0.6014
GBP	0.4492	0.4478
AUD	0.9266	0.9288
EUR	0.5250	0.5239
JPY	87.43	87.38
CAD	0.8254	0.8227
CHF	0.4936	0.4909
DKK	3.9163	3.9069
FJD	1.3536	1.3542
HKD	4.7358	4.7208
INR	52.17	51.87
NOK	6.0118	5.9798
PKR	170.96	170.30
PHP	34.36	34.09
PGK	2.4594	2.4319
SEK	5.8152	5.7450
SGD	0.7749	0.7736
CNY	4.3374	4.3221
THB	19.67	19.59
TOP	1.4020	1.4127
VUV	72.41	72.23
WST	1.6161	1.6332
XPF	62.71	62.54
ZAR	10.8497	10.8381

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	5.65	5.95
3 Months	18.36	18.86
6 Months	35.23	36.73
9 Months	48.91	51.78
1 Year	59.35	63.05

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	4.23	4.89
3 Months	11.27	12.40
6 Months	17.64	21.38
9 Months	21.64	28.19
1 Year	24.09	33.16



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