

Research Markets Today

22 July 2025

Events Round-Up

NZ: CPI (q/q%), Q2: 0.5 vs. 0.6 exp.

NZ: CPI (y/y%), Q2: 2.7 vs. 2.8 exp.

Good morning

US equities have started the week on a positive footing with the S&P trading to a fresh intra-day record high. The index extended recent gains above 6300 with limited first-tier economic data to provide the market with direction as investors look ahead to a busy week for corporate earnings. US equities have traded to new record levels despite uncertainty whether US trading partners will be able to reach a deal before the latest tariff deadline on 1 August. In Europe, the Euro Stoxx index closed modestly lower.

US treasury yields declined across the curve with an outperformance by longer maturity bonds. 2-year yields dipped 2bp to 3.85% while 10-year treasuries extended the rally from the past few sessions and declined 6bp to 4.36%. There wasn't an obvious catalyst for the move lower in yields though there was a decent rally across European government bond markets with 10-year bund yields closing 8bp lower at 2.61%.

The yen strengthened following the Japanese election in the weekend where the ruling coalition lost its majority in both houses of parliament for the first time. Prime Minister Ishiba said he will carry on as leader suggesting continuity on fiscal policy and with attempts to secure a trade deal with the US. The yen had weakened ahead of the election and bond yield had increased on concerns of more spending and tax cuts. Cash markets were closed in Japan for a public holiday.

The US dollar was broadly weaker against G10 currencies in offshore trading with the dollar index falling more than 0.5% from the local close yesterday. The yen was the best performing currency. The NZD recovered from the dip towards 0.5940 after the softer than expected NZ CPI data, and traded above 0.5980 overnight, aligned with the broad weakness in the US dollar. Outside of NZD/JPY which slipped below 88.00, the NZD is little changed on the major cross rates.

NZ headline CPI increased 0.5% in Q2, taking the annual rate to 2.7%, which was below the consensus estimate. Non-tradables inflation continued to move lower and increased at a 3.7% annual rate, down from 4.0% in Q1. Core measures were mixed but largely benign. The data provides additional support for a further 25bp reduction in the Official Cash Rate at the August Monetary Policy Statement.

The softer than expected CPI print contributed to a rally in NZ fixed income in the local session yesterday, led by the front end, as the market priced an increased chance of a 25bp cut in August. Market pricing implies about 21bp of easing for the meeting compared with 16bp ahead of the CPI data. 2-year swap rates declined 6bp to 3.14% while 10-year rates dipped 2bp to 4.12%. The 2y/10y swap curve steepened to +98bp, matching levels from May.

Yields were 2-4bp lower across the NZ government curve with the shorter maturity bonds outperforming. 10-year bonds closed at 4.57%, 3bp lower. Australian 10-year government bond futures are close to 5bp lower since the local close yesterday suggesting a downward bias for NZ yields on the open.

It is a quiet day ahead for economic data. The only release of note is the NZ trade balance for June. The minutes for the Reserve Bank of Australia's July meeting are scheduled. Fed Chair Powell is providing opening remarks at a regulatory conference this evening, but US policy makers are in the blackout period ahead of next of next weeks FOMC, so there won't be any comments on monetary policy.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Trade balance (anb \$b)	Jun		-3.8	10:45
AU	RBA July minutes				13:30

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	0.5974	+0.2	0.5952	0.5985	CHF	0.7980	-0.4	S&P 500	6,333	+0.6	15.0	Oil (Brent)	69.16	-0.1
AUD	0.6526	+0.3	0.6506	0.6538	SEK	9.586	-0.9	Dow	44,554	+0.5	10.6	Oil (WTI)	67.31	-0.0
EUR	1.1690	+0.6	1.1634	1.1717	NOK	10.164	-0.2	Nasdaq	21,048	+0.7	18.7	Gold	3408.1	+1.5
GBP	1.3489	+0.5	1.3436	1.3511	HKD	7.850	+0.0	Stoxx 50	5,343	-0.3	10.7	HRC steel	874.0	-0.1
JPY	147.27	-1.0	147.08	148.25	CNY	7.170	-0.1	FTSE	9,013	+0.2	10.5	CRB	306.1	+0.6
CAD	1.3690	-0.3			SGD	1.281	-0.4	DAX	24,308	+0.1	33.8	Wheat Chic.	564.0	-0.5
NZD/AUD	0.9154	-0.0			IDR	16,323	+0.2	CAC 40	7,798	-0.3	3.5	Sugar	16.37	-2.7
NZD/EUR	0.5110	-0.4			THB	32.23	-0.5	Nikkei	39,819	-0.2	0.6	Cotton	66.50	-0.9
NZD/GBP	0.4429	-0.4			KRW	1,382	-0.7	Shanghai	3,560	+0.7	20.1	Coffee	292.0	-3.8
NZD/JPY	87.98	-0.9			TWD	29.42	+0.1	ASX 200	8,668	-1.0	9.3	WM powder	3800	-0.1
NZD/CAD	0.8178	-0.1			PHP	57.16	-0.1	NZX 50	12,962	+0.6	5.3	Australian Futures		
NZ TWI	68.92	-0.1						VIX Index	16.37	-0.2	-0.9	3 year bond	96.61	0.01
Interest Rates												10 year bond 95.68 0.06		
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	3.61	3.82	USD	4.36	-0.05	15-Apr-27	3.25	-0.04	BKBM 1-mth	3.35	0.00	
AUD	3.85	3.68	3.24	4.19	AUD	4.32	-0.01	15-May-28	3.46	-0.04	BKBM 3-mth	3.26	0.00	
NZD	3.25	3.26	3.14	4.12	NZD	4.57	-0.03	20-Apr-29	3.65	-0.04	1 year	3.10	-0.05	
EUR	2.00	2.00	1.98	2.60	GER	2.61	-0.08	15-May-30	3.85	-0.04	2 year	3.14	-0.06	
GBP	4.25	4.41	3.67	4.10	GBP	4.60	-0.07	15-May-31	4.06	-0.03	3 year	3.27	-0.05	
JPY	0.48	-0.03	0.78	1.33	JPY	1.54	0.00	15-May-32	4.23	-0.03	5 year	3.56	-0.04	
CAD	2.75	4.97	2.65	3.20	CAD	3.50	-0.07	14-Apr-33	4.35	-0.03	7 year	3.82	-0.03	
									15-May-34	4.47	-0.03	10 year	4.12	-0.02
									15-May-35	4.57	-0.03	15 year	4.40	-0.02
									15-May-36	4.68	-0.03	NZ Inflation-Indexed Bonds		
									15-May-37	4.79	-0.02	Sep-30	2.04	0.00
									15-May-41	5.06	-0.02	Sep-35	2.73	0.00
									15-May-51	5.25	-0.02	Sep-40	3.13	0.00
									15-May-54	5.28	-0.02			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:10														
Source: Bloomberg														

NZD exchange rates

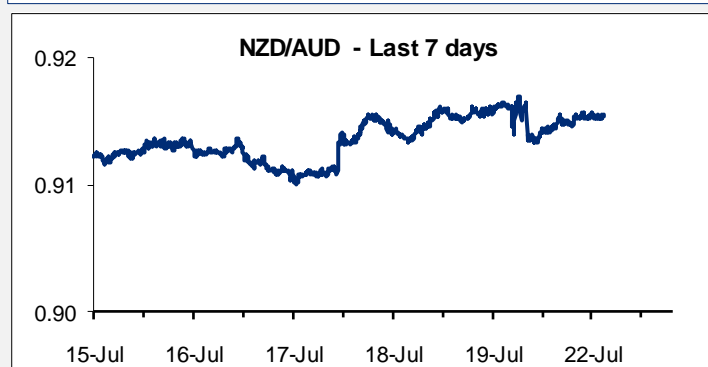
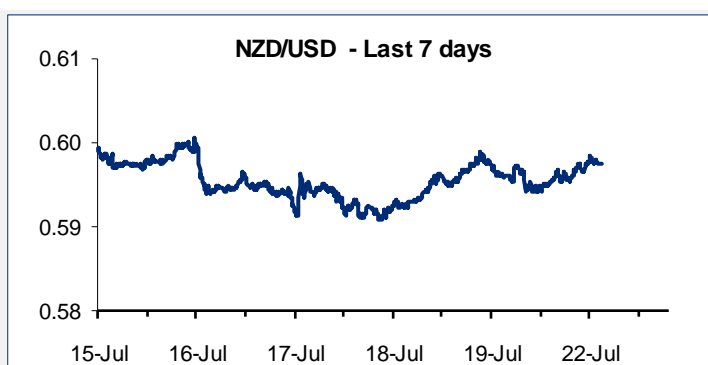
22/07/2025	6:11 am	Prev. NY close
USD	0.5974	0.5962
GBP	0.4429	0.4444
AUD	0.9154	0.9160
EUR	0.5110	0.5128
JPY	87.98	88.72
CAD	0.8178	0.8183
CHF	0.4767	0.4777
DKK	3.8148	3.8283
FJD	1.3437	1.3407
HKD	4.6895	4.6787
INR	51.55	51.37
NOK	6.0722	6.0749
PKR	170.23	169.89
PHP	34.14	34.08
PGK	2.4275	2.4206
SEK	5.7268	5.7647
SGD	0.7650	0.7664
CNY	4.2831	4.2775
THB	19.33	19.30
TOP	1.3932	1.3920
VUV	71.56	71.56
WST	1.6026	1.6153
XPF	60.98	61.09
ZAR	10.5277	10.5619

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.01	6.20
3 Months	18.34	18.74
6 Months	36.00	36.99
9 Months	49.83	51.85
1 Year	60.27	63.23

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.41	4.92
3 Months	12.57	13.70
6 Months	21.84	24.45
9 Months	27.91	32.74
1 Year	33.56	41.15



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