

# Research Markets Today

23 April 2025

## Events Round-Up

NZ: Trade balance (ann \$b), Mar: -6.1 vs. -6.6 prev.

EC: Consumer confidence, Apr: -16.7 vs. -15.1 exp.

## Good Morning

There has been some reversal of yesterday's price action, with US equities and the USD recovering and the Treasuries curve flattening. The NZD has slipped back below 0.60.

The mood music is more positive today, easing the path for a reversal of recent price action. On trade and tariffs news, the White House said it has made "significant progress" toward a bilateral trade deal following talks between VP Vance and Indian PM Modi. The two sides have finalised the terms of reference for negotiations on "a new and modern trade agreement".

US Treasury Secretary Bessent told investors at a JP Morgan hosted event that the tariff situation with China is unsustainable and that he expects the situation to de-escalate, as reported by Bloomberg. However, there were differing accounts of his tone and others noted he said negotiations would be a slog and depended on China's willingness to compromise on trade.

On the Russia-Ukraine war, the FT reported President Putin has offered to halt his invasion across the current front line as part of efforts to reach a peace deal with President Trump, according to sources, adding that Putin told Trump's special envoy Witkoff earlier this month that Moscow could relinquish its claims to areas of four partly occupied Ukrainian regions that remain under Kyiv's control. In separate news, President Zelensky said he wants to meet President Trump on the sidelines of the funeral for Pope Francis, and said his team will be ready to discuss an "unconditional ceasefire or partial ceasefire". However, a potential sticking point is that the US is prepared to recognise Russia's control over Crimea but Zelensky says Ukraine won't recognise Russia's occupation of the Black Sea peninsula.

The more positive mood has helped support a recovery of US equities, with the S&P500 up over 2% with an hour left of trading, following yesterday's fall of 2.4%.

That said, scanning the pages of the WSJ, the roll call of companies either downgrading earnings or facing analyst

earnings downgrades because of the tariffs is growing. These include Meta losing \$7b of ad revenue from China, 3M seeing annualised tariff duties of \$675m, defence contractor RTX saying it expected to take a \$850m hit to operating profit even after cost-cutting measures, price increases and various duty exemptions, and Kimberly-Clark seeing \$300m of extra costs directly as a result of the tariffs, amongst other cost increases.

The US Treasuries curve has flattened, reversing some of yesterday's steepening. The 2-year rate is up 4bps to 3.80%, not helped by a weak bond auction which needed a solid concession to clear. The 10-year rate is down a couple of basis points to 4.39%.

As it warned last week, the IMF cut its global growth forecasts relative to January after building in higher US import tariffs. The release noted "intensifying downside risks dominate the outlook, amid escalating trade tensions and financial market adjustments". For this year, growth was downgraded five tenths to 2.8% and for next year it was downgraded by three tenths to 3.0%. Downgrades for the US were greater than for any other advanced economy, down nine tenths to 1.8% and four tenths to 1.7% for 2025 and 2026 respectively.

In currency markets, the USD is broadly stronger, reversing some of its recent weakness. The NZD made a fresh 2025 high just under 0.6030 before reversing course and it currently sits near 0.5980. The euro has been one of the weakest of the majors, down 0.9% overnight to 1.1430, resulting in NZD/EUR pushing up to 0.5230. The AUD has slipped back below 0.64 and NZD/AUD has pushed up to 0.9380. USD/JPY had a peek below 140 soon after the NZ close, before broad gains in the USD took it back above 141. NZD/JPY is flat around 84.5.

In the domestic rates market, NZ curves were steeper, a reflection of global forces, although trading conditions remained thin in the shortened holiday week. The NZ 10-year NZGB closed the day up 3bps to 4.56%, outperforming the US Treasuries selloff, resulting in a further compression of the NZ-US rate spread. However, bonds underperformed swaps, with the 10-year swap rate closing down 1bp to 4.03%. The 2-year swap rate fell 5bps to 3.08%.

On the economic calendar, European and US PMI data are released tonight, where the focus will be on the early impact of the US tariffs on economic activity and prices.

The consensus sees headline PMI figures lower across the board for the early April reading.

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## Coming Up

		Period	Cons.	Prev.	NZT
GE	Manufacturing PMI	Apr	47.6	48.3	19:30
GE	Services PMI	Apr	50.4	50.9	19:30
EC	Manufacturing PMI	Apr	47.5	48.6	20:00
EC	Services PMI	Apr	50.5	51.0	20:00
UK	Manufacturing PMI	Apr	44.0	44.9	20:30
UK	Services PMI	Apr	51.5	52.5	20:30
US	Manufacturing PMI	Apr	49.0	50.2	1:45
US	Services PMI	Apr	52.8	54.4	1:45
UK	BOE's Bailey Speaks				5:15

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	0.5978	-0.4	0.5977	0.6014	CHF	0.8190	+1.2	S&P 500	5,273	+2.2	5.2	Oil (Brent)	67.25	+1.5
AUD	0.6373	-0.6	0.6372	0.6428	SEK	9.561	+0.4	Dow	39,166	+2.6	2.4	Oil (WTI)	64.31	+1.8
EUR	1.1425	-0.8	1.1424	1.1515	NOK	10.393	+0.1	Nasdaq	16,296	+2.7	5.5	Gold	3374.9	-0.9
GBP	1.3333	-0.3	1.3332	1.3401	HKD	7.759	-0.0	Stoxx 50	4,961	+0.5	0.5	HRC steel	940.0	+0.0
JPY	141.50	+0.5	140.17	141.50	CNY	7.308	+0.2	FTSE	8,329	+0.6	3.8	CRB	293.4	-1.0
CAD	1.3817	-0.2			SGD	1.311	+0.6	DAX	21,294	+0.4	19.2	Wheat Chic.	548.8	-0.6
NZD/AUD	0.9380	+0.3			IDR	16,860	+0.3	CAC 40	7,326	+0.6	-8.9	Sugar	17.99	+1.0
NZD/EUR	0.5232	+0.4			THB	33.49	+1.2	Nikkei	34,221	-0.2	-8.9	Cotton	67.04	+2.0
NZD/GBP	0.4484	-0.0			KRW	1,425	+0.3	Shanghai	3,300	+0.3	9.2	Coffee	372.8	+2.2
NZD/JPY	84.59	+0.1			TWD	32.49	+0.3	ASX 200	7,817	-0.0	1.7	WM powder	4105	-0.1
NZD/CAD	0.8260	-0.6			PHP	56.69	+0.1	NZX 50	11,837	-2.3	0.3	Australian Futures		
NZ TWI	70.04	+0.0						VIX Index	30.57	-9.6	+80.5	3 year bond	96.75	0.08
Interest Rates												10 year bond 95.77 0.02		
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	3.54	3.83	USD	4.39 -0.03	15-Apr-27	3.25	-0.02	BKBM 1-mth	3.62	0.00		
AUD	4.10	3.95	3.20	4.14	AUD	4.26 -0.02	15-May-28	3.46	-0.01	BKBM 3-mth	3.46	-0.02		
NZD	3.50	3.46	3.08	4.03	NZD	4.56 0.03	20-Apr-29	3.64	-0.01	1 year	3.08	-0.02		
EUR	2.50	2.18	1.87	2.46	GER	2.44 -0.03	15-May-30	3.82	-0.00	2 year	3.08	-0.05		
GBP	4.50	4.64	3.66	4.05	GBP	4.55 -0.02	15-May-31	4.02	0.00	3 year	3.19	-0.04		
JPY	0.48	-0.03	0.63	1.05	JPY	1.32 0.03	15-May-32	4.22	0.01	5 year	3.47	-0.02		
CAD	2.75	4.97	2.38	2.93	CAD	3.19 -0.04	14-Apr-33	4.33	0.02	7 year	3.74	-0.01		
							15-May-34	4.45	0.02	10 year	4.03	-0.01		
							15-May-35	4.56	0.03	15 year	4.31	-0.01		
							15-May-36	4.67	0.03	NZ Inflation-Indexed Bonds				
							15-May-37	4.78	0.04	Sep-30	2.00	0.01		
							15-May-41	5.03	0.04	Sep-35	2.80	0.02		
							15-May-51	5.22	0.04	Sep-40	3.10	0.01		
							15-May-54	5.25	0.04					
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**NZD exchange rates**

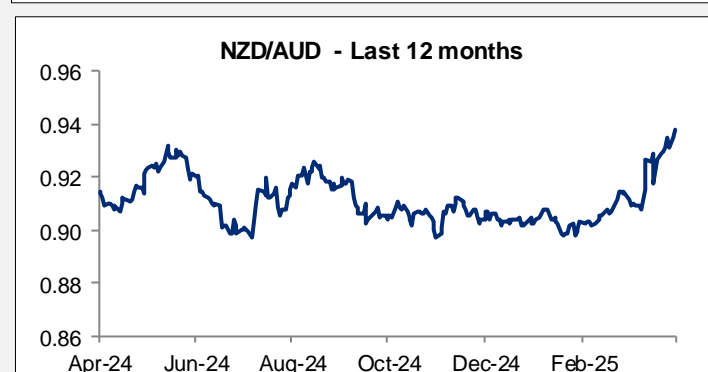
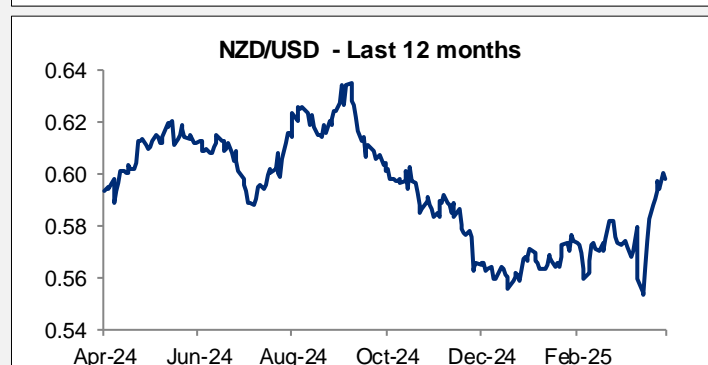
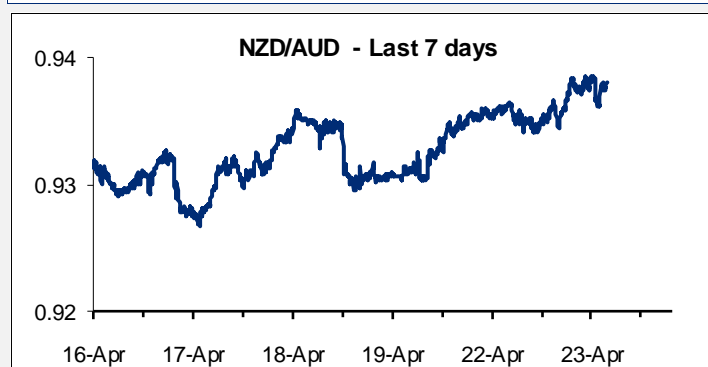
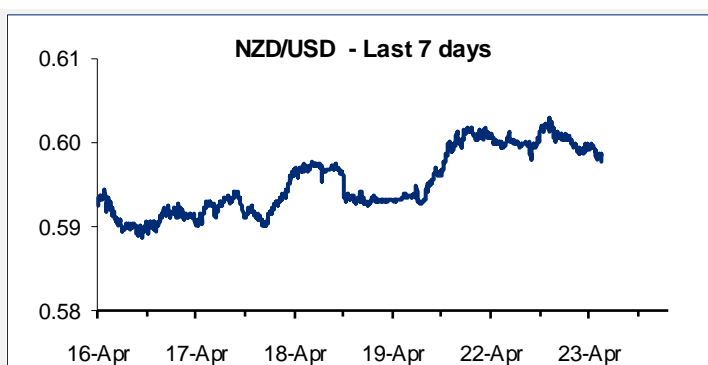
<b>23/04/2025 6:55 am</b>		<b>Prev. NY close</b>
USD	0.5978	0.6001
GBP	0.4484	0.4485
AUD	0.9380	0.9355
EUR	0.5232	0.5211
JPY	84.59	84.53
CAD	0.8260	0.8307
CHF	0.4896	0.4855
DKK	3.9069	3.8914
FJD	1.3633	1.3695
HKD	4.6380	4.6564
INR	50.93	51.09
NOK	6.2131	6.2280
PKR	167.84	168.31
PHP	33.89	33.98
PGK	2.4350	2.4454
SEK	5.7157	5.7165
SGD	0.7840	0.7827
CNY	4.3684	4.3758
THB	19.86	19.86
TOP	1.4099	1.4309
VUV	72.29	73.00
WST	1.6767	1.6752
XPF	62.61	62.56
ZAR	11.1247	11.2481

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.11	5.41
3 Months	16.04	16.58
6 Months	32.68	33.68
9 Months	46.84	49.24
1 Year	55.67	58.67

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.55	6.26
3 Months	15.37	16.64
6 Months	26.96	29.78
9 Months	34.51	40.46
1 Year	39.07	46.70



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