

# Research Markets Today

24 July 2025

## Events Round-Up

EC: Consumer Confidence, Jul P: -14.7 vs. -15 exp.

US: Existing Home Sales (m/m%), Jun: -2.7v s. -0.7 exp.

## Good morning

Risk sensitive assets remained well supported amid optimism about the US reaching deals with key trading partners ahead of the August 1 deadline. A deal was announced with Japan yesterday and there is a growing expectation of a similar deal with the European Union. The developments contributed to further gains for global equities. The S&P reached a fresh record high near 6350 and the Euro Stoxx closed 1% higher. Asian stocks rose the most in a month. Treasury yields moved higher, and the US dollar was mixed against G10 currencies.

The trade deal reached between the US and Japan places a 15% tariff on Japanese exports to the US. In addition, Japan has agreed to make investments into America. The tariff rate on the auto sector was also set at 15% with no limit on volumes. The Nikkei rallied strongly in response with the index closing 3.5% higher, underpinned by strong gains in the auto manufacturers. JGB yields rose across the curve with weak demand in the 40-year auction not helping market sentiment.

The Financial Times reported that the EU and US are getting close to a trade deal that would set a 15% tariff for most European exports. The report noted the deal between Japan and the US had pushed European policy makers to accept a higher reciprocal tariff rate to avoid a damaging trade war. President Trump had threatened to raise the reciprocal rate to 30% from August.

Global bond yields have moved higher reflecting the upbeat risk sentiment. 10-year treasury yields are 5bp higher at 4.39%, after a decent rally off last week's highs in recent sessions. There was decent demand from investors in the 20-year auction which cleared almost 2bp below the prevailing market levels. The backup in yields likely contributed to demand. Bund yields spiked on the report of a possible EU trade deal with 10-year yields closing 5bp higher at 2.64%.

Price action in currency markets was subdued overall with the dollar index little changed since the local close yesterday. EUR/USD rebounded from an initial dip as

European rates moved sharply higher following news of progress on trade talks, but the overall moves are small. The yen also made modest gains against the US dollar but is little changed overall since the announcement yesterday.

The NZD is modestly higher against the US dollar and traded above 0.6040 in offshore trade, which is the highest level in almost two weeks. The NZD was stable on the major crosses.

The NZ swap curve ended the local session yesterday marginally lower in yield with a flattening bias. 2-year rates were unchanged at 3.14% while 10-year yields dipped 2bp to 4.05%. The government curve matched the move in swaps with the 10-year benchmark May-2035 line closing at 4.53%, 2bp lower on the day.

Australian 10-year government bond futures have increased 3bp in yield terms since the local close yesterday suggesting an upward bias for NZ yields on the open.

A new 5-year Kauri launched yesterday for pricing today. Kauri market activity has picked up in July – this is the second transaction launched this month – after an extended period with no new deals that stretches back to the beginning of 2024. NZ Debt Management will offer NZ\$450 million of NZ bonds today split across Apr-29 (NZ\$225m), Apr-37 (\$175m) and May-54 (\$50m).

After a quiet start to the week, the economic calendar is busier today. Although there is no domestic data, the RBNZ's chief economist Paul Conway is scheduled to speak about impact of global tariffs on the NZ economy. He is not expected to provide additional information on the monetary policy outlook. RBA governor Bullock is also speaking.

After by a cumulative 200bp of cuts since the start of the easing cycle, the ECB is unanimously expected to leave rates unchanged which is reflected by market pricing. The policy rate is at the lower end of where the ECB considers neutral. Market pricing implies one further 25bp rate cut by the end of the year with about a 50% chance of a cut at the September meeting. Advance PMIs are released for European countries and the US.

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## Coming Up

	Period	Cons.	Prev.	NZT
NZ	RBNZ's Conway to Speak on Tariffs, Economy			13:30
AU	RBA's Bullock-Speech			15:05
GE	GfK Consumer Confidence	Aug	-19.3 -20.3	18:00
GE	Germany Manufacturing PMI	Jul P	49.5 49	19:30
GE	Germany Services PMI	Jul P	50 49.7	19:30
EC	Eurozone Manufacturing PMI	Jul P	49.8 49.5	20:00
EC	Eurozone Services PMI	Jul P	50.6 50.5	20:00
UK	UK Manufacturing PMI	Jul P	48 47.7	20:30
UK	UK Services PMI	Jul P	52.9 52.8	20:30
EC	ECB Deposit Facility Rate	Jul	2 2	00:15
CA	Retail Sales Ex Auto (m/m%)	May	-0.3 -0.3	00:30
US	Initial Jobless Claims	19-Jul	226 221	00:30
US	US Manufacturing PMI	Jul P	52.7 52.9	01:45
US	US Services PMI	Jul P	53 52.9	01:45
US	New Home Sales	Jun	650 623	02:00

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	0.6040	+0.6	0.6022	0.6047	CHF	0.7936	+0.2	S&P 500	6,346	+0.6	14.2	Oil (Brent)	68.45	-0.2
AUD	0.6593	+0.6	0.6569	0.6601	SEK	9.508	-0.1	Dow	44,954	+1.0	11.4	Oil (WTI)	65.19	-0.2
EUR	1.1765	+0.1	1.1711	1.1765	NOK	10.108	+0.3	Nasdaq	20,986	+0.4	16.6	Gold	3402.3	-1.2
GBP	1.3575	+0.3	1.3524	1.3576	HKD	7.850	+0.0	Stoxx 50	5,344	+1.0	8.7	HRC steel	875.0	+0.1
JPY	146.46	-0.1	146.11	146.90	CNY	7.155	-0.2	FTSE	9,061	+0.4	10.9	CRB	303.8	-0.3
CAD	1.3608	+0.0			SGD	1.277	-0.1	DAX	24,241	+0.8	30.6	Wheat Chic.	561.3	-1.4
NZD/AUD	0.9161	+0.1			IDR	16,303	-0.1	CAC 40	7,850	+1.4	3.3	Sugar	16.24	-0.1
NZD/EUR	0.5134	+0.5			THB	32.19	+0.0	Nikkei	41,171	+3.5	5.1	Cotton	66.97	+0.6
NZD/GBP	0.4449	+0.3			KRW	1,377	-0.3	Shanghai	3,582	+0.0	23.4	Coffee	301.4	+1.1
NZD/JPY	88.46	+0.5			TWD	29.34	-0.4	ASX 200	8,737	+0.7	9.7	WM powder	3880	+0.6
NZD/CAD	0.8219	+0.6			PHP	56.89	-0.3	NZX 50	12,794	-0.3	2.1	Australian Futures		
NZ TWI	69.40	+0.4						VIX Index	15.41	-6.6	+4.7	3 year bond	96.60	0.00
Interest Rates												10 year bond	95.66	-0.03
	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	3.62	3.85	USD	4.38	0.04	15-Apr-27	3.26	0.02	BKBM 1-mth	3.32	-0.03	
AUD	3.85	3.69	3.28	4.21	AUD	4.29	-0.01	15-May-28	3.47	0.01	BKBM 3-mth	3.20	-0.01	
NZD	3.25	3.20	3.14	4.05	NZD	4.53	-0.02	20-Apr-29	3.64	-0.00	1 year	3.09	0.00	
EUR	2.00	1.94	2.01	2.65	GER	2.64	0.05	15-May-30	3.84	-0.01	2 year	3.14	0.00	
GBP	4.25	4.40	3.67	4.13	GBP	4.64	0.07	15-May-31	4.04	-0.01	3 year	3.26	0.00	
JPY	0.48	-0.03	0.83	1.38	JPY	1.59	0.07	15-May-32	4.21	-0.01	5 year	3.52	-0.01	
CAD	2.75	4.97	2.68	3.25	CAD	3.55	0.05	14-Apr-33	4.32	-0.02	7 year	3.77	-0.02	
								15-May-34	4.44	-0.02	10 year	4.05	-0.02	
								15-May-35	4.53	-0.02	15 year	4.33	-0.02	
								15-May-36	4.64	-0.02	NZ Inflation-Indexed Bonds			
								15-May-37	4.76	-0.02	Sep-30	2.01	0.00	
								15-May-41	5.02	-0.02	Sep-35	2.71	0.00	
								15-May-51	5.22	-0.02	Sep-40	3.11	0.00	
								15-May-54	5.25	-0.02				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:14														
Source: Bloomberg														

**NZD exchange rates**

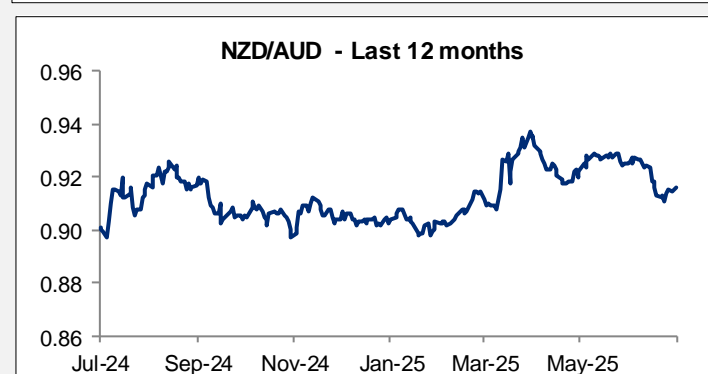
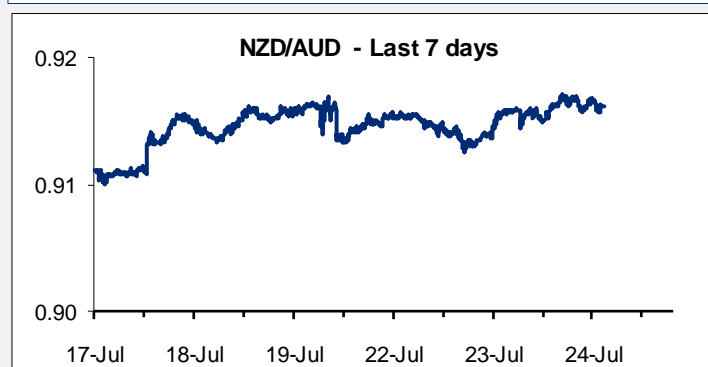
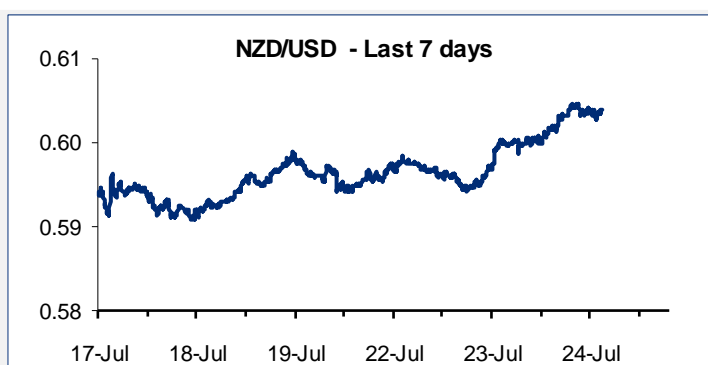
<b>24/07/2025</b>	<b>6:14 am</b>	<b>Prev. NY close</b>
USD	0.6040	0.6002
GBP	0.4449	0.4435
AUD	0.9161	0.9155
EUR	0.5134	0.5106
JPY	88.46	88.01
CAD	0.8219	0.8166
CHF	0.4793	0.4755
DKK	3.8317	3.8116
FJD	1.3533	1.3488
HKD	4.7414	4.7114
INR	52.20	51.84
NOK	6.1051	6.0473
PKR	172.11	171.03
PHP	34.36	34.24
PGK	2.4543	2.4408
SEK	5.7431	5.7104
SGD	0.7712	0.7672
CNY	4.3212	4.3028
THB	19.43	19.39
TOP	1.4053	1.3974
VUV	72.32	72.29
WST	1.6487	1.6167
XPF	61.46	61.16
ZAR	10.5821	10.5383

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.02	6.22
3 Months	19.56	19.97
6 Months	36.98	37.98
9 Months	51.32	53.48
1 Year	62.23	65.21

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.56	5.00
3 Months	13.61	14.58
6 Months	23.44	26.07
9 Months	30.31	35.74
1 Year	37.34	45.62



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