

Research Markets Today

24 June 2025

Events Round-Up

GE: Manufacturing PMI, Jun: 49.0 vs. 49.0 exp.
 GE: Services PMI, Jun: 49.4 vs. 47.9 exp.
 EC: Manufacturing PMI, Jun: 49.4 vs. 49.7 exp.
 EC: Services PMI, Jun: 50.0 vs. 50.0 exp.
 UK: Manufacturing PMI, Jun: 47.7 vs. 46.4 exp.
 UK: Services PMI, Jun: 51.3 vs. 51.3 exp.
 US: Manufacturing PMI, Jun P: 52.0 vs. 51.0 exp.
 US: Services PMI, Jun: 53.1 vs. 53.7 exp.
 US: Existing home sales (m/m%), May: 0.8 vs. -1.3 exp.

Good Morning

After the US became directly involved in the conflict between Iran and Israel, following its surgical bombing of three nuclear sites in Iran on Sunday, there was focus on how markets would react at the start of the new week. Risk assets opened weaker and oil price spiked higher, but in overnight developments, there has been a complete reversal of that move.

The initial market reaction to the weekend news that US had directly entered the Israel-Iran conflict was a spike higher in oil prices. Brent crude opened above USD81 per barrel and has been on a steady path lower since. In fact, prices have plunged and oil is now down over 7% from last week's close to USD71.50. The market's key concern has been Iran disrupting the flow of oil through the Strait of Hormuz, which carries over a fifth of seaborne oil flows, but there is no sign of Iran going down that track. President Trump said on social media "EVERYONE, KEEP OIL PRICES DOWN. I'M WATCHING!" but oil prices were already well down ahead of the post.

Since the US attack, Iran and Israel have continued to fire missiles at each other, while the US has stepped away from further involvement. In overnight news, Iran launched missiles towards a large US base in Qatar in a highly choreographed move. Warning was given of the missile strikes, the airspace over Qatar was closed, and the missiles were intercepted. The military base was empty, with most of the nearly 10,000 US troops normally stationed there moved last week. Iranian state news, dubbed the retaliatory strike "annunciation of victory" adding to the sense that the strike was simply to appease Iran's domestic audience. Risk assets improved after the

attack, with the market taking it as a signal that Iran didn't want to take down oil infrastructure.

US S&P500 futures were modestly lower during much of the Asian trading session, but market sentiment has recovered and the cash index is up 0.6% as we go to print.

The NZD and AUD were two of the weakest currencies during the local trading session yesterday as a risk-off sentiment prevailed, but they have recovered strongly overnight. At its low, the NZD was down around 1.4% from last week's close to about 0.5885, but has since rebounded to just over 0.5970, now relatively flat for the day. The AUD tracked a similar path and is back around 0.6450, with NZD/AUD flat at 0.9250.

JPY showed none of its usual safe-haven characteristics, with USD/JPY up to as high as just over 148, with Japan a large net oil importer and with much to lose from higher oil prices, but the plunge in oil prices has seen USD/JPY fall to around 146 and NZD/JPY is flat at 87.25. European currencies have outperformed and NZD crosses against them show modest losses.

US Treasury yields showed little movement during the NZ trading session, but much lower oil prices and another dovish Fed speaker have helped drive down rates across the curve. Fed Governor Bowman said she would support cutting rates as soon as next month "should inflation pressures remain contained" and she thought the tariffs would likely result in "only minimal impacts" to inflation. This echoed the message delivered by Governor Waller on Friday. Bowman also supported changes to the current approach to leverage ratio requirements for banks, which had resulted in unintended consequences in the market, saying simple reforms could improve Treasury market functioning.

The US 2-year rate is down 8bps from last week's close to 3.83% while the 10-year rate is down 6bps to 4.32%. The pricing for Fed rate cuts this year has pushed out to 59bps, from 51bps at last week's close, with the move contributing to a modestly weaker USD.

Global PMI data weren't a focus for the market, but for the record the flash data for June were steady to stronger across the UK and euro area and slightly weaker for the US. The euro area composite was steady at 50.2, consistent with very low growth, while the UK measure pushed up to 50.7. The US composite nudged down to 52.8, suggesting a

small loss of economic momentum but still nothing to suggest the economy was anywhere near recession.

With little net movement in global rates during the local trading session and focus on the Middle East, the domestic rates market showed little change, with insignificant movements for NZGB and swap rates. Since the NZ close, the Australian 10-year bond future is down about 5bps in yield terms, which should see downward pressure on local rates on the NZ open today.

On the economic calendar today will be Germany's IFO business survey, Canada CPI and US consumer confidence. Fed Chair Powell will be facing questioning by lawmakers over the next two days.

jason.k.wong@bnz.co.nz

Coming Up

		Period	Cons.	Prev.	NZT
GE	IFO expectations	Jun	90.0	88.9	20:00
CA	CPI (y/y%)	May	1.7	1.7	00:30
CA	CPI core (avg median, trim y/y%)	May	3.0	3.15	00:30
US	Fed's Powell to deliver semiannual policy testimony				02:00
US	Conf. Board consumer confid.	Jun	99.8	98.0	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	0.5974	+0.1	0.5883	0.5975	CHF	0.8125	-0.6	S&P 500	6,007	+0.7	9.9	Oil (Brent)	71.34	-7.4		
AUD	0.6455	+0.0	0.6373	0.6458	SEK	9.611	-0.6	Dow	42,438	+0.5	8.4	Oil (WTI)	68.39	-7.4		
EUR	1.1572	+0.4	1.1454	1.1578	NOK	10.092	-0.1	Nasdaq	19,594	+0.7	10.8	Gold	3377.5	+0.3		
GBP	1.3520	+0.5	1.3371	1.3531	HKD	7.850	+0.0	Stoxx 50	5,222	-0.2	6.4	HRC steel	872.0	+0.0		
JPY	146.14	+0.0	146.01	148.03	CNY	7.179	-0.0	FTSE	8,758	-0.2	6.3	CRB	312.5	-0.6		
CAD	1.3740	+0.0			SGD	1.285	-0.2	DAX	23,269	-0.3	28.1	Wheat Chic.	570.3	-2.3		
NZD/AUD	0.9255	+0.1			IDR	16,492	+0.6	CAC 40	7,538	-0.7	-1.2	Sugar	16.04	-0.4		
NZD/EUR	0.5162	-0.3			THB	32.75	-0.1	Nikkei	38,354	-0.1	-1.2	Cotton	63.96	-0.1		
NZD/GBP	0.4419	-0.4			KRW	1,381	+0.8	Shanghai	3,382	+0.6	14.1	Coffee	326.6	+3.7		
NZD/JPY	87.30	+0.1			TWD	29.75	+0.7	ASX 200	8,475	-0.4	9.6	WM powder	3750	-0.3		
NZD/CAD	0.8208	+0.2			PHP	57.61	+0.8	NZX 50	12,533	-0.3	7.8	Australian Futures				
NZ TWI	69.17	+0.0						VIX Index	20.32	-1.5	+53.9	3 year bond	96.66	-0.01		
Interest Rates												10 year bond			95.80	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	3.60	3.77	USD	4.32	-0.06	15-Apr-27	3.41	-0.00	BKBM 1-mth	3.33	0.00			
AUD	3.85	3.66	3.18	4.09	AUD	4.22	0.03	15-May-28	3.61	-0.00	BKBM 3-mth	3.30	0.00			
NZD	3.25	3.30	3.28	4.13	NZD	4.58	-0.01	20-Apr-29	3.78	-0.00	1 year	3.20	-0.01			
EUR	2.00	2.03	1.99	2.53	GER	2.51	-0.01	15-May-30	3.96	-0.00	2 year	3.28	-0.01			
GBP	4.25	4.48	3.70	4.01	GBP	4.49	-0.05	15-May-31	4.16	0.00	3 year	3.40	-0.01			
JPY	0.48	-0.03	0.70	1.18	JPY	1.42	0.02	15-May-32	4.30	-0.00	5 year	3.65	-0.01			
CAD	2.75	4.97	2.49	2.99	CAD	3.25	-0.05	14-Apr-33	4.40	-0.01	7 year	3.88	0.00			
						Policy Meeting Run		15-May-34	4.49	-0.01	10 year	4.13	0.00			
								15-May-35	4.58	-0.01	15 year	4.39	0.00			
						NZD AUD USD		15-May-36	4.67	-0.00	NZ Inflation-Indexed Bonds					
						1st	3.21 3.44 4.27	15-May-37	4.78	-0.00	Sep-30	2.13	-0.04			
* These are indicative ranges from 5pm NZT;						2nd	3.08 3.33 4.08	15-May-41	5.03	-0.00	Sep-35	2.82	-0.04			
please confirm rates with your BNZ dealer						3rd	3.03 3.15 3.93	15-May-51	5.24	0.00	Sep-40	3.22	-0.03			
Rates are as of: NZT 06:57						4th	2.96 3.08 3.74	15-May-54	5.28	0.00						
Source: Bloomberg						5th	2.93 3.00 3.65									

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

Rates are as of: NZT 06:57

Source: Bloomberg

NZD exchange rates

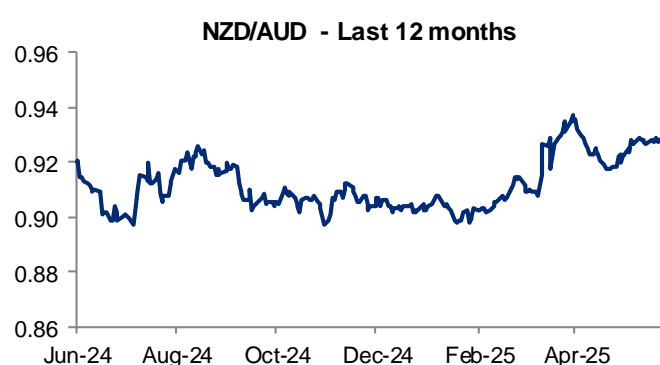
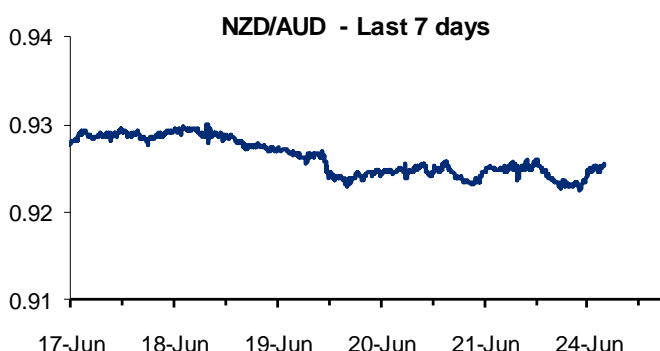
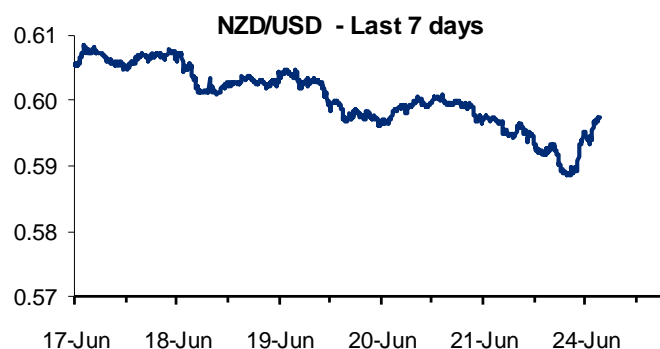
24/06/2025 6:57 am		Prev. NY close
USD	0.5974	0.5968
GBP	0.4419	0.4437
AUD	0.9255	0.9250
EUR	0.5162	0.5179
JPY	87.30	87.19
CAD	0.8208	0.8197
CHF	0.4847	0.4881
DKK	3.8482	3.8636
FJD	1.3487	1.3478
HKD	4.6880	4.6849
INR	51.81	51.68
NOK	6.0260	6.0291
PKR	169.52	169.33
PHP	34.41	34.12
PGK	2.4139	2.4133
SEK	5.7363	5.7702
SGD	0.7670	0.7681
CNY	4.2875	4.2859
THB	19.71	19.55
TOP	1.3953	1.3911
VUV	72.03	71.91
WST	1.6219	1.6354
XPF	62.10	61.95
ZAR	10.6702	10.7383

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.76	5.96
3 Months	18.14	18.64
6 Months	34.44	35.44
9 Months	46.17	48.18
1 Year	55.12	58.45

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.33	4.83
3 Months	11.17	12.39
6 Months	18.40	21.06
9 Months	22.18	27.45
1 Year	24.06	32.35



Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Matt Brunt
Economist

Mike Jones
BNZ Chief Economist
+64 9-956 0795

Main Offices

Wellington
Level 4, Spark Central
42-52 Willis Street
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.