

Research Markets Today

25 July 2025

Events Round-Up

GE: GfK Consumer Confidence, Aug: -21.5 vs. -19.3 exp.
 GE: Germany Manufacturing PMI, Jul P: 49.2 vs. 49.5 exp.
 GE: Germany Services PMI, Jul P: 50.1 vs. 50 exp.
 EC: Eurozone Manufacturing PMI, Jul P: 49.8 vs. 49.8 exp.
 EC: Eurozone Services PMI, Jul P: 51.2 vs. 50.6 exp.
 UK: UK Manufacturing PMI, Jul P: 48.2 vs. 48 exp.
 UK: UK Services PMI, Jul P: 51.2 vs. 52.9 exp.
 EC: ECB Deposit Facility Rate, Jul: 2.0 vs. 2.0 exp.
 CA: Retail Sales Ex Auto (m/m%), May: -0.2 vs. -0.3 exp.
 US: Initial Jobless Claims (k), Jul 19: 217 vs. 226 exp.
 US: US Manufacturing PMI, Jul P: 49.5 vs. 52.7 exp.
 US: US Services PMI, Jul P: 55.2 vs. 53.0 exp.
 US: New Home Sales (k), Jun: 627 vs. 650 exp.

Good morning

Global equity markets have extended recent gains with the S&P trading to a fresh intra-day record high and major European and Asian stock indices advancing. The Nikkei posted a further strong gain closing 1.6% higher. Global bond yields are higher amid resilient US economic data. The ECB left rates on hold as expected and the market trimmed expectations for further easing. The US dollar advanced against G10 currencies.

US flash PMIs for July painted a mixed picture. The services PMI jumped to 55.2, which was above the consensus estimate, while the manufacturing PMI dropped to 49.5. There was a decent increase in the composite index to 54.6 compared with 52.6 in June. Separately, weekly jobless claims declined for the sixth consecutive week, to the lowest level since mid-April, though this series can be noisy at this time of year.

The European Central Bank left rates unchanged at 2.0% which was widely expected by economists and reflected by market pricing. The Bank indicated it is in a 'wait-and-watch' mode ahead of the August 1 deadline for a trade deal between the EU and the US. There is a cumulative 18bp of easing priced by the December meeting, down from 22bp ahead of the rates decision. A Bloomberg report attributed to ECB officials, raised questions about the degree of support within the governing council, for further easing.

US treasuries are modestly higher in yield after the US data led by the front end of the curve. 10-year treasuries have retraced from the intra-day yield highs and are little changed at 4.39%. There were larger moves in European bond markets. The German curve traded higher and flatter with the reduced prospect of further easing by the ECB. The flash Eurozone composite PMI was marginally above consensus expectations. 10-year bunds closed 6bp higher in 2.70%.

Reserve Bank of Australia Governor Bullock said a 'measured and gradual' approach to easing is appropriate while labour demand remains strong and core inflation is easing gradually. The governor said the central bank may not need to lower interest rate as much because the tightening cycle was not aggressive. Australian yields extended higher following the speech.

The US dollar is generally firmed against G10 currencies in offshore trade. EUR/USD recovered from an earlier dip, supported by higher front end European yields, after the ECB decision. The yen was the weakest G10 currency in the period since the local close yesterday. The NZD has dipped modestly against the US dollar though the net move has been small.

NZ fixed interest moved higher in yield in the local session yesterday reflecting offshore moves. Swap rates were 3-5bp higher across the curve with a steepening bias. RBNZ chief economist Conway reiterated messaging from the Policy Review earlier this month. He said the Bank is ready to cut rates further if the outlook for price pressures continue to soften as expected. Market pricing for the August meeting is unchanged and implies a ~85% chance of a 25bp cut.

The weekly NZ government bond tender attracted reasonable demand from investors. There was a total of NZ\$1.5 billion of bids for the NZ\$450 million of nominal bonds being offered. The Apr-29 line cleared through the prevailing market level while Apr-37 and May-54 maturities cleared above.

Australian 10-year government bond futures are little changed since the local close yesterday suggesting limited directional bias for NZ yields on the open.

There is no domestic data of note today. The regional focus will centre on Tokyo CPI for the month of July which serves as a leading indicator for the nationwide measure. The IFO survey is released in Germany and will provide further information about how the economy is faring set against the backdrop of US tariff shocks. The consensus anticipates a further increase in the expectations index.

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Coming Up

		Period	Cons.	Prev.	NZT
UK	GfK Consumer Confidence	Jul	-20	-18	11:01
JN	Tokyo CPI (y/y%)	Jul	3	3.1	11:30
JN	Tokyo CPI Ex-Food, Energy (y/y%)	Jul	3.1	3.1	11:30
UK	Retail Sales Ex Auto Fuel (m/m%)	Jun	1.2	-2.8	18:00
GE	IFO Expectations	Jul	91.1	90.7	20:00
US	Durable Goods Orders	Jun P	-10.5	16.4	00:30
US	Durables Ex Transportation	Jun P	0.1	0.5	00:30

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	% Year		Last	Net Day			
NZD	0.6041	-0.1	0.6034	0.6058	CHF	0.7943	+0.2	S&P 500	6,378	+0.3	17.5	Oil (Brent)	68.84	+0.5
AUD	0.6600	-0.0	0.6593	0.6622	SEK	9.517	+0.1	Dow	44,824	-0.4	12.5	Oil (WTI)	65.69	+0.7
EUR	1.1766	-0.0	1.1731	1.1789	NOK	10.112	+0.1	Nasdaq	21,096	+0.4	21.6	Gold	3370.5	-0.8
GBP	1.3519	-0.5	1.3505	1.3568	HKD	7.850	+0.0	Stoxx 50	5,355	+0.2	10.1	HRC steel	872.0	-0.5
JPY	146.86	+0.2	146.15	146.95	CNY	7.155	+0.0	FTSE	9,138	+0.8	12.1	CRB	303.9	+0.0
CAD	1.3639	+0.3			SGD	1.278	+0.0	DAX	24,296	+0.2	32.1	Wheat Chic.	561.3	+0.0
NZD/AUD	0.9153	-0.0			IDR	16,295	-0.0	CAC 40	7,818	-0.4	4.1	Sugar	16.57	+2.0
NZD/EUR	0.5134	-0.0			THB	32.26	+0.2	Nikkei	41,826	+1.6	10.4	Cotton	67.32	+1.1
NZD/GBP	0.4469	+0.4			KRW	1,372	-0.4	Shanghai	3,606	+0.7	24.9	Coffee	304.9	+1.3
NZD/JPY	88.72	+0.2			TWD	29.34	-0.0	ASX 200	8,709	-0.3	10.8	WM powder	3905	+0.6
NZD/CAD	0.8239	+0.2			PHP	56.67	-0.4	NZX 50	12,805	+0.1	3.3	Australian Futures		
NZ TWI	69.40	-0.0					VIX Index	15.08	-1.9	-16.4	3 year bond	96.53	-0.07	
Interest Rates						NZ Government Bonds					NZ BKBM and Swap Yields			
	Rates		Swap Yields		Benchmark 10 Yr Bonds									
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg	
USD	4.50	4.85	3.67	3.87	USD	4.40	0.02	15-Apr-27	3.28	0.02		BKBM 1-mth	3.32	0.00
AUD	3.85	3.69	3.34	4.26	AUD	4.35	0.06	15-May-28	3.48	0.02		BKBM 3-mth	3.19	-0.01
NZD	3.25	3.19	3.15	4.11	NZD	4.58	0.04	20-Apr-29	3.67	0.02		1 year	3.09	0.00
EUR	2.00	1.94	2.05	2.67	GER	2.70	0.06	15-May-30	3.87	0.03		2 year	3.15	0.02
GBP	4.25	4.39	3.66	4.11	GBP	4.62	-0.01	15-May-31	4.07	0.03		3 year	3.28	0.03
JPY	0.48	-0.03	0.84	1.38	JPY	1.61	0.02	15-May-32	4.24	0.04		5 year	3.56	0.04
CAD	2.75	4.97	2.70	3.25	CAD	3.55	-0.01	14-Apr-33	4.36	0.04		7 year	3.82	0.05
						Policy Meeting Run		15-May-34	4.48	0.04		10 year	4.11	0.05
								15-May-35	4.58	0.04		15 year	4.39	0.06
						NZD AUD USD		15-May-36	4.68	0.04		NZ Inflation-Indexed Bonds		
						1st		3.05 3.60 4.32	15-May-37	4.80	0.04	Sep-30	2.04	0.03
* These are indicative ranges from 5pm NZT;						2nd		2.99 3.53 4.17	15-May-41	5.06	0.04	Sep-35	2.74	0.03
please confirm rates with your BNZ dealer						3rd		2.89 3.35 4.06	15-May-51	5.26	0.04	Sep-40	3.14	0.03
Rates are as of: NZT 06:24						4th		2.82 3.25 3.90	15-May-54	5.29	0.04			
Source: Bloomberg						5th		2.82 3.14 3.81						

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

Rates are as of: NZT 06:24

Source: Bloomberg

NZD exchange rates

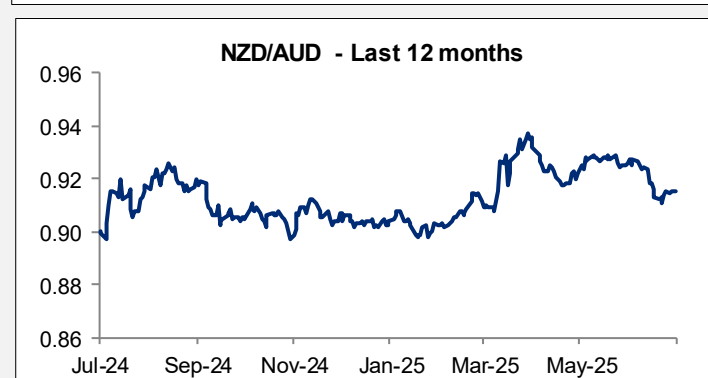
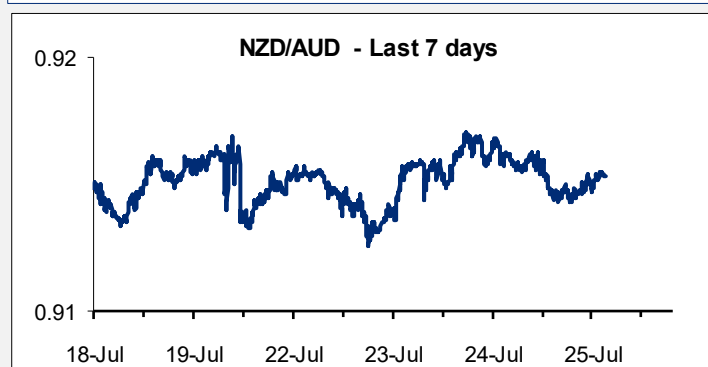
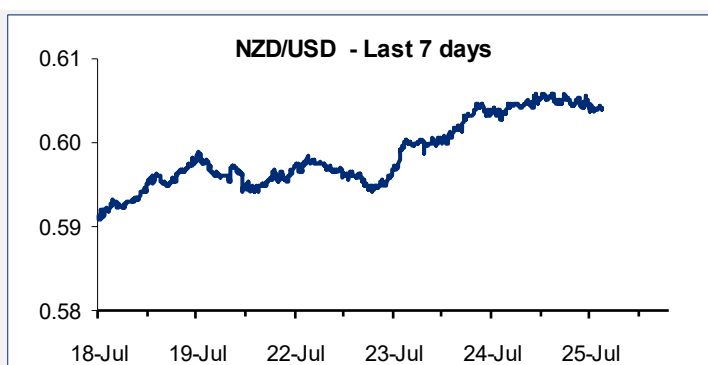
25/07/2025	6:24 am	Prev. NY close
USD	0.6041	0.6046
GBP	0.4469	0.4451
AUD	0.9153	0.9158
EUR	0.5134	0.5136
JPY	88.72	88.58
CAD	0.8239	0.8221
CHF	0.4798	0.4791
DKK	3.8326	3.8333
FJD	1.3530	1.3577
HKD	4.7422	4.7460
INR	52.20	52.25
NOK	6.1084	6.1082
PKR	172.14	172.29
PHP	34.23	34.40
PGK	2.4547	2.4567
SEK	5.7492	5.7464
SGD	0.7717	0.7720
CNY	4.3222	4.3255
THB	19.49	19.45
TOP	1.4088	1.4093
VUV	72.23	72.39
WST	1.6470	1.6485
XPF	61.47	61.50
ZAR	10.6583	10.5977

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.07	6.28
3 Months	19.15	19.59
6 Months	36.89	37.89
9 Months	51.84	54.08
1 Year	63.50	67.00

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.40	4.86
3 Months	13.33	14.51
6 Months	23.85	26.55
9 Months	32.40	38.19
1 Year	40.69	49.38



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