

# Research Markets Today

25 June 2025

## Events Round-Up

GE: IFO expectations, Jun: 90.7 vs. 90 exp.

CA: CPI (y/y%), May: 1.7 vs. 1.7 exp.

CA: CPI core (avg median, trim y/y%), May: 3.0 vs. 3.0 exp.

US: Conf. Board consumer confid., Jun: 93.0 vs. 99.8 exp.

## Good morning

Global equity markets have made solid gains following the ceasefire between Israel and Iran which has provided optimism for a lasting resolution to the conflict. Brent crude fell towards US\$67 per barrel and below the level ahead of Israel's attacks on Iran's nuclear sites. The S&P looked past weak consumer confidence data, and advanced more than 1%, with the index closing in on its all time high reached back in February. Treasury yields declined weighing on the US dollar.

Federal Reserve Chair Powell appearance ahead of the House Committee on Financial Services maintained the same tone from the FOMC last week. Powell reiterated the Fed is 'well positioned to wait to learn more about the likely course of the economy before considering any adjustments to our policy stance'. He acknowledged the recent data supported the case for lower rates, but emphasised the expected pickup in inflation from tariffs, and that the data was backward looking.

The Conference Board consumer confidence index dropped to 93.0 in June, which was well below the consensus estimate of 99.8, and was driven by a deterioration in both the present situation and expectations components. The labour market numbers within the report were soft. The balance of households saying jobs are plentiful less those saying they are hard to get fell to the weakest reading since April 2021.

US treasuries rallied following the weak confidence data and Powell's comment that lower inflation and a weaker labour market could mean an earlier rate cut. 2-year yields declined 6bp to 3.80% as the market increased the amount of easing priced for the Fed this year to 60bp. The US\$69 billion 2-year auction was well supported despite the earlier drop in yields. 10-year yields declined 6bp to 4.29%.

The German Ifo expectations index rose to 90.7 in June, beating expectations. This is the highest level in over two

years with company's optimism driven by an expected boost in public spending. The government's planned increase in defence and infrastructure spending is expected to underpin economic activity.

The German Finance Agency outlined its issuance program for the third quarter, which had an increase in volume, compared with an initial plan published in December. The increased issuance projections weighed on bunds. 10-year bunds closed 4bp higher at 2.54% and the curve steepened.

After a broad-based fall in the Asian session yesterday, the US dollar decline overnight has been concentrated against the Swiss franc and yen, while the Australasian currencies are little changed. The Norwegian krone underperformed given its sensitivity to oil prices. NZD/USD has oscillated in a range around 0.6025 in offshore trade. The NZD is weaker against the yen and sterling and unchanged on the other major cross rates.

NZ interest rate markets had a decent rally in the local session yesterday following offshore yields lower after the significant drop in oil prices. There wasn't any domestic data to refine RBNZ policy expectations or provide the market with direction. 2-year swap rates declined 4bp to 3.24% while 10-year rates closed at 4.08%, 5bp lower.

10-year NZ government bonds closed at 4.55%, 3bp lower and lagged the move in swap rates. 10-year asset swap spreads increased to +48bp and are at the top end of the June trading range. Australian 10-year government bond futures are unchanged since the local close yesterday suggesting a limited directional bias on the NZ open.

In the day ahead, NZ merchandise trade figures for May are expected to highlight the improvement in the external accounts. The annual trade deficit is forecast to narrow to around \$3.8b. That would be smaller than the \$4.8b annual deficit in the previous month, and a significant reduction, from the \$17.1b peak two years earlier.

The monthly CPI Indicator for May is released in Australia. Given it is the middle month of the quarter, the indicator has better coverage of the services components within the CPI basket. The consensus looks for a modest decline to 2.3% y/y from 2.4% in April.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	Trade Balance 12 Mth YTD NZD	May		-4812	10:45
AU	CPI (y/y%)	May	2.3	2.4	13:30
AU	CPI Trimmed Mean (y/y%)	May		2.8	13:30
US	New Home Sales	May	694	743	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	0.6020	+0.7	0.6009	0.6041	CHF	0.8042 -1.0	S&P 500	6,094	+1.1 11.9	Oil (Brent)	67.37 -6.0
AUD	0.6506	+0.7	0.6487	0.6519	SEK	9.531 -0.7	Dow	43,083	+1.2 9.3	Oil (WTI)	64.60 -6.0
EUR	1.1624	+0.4	1.1581	1.1642	NOK	10.117 +0.3	Nasdaq	19,926	+1.5 13.9	Gold	3317.4 -2.2
GBP	1.3633	+0.8	1.3561	1.3648	HKD	7.850 +0.0	Stoxx 50	5,297	+1.4 7.0	HRC steel	872.0 +0.0
JPY	144.71	-1.0	144.51	145.41	CNY	7.171 -0.1	FTSE	8,759	+0.0 5.8	CRB	305.1 -2.4
CAD	1.3718	-0.1			SGD	1.280 -0.4	DAX	23,642	+1.6 29.0	Wheat Chic.	552.0 -3.1
NZD/AUD	0.9253	+0.0			IDR	16,354 -0.8	CAC 40	7,616	+1.0 -1.2	Sugar	15.77 -1.9
NZD/EUR	0.5179	+0.3			THB	32.66 -0.2	Nikkei	38,791	+1.1 -1.0	Cotton	66.50 +4.0
NZD/GBP	0.4416	-0.1			KRW	1,358 -1.7	Shanghai	3,421	+1.2 16.0	Coffee	311.4 -4.2
NZD/JPY	87.12	-0.3			TWD	29.52 -0.7	ASX 200	8,556	+1.0 9.1	WM powder	3780 +0.8
NZD/CAD	0.8258	+0.6			PHP	57.15 -0.8	NZX 50	12,467	-0.5 6.4	Australian Futures	
NZ TWI	69.41	+0.3					VIX Index	17.65	-11.0 +32.4	3 year bond	96.72 0.06
Interest Rates						NZ Government Bonds				NZ BKBM and Swap Yields	
	Rates		Swap Yields		Benchmark 10 Yr Bonds				Chg		
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last		Last	Chg
USD	4.50	4.85	3.58	3.74	USD	4.29 -0.05	15-Apr-27	3.38	-0.03	BKBM 1-mth	3.33 0.00
AUD	3.85	3.66	3.17	4.07	AUD	4.15 -0.06	15-May-28	3.57	-0.03	BKBM 3-mth	3.29 -0.00
NZD	3.25	3.29	3.24	4.08	NZD	4.56 -0.02	20-Apr-29	3.75	-0.03	1 year	3.17 -0.03
EUR	2.00	2.03	1.99	2.56	GER	2.54 0.04	15-May-30	3.93	-0.03	2 year	3.24 -0.04
GBP	4.25	4.47	3.67	3.99	GBP	4.47 -0.02	15-May-31	4.13	-0.03	3 year	3.36 -0.04
JPY	0.48	-0.03	0.71	1.20	JPY	1.42 0.01	15-May-32	4.28	-0.03	5 year	3.61 -0.04
CAD	2.75	4.97	2.49	3.01	CAD	3.26 -0.02	14-Apr-33	4.38	-0.02	7 year	3.83 -0.05
							15-May-34	4.47	-0.02	10 year	4.08 -0.05
							15-May-35	4.56	-0.02	15 year	4.34 -0.05
							15-May-36	4.65	-0.03	NZ Inflation-Indexed Bonds	
							15-May-37	4.75	-0.02	Sep-30	2.08 -0.05
							15-May-41	5.00	-0.02	Sep-35	2.78 -0.04
							15-May-51	5.21	-0.03	Sep-40	3.17 -0.05
							15-May-54	5.25	-0.03		

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

Rates are as of: NZT 06:34

Source: Bloomberg

**NZD exchange rates**

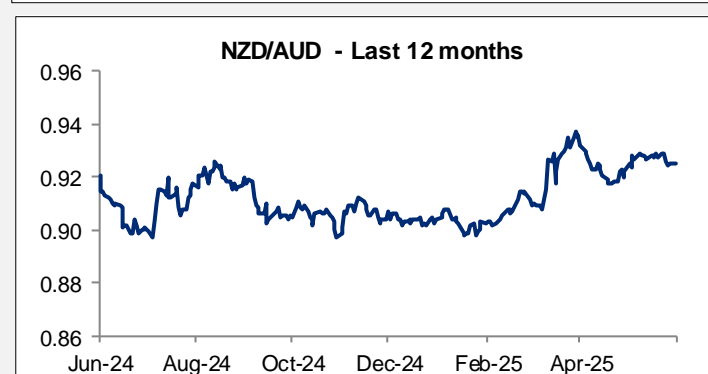
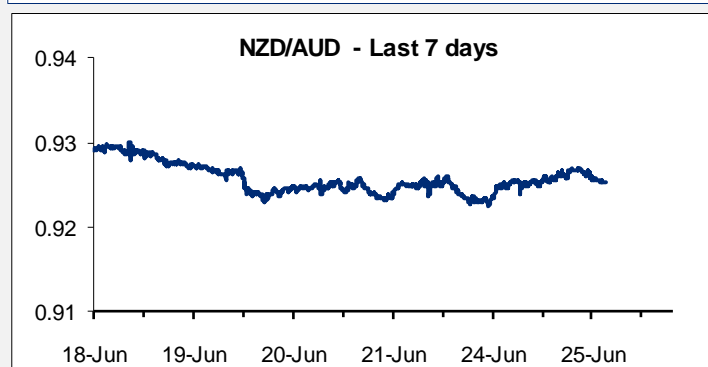
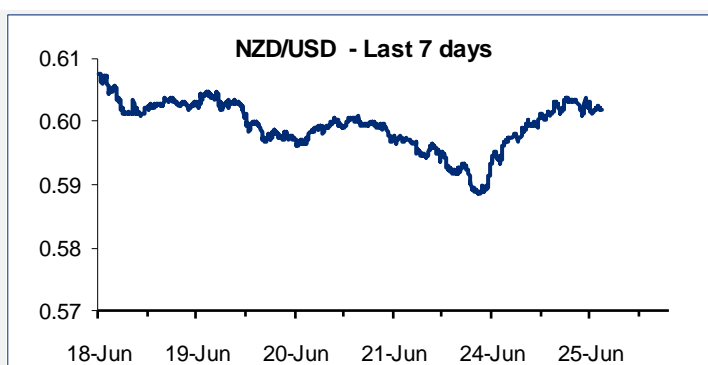
<b>25/06/2025</b>	<b>6:35 am</b>	<b>Prev. NY close</b>
USD	0.6020	0.5977
GBP	0.4416	0.4420
AUD	0.9253	0.9252
EUR	0.5179	0.5162
JPY	87.12	87.35
CAD	0.8258	0.8209
CHF	0.4841	0.4858
DKK	3.8637	3.8513
FJD	1.3549	1.3532
HKD	4.7257	4.6919
INR	51.76	51.85
NOK	6.0906	6.0296
PKR	170.83	169.66
PHP	34.41	34.44
PGK	2.4713	2.4179
SEK	5.7378	5.7372
SGD	0.7703	0.7678
CNY	4.3173	4.2908
THB	19.66	19.72
TOP	1.4039	1.4077
VUV	72.64	72.33
WST	1.6511	1.6262
XPF	62.22	62.15
ZAR	10.6728	10.6829

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.11	6.31
3 Months	18.20	18.65
6 Months	34.54	35.54
9 Months	46.74	48.74
1 Year	56.05	59.05

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.51	5.05
3 Months	11.23	12.42
6 Months	18.35	21.00
9 Months	22.38	27.72
1 Year	24.99	33.48



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