

# Research Markets Today

26 June 2025

## Events Round-Up

NZ: Trade balance (ann \$b), May: -3.8 vs. -5.0 prev.

AU: CPI (y/y%), May: 2.1 vs. 2.3 exp.

AU: CPI trimmed mean (y/y%), May: 2.4 vs. 2.8 prev.

US: New home sales, May: 623 vs. 694 exp.

## Good Morning

Market conditions are relatively calm with only modest price action, with a lack of newsflow and the investors believing that the war between Iran and Israel is largely over for now.

The Iran-Israel ceasefire still seems to be holding, and President Trump said he would hold a meeting with Iran next week. He questioned whether a new nuclear deal was necessary, again claiming that Iran's nuclear facilities were obliterated, despite a leaked US intelligence document saying that the bombing only delayed Iran's ambition to develop nuclear weapons by a few months. The Defence Intelligence Agency said the report was a preliminary, low confidence assessment, not a final conclusion.

NATO members pledged to meet President Trump's demand to increase defence spending to 5% of GDP by 2035, which Trump called "tremendous". While the target is still a decade away, the move to effectively double defence spending will put pressure on each country's fiscal accounts – meaning spending cuts elsewhere at a time when there are already upside pressures to spending on health and pensions, or higher taxes. On a sidenote, Spain looked to be an outlier, refusing to meet the 5% target, with Trump threatening to make them pay via a trade deal, although it's not clear how that's possible with Spain part of the EU trading bloc.

Fed Chair Powell faced a second session of questioning by lawmakers. He reiterated prior messages, including that "there will be some inflation from tariffs coming...not yet, but over the course of the coming months...we're just waiting to see more data on that". He reiterated that most FOMC members support cutting rates this year, while adding that it is possible that tariffs won't increase inflation by much.

While the market sees only a small chance of a rate cut at the next meeting in late-July, with 6bps of cuts priced, a

full rate cut is now priced by the following meeting in September, for the first time in six weeks.

The economic calendar has been light, but US new home sales plunged 13.7% m/m in May to a seven-month low. The data can be volatile and prone to large revisions, but the softer print is consistent with other housing market data highlighting a challenging backdrop for the market in the face of poor affordability and rising inventories.

US Treasury yields show insignificant net movements for the day and a small curve steepening bias. The 10-year rate currently sits at 4.30%, little changed from the NZ close.

In equity markets, the Nasdaq 100 index is probing fresh record highs, with Nvidia trading up nearly 4% and at a record high. The S&P500 index is currently flat for the day.

Net currency movements have been modest. Overnight, the NZD has traded less than a 30pip range and it currently sits just under 0.6040, solidifying its recovery back over 0.60. The AUD has been oscillating around the 0.65 mark. NZD/AUD nudged higher yesterday after weaker than expected monthly Australian CPI data yesterday, with the cross rate currently at 0.9275. The monthly CPI indicator fell to 2.1% y/y, with the trimmed mean measure down to 2.4% y/y, the lowest rate since November 2021. The data solidified market expectations for another 25bps rate cut next month, now close to being fully priced.

Relative to this time yesterday, all key NZD crosses are higher, although NZD/EUR and NZD/GBP have nudged down overnight as EUR/USD and GBP/USD have traded at fresh 2025 highs for the year, close to 1.1660 and 1.3660 respectively. The biggest mover in NZD crosses has been a gain in NZD/JPY to 87.7. The yen has been the weakest of the majors for the day, solidifying its position as the worst performer this month. The market sees only roughly even odds of another BoJ rate hike this year despite higher inflation, with lower real rates providing no support to the yen.

Domestic rates were lower across the curve yesterday, driven mostly by global forces, with both swaps and NZGB yields down 4-5bps.

In the day ahead there are only second-tier data releases, including US trade, durable goods orders, jobless claims and pending home sales data.

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## Coming Up

		Period	Cons.	Prev.	NZT
GE	GfK consumer confidence	Jul	-19.2	-19.9	18:00
US	Goods trade balance (\$b)	May	-86.1	-87.6	00:30
US	Durable goods orders (m/m%)	May	8.5	-6.3	00:30
US	Durables ex transport.	May	0.0	0.2	00:30
US	Initial jobless claims (K)	21-Jun	243	245	00:30
US	Pending home sales (m/m%)	May	0.2	-6.3	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	0.6037	+0.5	0.6010	0.6039	CHF	0.8043	-0.1	S&P 500	6,086	-0.1	11.3	Oil (Brent)	67.82	+1.0
AUD	0.6508	+0.3	0.6485	0.6511	SEK	9.491	-0.4	Dow	42,929	-0.4	9.8	Oil (WTI)	65.08	+1.1
EUR	1.1657	+0.4	1.1590	1.1660	NOK	10.138	+0.1	Nasdaq	19,934	+0.1	12.5	Gold	3327.1	+0.4
GBP	1.3659	+0.3	1.3591	1.3662	HKD	7.850	+0.0	Stoxx 50	5,252	-0.9	6.4	HRC steel	885.0	-1.8
JPY	145.19	+0.2	145.15	145.95	CNY	7.174	+0.0	FTSE	8,719	-0.5	5.7	CRB	297.0	-2.6
CAD	1.3728	+0.0			SGD	1.278	-0.1	DAX	23,498	-0.6	29.3	Wheat Chic.	544.3	-1.4
NZD/AUD	0.9276	+0.2			IDR	16,300	-0.3	CAC 40	7,558	-0.8	-1.4	Sugar	15.98	+1.3
NZD/EUR	0.5179	+0.1			THB	32.54	-0.3	Nikkei	38,942	+0.4	-1.8	Cotton	66.44	+1.5
NZD/GBP	0.4420	+0.2			KRW	1,361	+0.2	Shanghai	3,456	+1.0	16.3	Coffee	304.5	-2.8
NZD/JPY	87.65	+0.7			TWD	29.27	-0.9	ASX 200	8,559	+0.0	10.0	WM powder	3775	-0.1
NZD/CAD	0.8288	+0.5			PHP	56.71	-0.8	NZX 50	12,461	-0.1	5.3	Australian Futures		
NZ TWI	69.55	+0.4						VIX Index	17.15	-1.9	+33.6	3 year bond	96.76	0.04
Interest Rates												10 year bond 95.82 0.00		
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	3.57	3.75	USD	4.29	-0.00	15-Apr-27	3.32	-0.05		BKBM 1-mth	3.33	0.00
AUD	3.85	3.65	3.15	4.06	AUD	4.12	-0.03	15-May-28	3.52	-0.05		BKBM 3-mth	3.30	0.00
NZD	3.25	3.30	3.19	4.04	NZD	4.51	-0.04	20-Apr-29	3.70	-0.05		1 year	3.15	-0.02
EUR	2.00	2.00	1.99	2.57	GER	2.57	0.02	15-May-30	3.88	-0.05		2 year	3.19	-0.05
GBP	4.25	4.47	3.65	4.01	GBP	4.48	0.01	15-May-31	4.08	-0.05		3 year	3.32	-0.04
JPY	0.48	-0.03	0.71	1.18	JPY	1.40	-0.03	15-May-32	4.23	-0.05		5 year	3.57	-0.04
CAD	2.75	4.97	2.53	3.05	CAD	3.32	0.05	14-Apr-33	4.33	-0.04		7 year	3.79	-0.04
						Policy Meeting Run		15-May-34	4.43	-0.04		10 year	4.04	-0.04
								15-May-35	4.51	-0.04		15 year	4.30	-0.04
						NZD AUD USD		15-May-36	4.60	-0.05	NZ Inflation-Indexed Bonds			
						1st	3.21 3.41 4.27	15-May-37	4.70	-0.05	Sep-30	2.03	-0.05	
* These are indicative ranges from 5pm NZT;						2nd	3.07 3.29 4.06	15-May-41	4.96	-0.05	Sep-35	2.73	-0.05	
please confirm rates with your BNZ dealer						3rd	3.01 3.12 3.90	15-May-51	5.16	-0.05	Sep-40	3.12	-0.05	
Rates are as of: NZT 06:55						4th	2.92 3.03 3.72	15-May-54	5.20	-0.05				
Source: Bloomberg						5th	2.87 2.95 3.62							

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

Rates are as of: NZT 06:55

Source: Bloomberg

**NZD exchange rates**

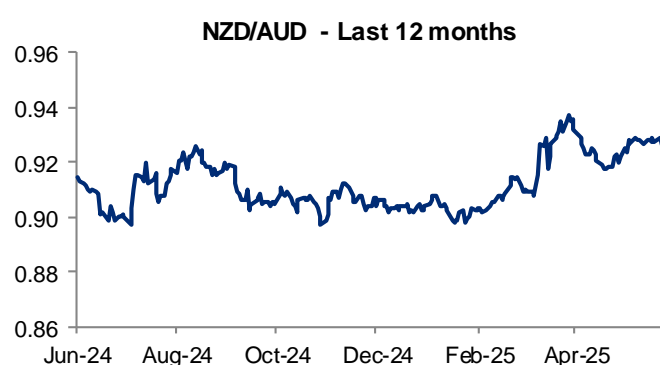
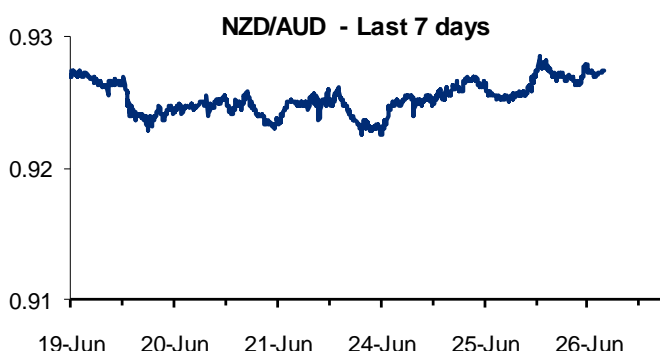
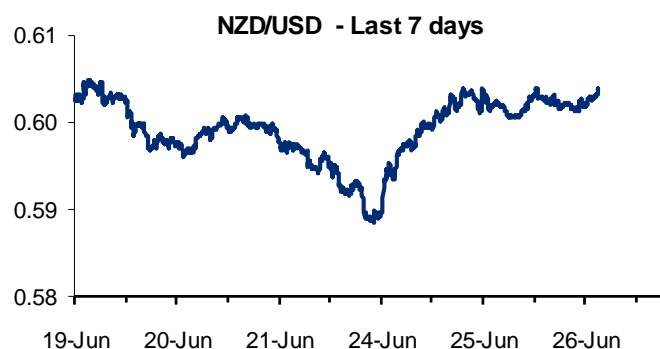
<b>26/06/2025 6:55 am</b>		<b>Prev. NY close</b>
USD	0.6037	0.6006
GBP	0.4420	0.4411
AUD	0.9276	0.9256
EUR	0.5179	0.5174
JPY	87.65	87.05
CAD	0.8288	0.8243
CHF	0.4856	0.4837
DKK	3.8643	3.8594
FJD	1.3587	1.3564
HKD	4.7398	4.7147
INR	51.98	51.64
NOK	6.1200	6.0815
PKR	171.31	170.43
PHP	34.24	34.33
PGK	2.4416	2.4286
SEK	5.7292	5.7234
SGD	0.7717	0.7686
CNY	4.3316	4.3073
THB	19.72	19.62
TOP	1.4081	1.4029
VUV	72.70	72.47
WST	1.6482	1.6565
XPF	62.31	62.11
ZAR	10.7129	10.6682

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	5.87	6.13
3 Months	18.54	18.96
6 Months	34.30	35.29
9 Months	46.41	48.60
1 Year	56.10	59.10

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.26	4.94
3 Months	10.98	12.19
6 Months	17.43	20.08
9 Months	20.64	25.51
1 Year	23.20	32.02



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