Research Markets Today

26 May 2025

Events Round-Up

NZ: Retail Sales Ex Inflation (q/q%), 1Q: 0.8 vs. 0 exp.

UK: GfK Consumer Confidence, May: -20 vs. -22 exp.

JN: CPI (y/y%), Apr: 3.6 vs. 3.5 exp.

JN: CPI Ex Fresh Food, Energy (y/y%), Apr: 3.0 vs. 3.0 exp.

UK: Retail Sales Ex Auto Fuel (m/m%), Apr: 1.3 vs. 0.1 exp.

EC: Negotiated Wage Rates (y/y%), 2.4%.

CA: Retail Sales Ex Auto (m/m%), Mar: -0.7 vs. -0.1 exp.

US: New Home Sales (k), Apr: 743vs. 695 exp.

Good morning

Equities tumbled after President Trump threatened to impose aggressive tariffs on the European Union. The S&P dropped more than 1.5% before recovering to end the session 0.7% weaker. The rebound in US equities was supported by US Treasury Secretary Bessent saying the US could strike several large trade deals in coming weeks. Treasuries retraced an earlier rally while the US dollar remained under pressure. Gold prices traded above US\$3360 per troy ounce, a gain of 2%.

There has been slow progress in trade talks between the US and the EU, and President Trump's threat of a 50% tariff on all imports from June, creates further uncertainty. Risk sensitive markets have rebounded in recent weeks, on optimism that of a more benign trade backdrop. However, the threat of aggressive tariffs may well be a 'negotiating tactic' and is unlikely to be where tariffs settle over the long run. The Euro Stoxx index closed almost 2% lower and European government bonds rallied. 10-year German Bund yields declined 8 bp to 2.57%.

Front treasury US treasuries rallied amid the stock market weakness. 2-year yields fell 10bp to a 3.90% session low, before rebounding as risk sentiment recovered, to close unchanged at 3.99%. 10-year notes ended modestly lower in yield at 4.51%. Treasury Secretary Bessent said regulators may ease a rule in coming months that has constrained banks holdings of treasuries.

There was a large upside surprise for UK retail sales in April. The core measure, which strips out autos and fuel, increased 1.3%. This compared with the consensus estimate for a 0.1% gain. EUR/GBP dropped to the lowest level since early April and sterling reached fresh three-year highs against the US dollar.

Consumer prices in Japan have continued to move higher. CPI excluding fresh food and energy reached 3.0% in April, the fastest increase in fifteen months. The data suggests upward inflation momentum and supports the case for further tightening. There is 20bp of hikes priced by the end of the year. The long end of the JGB curve stabilised on Friday. But the market will be cautious, ahead of the 40-year auction on Wednesday, after the move higher in yields during May.

The US dollar index extended its recent decline, after the threatened EU tariffs, and is only marginally above the multi-year low reached during the trade tension turmoil at the beginning of April. Fiscal concerns and further tariff uncertainty has weighed dollar. The yen gained more than 1% and all the G10 currencies gained against the US dollar on Friday night.

The NZD was the best performing G10 currency, and advanced more than 1% against the US dollar, after the local close on Friday. NZD/USD traded to a high near 0.5985. There was no obvious catalyst for the outperformance. The NZD gained on all the major crosses with NZD/EUR registering the largest gain (+0.8%).

An initial move lower in swap rates, reflecting offshore markets, ran out of momentum in the local session on Friday. Swap rates closed flat to 1bp higher across the curve having been 5bp lower at one point. 2-year swaps closed at 3.19%, 1bp higher, while 10-year closed unchanged at 4.16%.

NZ Government bonds outperformed swaps in the short and intermediate curve segments. However, the ultras underperformed. The weekly bond tender, which was pushed back by a day because of the Budget, had coverage ratios close to three, across the nominal lines. 10-year bonds closed at 4.66%, 2bps lower.

Australian 10-year government bond futures have declined 7bp in yield terms since the local close on Friday, suggesting a downward bias, for NZ yields on the open.

There is no data of note today and it is a public holiday in the US which will weigh on market activity.

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Markets Today 26 May 2025

Currenci	es								Equities				Commodities	S	
FX Majors	ors Indicative overnight ranges (*)			_	Other FX			Major Indices			Price (Near futures, except CRB)				
	Last	% Day	Low	High			Last	% Day	<u> </u>	Last	% Day	% Year		Last	Net Day
NZD	0.5987	+1.5	0.5916	0.5990	(HF	0.8211	-1.0	S&P 500	5,803	-0.7	9.4	Oil (Brent)	64.78	+0.5
AUD	0.6496	+1.2	0.6430	0.6499	5	SEK	9.534	-1.1	Dow	41,603	-0.6	6.5	Oil (WTI)	61.53	+0.5
EUR	1.1364	+0.7	1.1298	1.1375	١	IOK	10.117	-0.9	Nasdaq	18,737	-1.0	10.7	Gold	3365.8	+2.1
GBP	1.3538	+0.9	1.3445	1.3543	H	łKD	7.832	+0.1	Stoxx 50	5,326	-1.8	5.8	HRC steel	903.0	+0.0
JPY	142.57	-1.0	142.42	143.47	C	CNY	7.181	-0.3	FTSE	8,718	-0.2	4.8	CRB	296.7	+0.1
CAD	1.3730	-0.9			5	GD	1.285	-0.6	DAX	23,630	-1.5	26.4	Wheat Chic.	558.0	-0.4
NZD/AUD	0.9216	+0.2			II	OR	16,218	-0.7	CAC 40	7,734	-1.7	-4.5	Sugar	17.29	-0.6
NZD/EUR	0.5268	+0.7			Т	ΉВ	32.50	-1.0	Nikkei	37,160	+0.5	-3.8	Cotton	66.11	+0.7
NZD/GBP	0.4422	+0.6			k	RW	1,365	-1.2	Shanghai	3,348	-0.9	8.4	Coffee	361.0	+0.1
NZD/JPY	85.35	+0.5			Т	WD	29.97	-0.1	ASX 200	8,361	+0.1	8.2	WM powder	4035	-0.1
NZD/CAD	0.8219	+0.6			F	PHP	55.28	-0.6	NZX 50	12,597	-0.5	6.9	Australian Fu	tures	
NZ TWI	69.10	+0.0							VIX Index	22.29	+9.9	+80.3	3 year bond	96.53	0.02
Interest F	Rates												10 year bond	95.63	0.03
Rates Swap Yields				Е	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	3.75	3.94	ι	JSD	4.51	-0.02	15-Apr-27		3.37	0.00	BKBM 1-mth	3.41	0.00
AUD	3.85	3.72	3.31	4.25	A	UD	4.42	-0.04	15-May-28		3.58	0.00	BKBM 3-mth	3.28	#N/A
NZD	3.50	3.28	3.19	4.16	١	IZD	4.68	0.00	20-Apr-29		3.77	0.00	1 year	3.13	0.00
EUR	2.25	2.05	1.96	2.57	(SER	2.57	-0.08	15-May-30		3.98	0.00	2 year	3.19	0.00
GBP	4.25	4.56	3.85	4.18	(BP	4.68	-0.07	15-May-31		4.19	0.00	3 year	3.32	0.00
JPY	0.48	-0.03	0.69	1.23	J	PΥ	1.54	-0.04	15-May-32		4.36	0.00	5 year	3.61	0.00
CAD	2.75	4.97	2.54	3.08	C	CAD	3.35	-0.02	14-Apr-33		4.48	0.00	7 year	3.87	0.00
									15-May-34		4.59	0.00	10 year	4.16	0.00
					Poli	у Ме	ting Run	1	15-May-35		4.68	0.00	15 year	4.43	0.00
						NZD	AUD	USD	15-May-36		4.78	0.00			
					1st	3.25	3.84	4.33	15-May-37		4.90	0.00	NZ Inflation-Ir	ndexed Bo	onds
* These are indicative ranges from 5pm NZT; 2nd 3.06 3.65 4.32				15-May-41		5.14	0.00	Sep-30	2.17	0.00					
please confirm rates with your BNZ dealer 3rd 2.93 3.45 4.27					15-May-51		5.33	0.00	Sep-35	2.81	0.00				
Rates at NY close 4th 2.88 3.35 4.15				15-May-54		5.37	0.00	Sep-40	3.13	0.00					
Source: Bloomberg 5th 2.86 3.19 4.02															

www.bnz.co.nz/research Page 2

Markets Today 26 May 2025

NZD exchange rates							
24/05/2025	NY close	Prev. NY close					
USD	0.5987	0.5899					
GBP	0.4422	0.4396					
AUD	0.9216	0.9201					
EUR	0.5268	0.5229					
JPY	85.35	84.95					
CAD	0.8219	0.8174					
CHF	0.4917	0.4890					
DKK	3.9313	3.9008					
FJD	1.3662	1.3437					
HKD	4.6899	4.6170					
INR	51.03	50.73					
NOK	6.0581	6.0219					
PKR	168.85	166.18					
PHP	33.09	32.80					
PGK	2.4521	2.3863					
SEK	5.7091	5.6850					
SGD	0.7693	0.7625					
CNY	4.3000	4.2506					
THB	19.51	19.36					
TOP	1.3991	1.3844					
VUV	72.81	71.55					
WST	1.6386	1.6318					
XPF	63.49	62.77					
ZAR	10.6829	10.6227					

0.60	NZD/USD - Last 7 days
0.59	And the state of t
0.58 17-May 19	9-May 21-May 22-May 23-May 24-May







NZD/AUD - Last 12 months					
0.96]					
0.94					
0.92	The physical way was				
0.90	My whom we				
0.88					
0.86 L	4 Jul-24 Sen-24 Nov-24 Jan-25 Mar-25				

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD				
1 Month	6.01	6.39				
3 Months	19.34	20.02				
6 Months	39.58	41.58				
9 Months	56.04	58.83				
1 Year	68.00	71.89				

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.11	5.91
3 Months	15.77	17.08
6 Months	26.69	31.56
9 Months	36.96	42.74
1 Year	41.16	50.05

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Page 3 www.bnz.co.nz/research

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Page 4 www.bnz.co.nz/research