

Research Markets Today

27 June 2025

Events Round-Up

GE: GfK consumer confidence, Jul: -20.3 vs. -19.2 exp.
 US: GDP (3rd est. annual'sd q/q%), Q1: -0.5 vs. -0.2 exp.
 US: Goods trade balance (\$b), May: -96.6 vs. -86.1 exp.
 US: Durable goods orders (m/m%), May: 16.4 vs. 8.5 exp.
 US: Durables ex transport., May: 0.5 vs. 0.0 exp.
 US: Initial jobless claims (K), wk to 14-Jun: 236 vs. 243 exp.
 US: Pending home sales (m/m%), May: 1.8 vs. 0.1 exp.

Good Morning

With geopolitical risk no longer a market focus, US equities have continued to push higher, while speculation that the next appointed Fed Chair will be dovish and announced early, supported a backdrop of lower US rates and a weaker USD.

US economic data released overnight were mixed. Q1 GDP was revised down for a second time to -0.5% on an annualised quarterly basis, driven down by private consumption growing at just a 0.5% annualised rate, from the previous estimate of 1.2% and the initial estimate of 1.8%. GDP is widely expected to bounce back in Q2, although the advanced reading for the goods trade balance showed weaker than expected exports driving a wider deficit of \$96.6b. Still, net exports should show a decent bounce-back in Q2 after the front-loading of imports ahead of tariffs pulled down Q1.

Initial jobless claims fell 10k last week to 236k, albeit within the context of a rising trend. Continuing claims, which are lagged by an extra week, rose to 1974k, their highest level since November 2021, consistent with other data showing some softening in the labour market. Durable goods orders in May were much stronger than expected, surging 16.4% m/m, inflated by aircraft orders. Excluding transport, orders still rose by a respectable 0.5% m/m.

There was little market reaction to the data, with market attention on yesterday's WSJ article headlined "Trump considers naming next Fed Chair early in bid to undermine Powell". While Powell's term as Chair still runs for another 11 months, the article said the President's ire towards him could prompt an announcement to replace him as early as this summer. A White House spokesman said Trump was

looking for monetary policy to complement the Administration's growth agenda, code for someone compliant with lower interest rates.

The market has extended the amount of easing priced into the curve, with 66bps of rate cuts now seen for the rest of 2025, so more chance of three than two 25bps cuts – the market assuming having a dovish Chair-in-waiting would influence policy decisions this year. US Treasury yields are broadly lower, led by the short end, with the 2-year rate down 6bps for the day to 3.72%, its lowest rate since early May, and the 10-year rate down 3bps to 4.26%.

Lower rates have supported US equities, with the S&P500 up 0.8% with an hour left of trading, the index within spitting distance of the intra-day record high in February. The MSCI World equity index already posted a record high earlier this week.

As if there weren't enough reasons to be bearish the USD, the prospect of a dovish Fed chair at the helm and lower rates have pushed USD indices to fresh multi-year lows. The DXY index is down 0.6% for the day, with EUR blasting up through 1.17 for the first time since 2021, meeting some resistance overnight just under 1.1745. It's a similar story for GBP, which has traded up through 1.3750.

The NZD is trading this morning around 0.6070, shy of the 2025 high set a couple of weeks ago, while the AUD has traded at a fresh 2025 high just above 0.6560. With broad USD weakness being the story of the day, NZD cross movements have been small. NZD/AUD has drifted down back towards 0.9255.

In other news, White House press secretary Leavitt said, "The deadline is not critical", in reference to the 9-July deadline for trade deals, when the pause in imposing reciprocal tariffs ends. She added that the president "can simply provide these countries with the deal if they refuse to make us one by the deadline," which would involve setting "a reciprocal tariff rate that he believes is advantageous for the United States." Bloomberg reports that tariff negotiations between the US and countries like Japan, India and the EU are stalled because countries don't know how they'll be affected by separate levies on exports like chips, drugs and steel.

Following the 12-day Iran-Israel war, Iran's Supreme Leader Ayatollah Ali Khamenei spoke for the first time and claimed victory, saying the US gained no achievements

from this war. Countering President Trump's claim that no uranium was removed from targeted sites, the FT reports that preliminary intelligence assessments provided to European governments indicate that Iran's highly enriched uranium stockpile remains largely intact. Intelligence suggested that Iran's stockpile of 408kg of uranium, enriched close to weapons-grade levels, was not concentrated in Fordow.

Domestic rates continued to push lower yesterday, against the backdrop of lower global yields. The 2-year and 10-year swap rates fell 2bps to 3.17% and 4.03% respectively. NZGB yields fell 2-4bps across the curve. NZDM announced the syndication panel for the tap of 2031 bonds, which the market sees being launched next week. NZDM is targeting new issuance of \$4-6b.

On the calendar today, NZ consumer confidence and Tokyo CPI inflation data will be released. In the US tonight, the market sees the core PCE deflator rising 0.1% m/m for May, which would see annual inflation tick up to 2.6% y/y.

Soft retail sales data forewarn that real spending was likely flat in May.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ consumer confidence index	Jun	92.9	10:00	
JN	Tokyo CPI (y/y%)	Jun	3.3	3.4	11:30
JN	Tokyo CPI x-fr. fd, energy (y/y%)	Jun	3.3	3.3	11:30
EC	Economic confidence	Jun	94.8	94.8	21:00
CA	GDP (m/m%)	Apr	0.0	0.1	00:30
US	Personal income (m/m%)	May	0.3	0.8	00:30
US	Real personal spending (m/m%)	May	0.0	0.1	00:30
US	Core PCE price index (m/m%)	May	0.1	0.1	00:30
US	Core PCE price index (y/y%)	May	2.6	2.5	00:30
US	U. of Mich. cons. sentiment	Jun	60.5	60.5	02:00
US	U. of Mich. 5-10yr inflation exps.	Jun	4.1	4.1	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	0.6070	+0.5	0.6046	0.6075	CHF	0.7995	-0.7	S&P 500	6,142	+0.8	12.1	Oil (Brent)	67.80	+0.2		
AUD	0.6557	+0.7	0.6527	0.6564	SEK	9.487	+0.0	Dow	43,349	+0.8	10.8	Oil (WTI)	65.34	+0.6		
EUR	1.1719	+0.5	1.1690	1.1744	NOK	10.066	-0.7	Nasdaq	20,167	+1.0	13.3	Gold	3333.5	+0.2		
GBP	1.3749	+0.6	1.3700	1.3771	HKD	7.850	-0.0	Stoxx 50	5,244	-0.2	6.7	HRC steel	885.0	-0.4		
JPY	144.24	-0.7	143.75	144.54	CNY	7.168	-0.1	FTSE	8,736	+0.2	6.2	CRB	296.6	-0.1		
CAD	1.3627	-0.7			SGD	1.274	-0.4	DAX	23,649	+0.6	30.3	Wheat Chic.	536.8	-1.4		
NZD/AUD	0.9257	-0.2			IDR	16,209	-0.6	CAC 40	7,557	-0.0	-0.7	Sugar	15.65	-2.1		
NZD/EUR	0.5180	+0.0			THB	32.48	-0.1	Nikkei	39,585	+1.6	0.6	Cotton	67.07	-4.3		
NZD/GBP	0.4415	-0.1			KRW	1,353	-0.6	Shanghai	3,448	-0.2	17.1	Coffee	305.7	+0.4		
NZD/JPY	87.55	-0.1			TWD	29.11	-0.5	ASX 200	8,551	-0.1	10.2	WM powder	3775	+0.0		
NZD/CAD	0.8272	-0.2			PHP	56.60	-0.2	NZX 50	12,480	+0.2	6.5	Australian Futures				
NZ TWI	69.68	+0.2						VIX Index	16.28	-2.9	+29.7	3 year bond	96.76	0.00		
Interest Rates												10 year bond			95.84	0.01
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	3.50	3.71	USD	4.26	-0.03	15-Apr-27	3.29	-0.03	BKBM 1-mth	3.33	0.00			
AUD	3.85	3.62	3.14	4.05	AUD	4.11	-0.01	15-May-28	3.48	-0.04	BKBM 3-mth	3.29	-0.00			
NZD	3.25	3.29	3.17	4.03	NZD	4.49	-0.03	20-Apr-29	3.66	-0.04	1 year	3.15	-0.00			
EUR	2.00	1.99	1.98	2.57	GER	2.57	0.00	15-May-30	3.84	-0.04	2 year	3.17	-0.02			
GBP	4.25	4.47	3.62	3.99	GBP	4.47	-0.01	15-May-31	4.04	-0.04	3 year	3.29	-0.03			
JPY	0.48	-0.03	0.72	1.20	JPY	1.42	0.03	15-May-32	4.20	-0.04	5 year	3.54	-0.03			
CAD	2.75	4.97	2.50	3.02	CAD	3.33	0.00	14-Apr-33	4.30	-0.03	7 year	3.77	-0.02			
								15-May-34	4.40	-0.03	10 year	4.03	-0.02			
								15-May-35	4.49	-0.03	15 year	4.28	-0.02			
								15-May-36	4.58	-0.02						
								15-May-37	4.68	-0.02	NZ Inflation-Indexed Bonds					
								15-May-41	4.94	-0.02	Sep-30	2.00	-0.03			
								15-May-51	5.13	-0.03	Sep-35	2.69	-0.04			
								15-May-54	5.18	-0.02	Sep-40	3.09	-0.03			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer																
Rates are as of: NZT 06:48																
Source: Bloomberg																
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NZD exchange rates

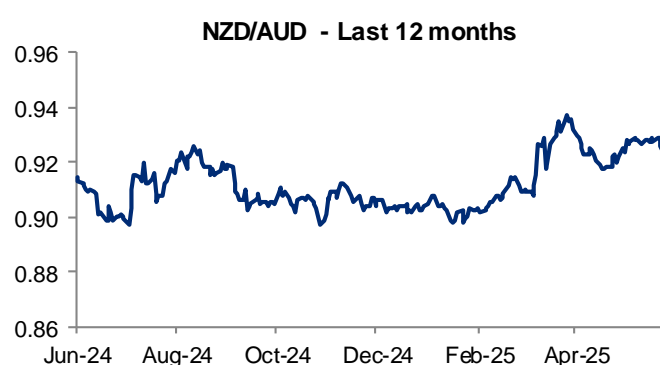
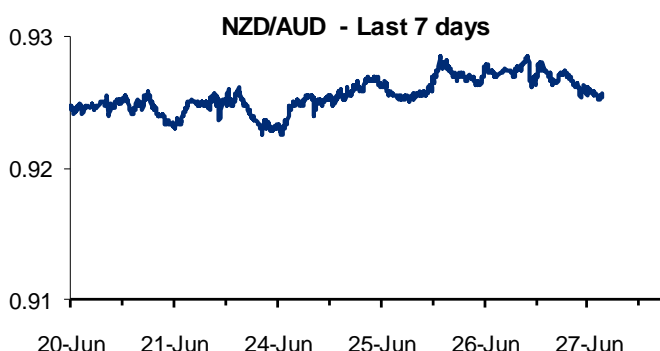
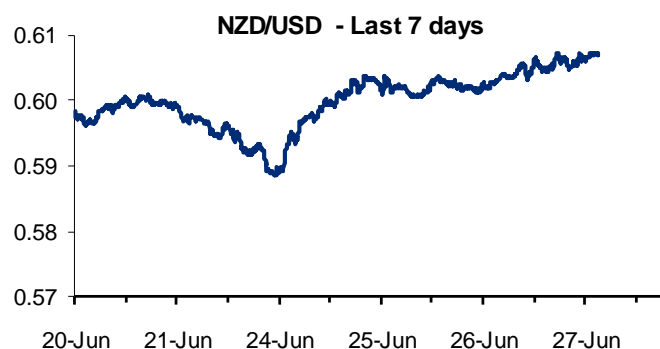
27/06/2025 6:48 am		Prev. NY close
USD	0.6070	0.6039
GBP	0.4415	0.4420
AUD	0.9257	0.9272
EUR	0.5180	0.5180
JPY	87.55	87.71
CAD	0.8272	0.8289
CHF	0.4853	0.4860
DKK	3.8639	3.8644
FJD	1.3579	1.3617
HKD	4.7657	4.7406
INR	52.03	51.99
NOK	6.1095	6.1182
PKR	172.22	171.34
PHP	34.36	34.24
PGK	2.4549	2.4420
SEK	5.7579	5.7285
SGD	0.7731	0.7721
CNY	4.3513	4.3324
THB	19.72	19.72
TOP	1.4152	1.4126
VUV	72.88	72.71
WST	1.6593	1.6553
XPF	62.45	62.32
ZAR	10.8232	10.7209

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.00	6.20
3 Months	18.28	18.68
6 Months	33.92	34.91
9 Months	45.52	47.68
1 Year	53.72	56.99

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.95	4.42
3 Months	10.25	11.36
6 Months	16.53	19.15
9 Months	20.01	25.18
1 Year	22.42	31.50



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