Research

Markets Today

28 April 2025

Events Round-Up

JN: Tokyo CPI (y/y%), Apr: 3.5 vs. 3.3 exp.
JN: Tokyo CPI x-fr. fd, energy (y/y%), Apr: 3.1 vs. 2.8 exp.
UK: Retail sales ex auto fuel (m/m%), Mar: 0.5 vs. -0.5 exp.
CA: Retail sales ex auto (m/m%), Feb: 0.5 vs. -0.2 exp.
US: U. of Mich consumer sentiment, Apr: 52.2 vs. 50.7 exp.
US: U. of Mich 5-10 Yr inflation exp., Apr: 4.4 vs. 4.4 exp.

Good morning

The recovery in investor risk appetite continued into the end of last week. The S&P gained 0.7% amid conflicting signals on trade negotiations. Chinese officials have denied any talks are taking place. However, a Bloomberg report suggested policymakers are considering suspending the 125% tariff on some US imports. Meanwhile, President Trump noted US levies on China will be maintained without 'something substantial' in return. He also said another delay to reciprocal tariffs was unlikely.

The S&P's move higher on Friday saw the index extend its advance to almost 5% during last week. Investor sentiment has recovered since President Trump said he has no intention to remove Fed Chair Powell and that he would be open to significantly reducing tariffs on China. Treasury yields declined into the weekly close and the US dollar was mixed against G10 currencies.

There was limited market reaction to University of Michigan consumer sentiment data which recovered from the preliminary reading. The index remains at historically low levels, despite the bounce, but is heavily influenced by respondents' political affiliations. Consumers five-to-ten-year inflation expectations were unchanged at 4.4%, the highest level since 1991. Recent commentary from Fed officials has put more emphasis on market-based measures of inflation expectations.

Although there was limited economic data, US treasuries staged a decent rally, with a curve flattening bias. 10-year yields fell 8bp to 4.24%, which is the lowest level in more than two weeks, as risk sentiment has continued to recover. Treasury supply was well absorbed over the course of last week, and data revealed that international investors are still buying Treasuries, despite the tariffs.

Consumer prices in Tokyo, which provide a leading indicator for the national reading, increased more than expected in April. Inflation dynamics provide support for the Bank of Japan's gradual hiking cycle. However, the macro backdrop is complicated by the uncertainty created by global trade tensions. The yen was unchanged immediately after the release.

The People's Bank of China (PBOC) said it will provide further support for the economy if it is required to counter the impact of external shocks. Governor Pan outlined the PBOC could lower its policy interest rate and the reserve requirement ratio, depending on economic and financial conditions, but it is not in a hurry to do so. He also reaffirmed the bank will keep the yuan basically stable.

The US dollar consolidated into the end of last week, having rebounded from the lowest level in three years, as measured by the dollar index. There were further signs of US dollar selling from speculative accounts in the latest CFTC positioning report. The data revealed that the aggregate dollar short in FX futures rose by around US$3.5 billion on the week to last Tuesday.

NZD/USD has traded in an approximate 0.5950-0.6000 range since the local close on Thursday ahead of the public holiday. Amongst the major crosses, NZD/AUD is weaker, NZD/JPY has moved higher, and the NZD is little changed against the euro and pound over the same period.

10-year NZ government bonds closed at 4.51% on Thursday following solid investor demand in the weekly tender. Australian 10-year government bond futures are ~5bp lower in yield terms since the local close on Thursday and combined with the move in US treasuries over the same period, suggests a downward bias for NZ yields on the open this morning.

There is no domestic or international economic data of note today. The main NZ releases in the week ahead are employment indicators and the ANZ Business Survey while Q1 CPI data is scheduled in Australia. It is a busy international calendar. Alongside economic policy developments, the US releases data on economic activity, inflation and the labour market which have the potential to reflect some of the headwinds from tariff uncertainty.

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Currencies

FX Majors — **Indicative overnight ranges (*)**

	Last	% Day	Low	High
NZD	0.5963	-0.6	0.5949	0.5983
AUD	0.6397	-0.2	0.6375	0.6415
EUR	1.1362	-0.2	1.1333	1.1389
GBP	1.3312	-0.2	1.3287	1.3332
JPY	143.72	+0.7	143.23	144.03
CAD	1.3855	+0.1		
NZD/AUD	0.9322	-0.4		
NZD/EUR	0.5248	-0.4		
NZD/GBP	0.4479	-0.4		
NZD/JPY	85.69	+0.2		
NZD/CAD	0.8261	-0.5		
NZ TWI	69.95	-0.4		

Other FX

	Last	% Day
CHF	0.8284	+0.2
SEK	9.698	+1.0
NOK	10.437	+0.4
HKD	7.757	-0.0
CNY	7.287	-0.0
SGD	1.315	+0.3
IDR	16,830	-0.3
THB	33.54	+0.3
KRW	1,441	+0.6
TWD	32.52	-0.0
PHP	56.25	-0.5

Equities

Major Indices

	Last	% Day	% Year
S&P 500	5,525	+0.7	9.4
Dow	40,114	+0.1	5.3
Nasdaq	17,383	+1.3	11.3
Stoxx 50	5,154	+0.8	2.9
FTSE	8,415	+0.1	3.4
DAX	22,242	+0.8	24.1
CAC 40	7,536	+0.4	-6.8
Nikkei	35,706	+1.9	-5.9
Shanghai	3,295	-0.1	6.7
ASX 200	7,968	+0.6	5.2
NZX 50	12,018	+0.5	1.8
VIX Index	24.84	-6.2	+61.6

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	66.87	+0.5
Oil (WTI)	63.02	+0.4
Gold	3282.4	-1.5
HRC steel	944.0	+0.0
CRB	298.5	+0.2
Wheat Chic.	545.0	+0.1
Sugar	18.18	+1.5
Cotton	66.85	-0.7
Coffee	399.9	+0.3
WM powder	4140	+0.5

Australian Futures

3 year bond	96.70	0.01
10 year bond	95.81	0.03

Interest Rates

	Rates		Swap Yields	
	Cash	3Mth	2 Yr	10 Yr
USD	4.50	4.85	3.51	3.72
AUD	4.10	3.92	3.23	4.12
NZD	3.50	3.45	3.11	4.03
EUR	2.25	2.16	1.91	2.45
GBP	4.50	4.64	3.67	3.97
JPY	0.48	-0.03	0.67	1.10
CAD	2.75	4.97	2.40	2.91

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.24	-0.08
AUD	4.24	0.00
NZD	4.52	0.00
GER	2.47	0.02
GBP	4.48	-0.02
JPY	1.34	0.02
CAD	3.18	-0.02

Policy Meeting Run

	NZD	AUD	USD
1st	3.23	3.80	4.30
2nd	3.05	3.58	4.15
3rd	2.87	3.31	3.95
4th	2.73	3.16	3.76
5th	2.71	2.99	3.60

NZ Government Bonds

	Last	Chg
15-Apr-27	3.28	0.00
15-May-28	3.49	0.00
20-Apr-29	3.66	0.00
15-May-30	3.83	0.00
15-May-31	4.02	0.00
15-May-32	4.20	0.00
14-Apr-33	4.30	0.00
15-May-34	4.41	0.00
15-May-35	4.52	0.00
15-May-36	4.62	0.00
15-May-37	4.73	0.00
15-May-41	4.97	0.00
15-May-51	5.17	0.00
15-May-54	5.19	0.00

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	3.62	0.00
BKBM 3-mth	3.45	0.00
1 year	3.09	0.00
2 year	3.11	0.00
3 year	3.23	0.00
5 year	3.50	0.00
7 year	3.76	0.00
10 year	4.03	0.00
15 year	4.31	0.00

NZ Inflation-Indexed Bonds

Sep-30	1.97	0.00
Sep-35	2.76	0.00
Sep-40	3.09	0.00

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

Rates at NY close

Source: Bloomberg

NZD exchange rates

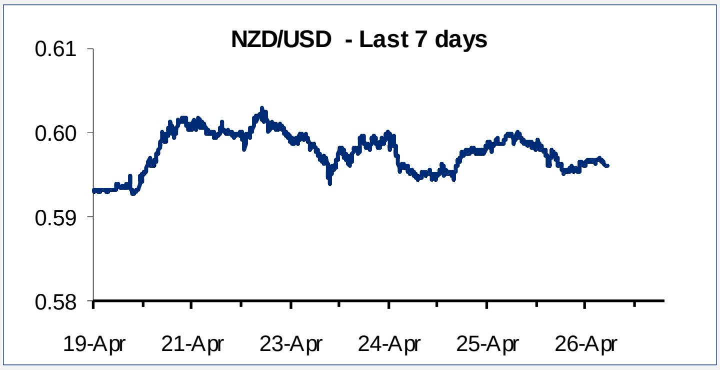
26/04/2025	NY close	Prev. NY close
USD	0.5963	0.5998
GBP	0.4479	0.4496
AUD	0.9322	0.9360
EUR	0.5248	0.5266
JPY	85.69	85.55
CAD	0.8261	0.8309
CHF	0.4940	0.4960
DKK	3.9173	3.9314
FJD	1.3614	1.3694
HKD	4.6256	4.6537
INR	50.95	51.14
NOK	6.2236	6.2366
PKR	167.60	168.31
PHP	33.54	33.93
PGK	2.4309	2.4442
SEK	5.7830	5.7565
SGD	0.7840	0.7865
CNY	4.3451	4.3719
THB	20.01	20.06
TOP	1.4047	1.4180
VUV	72.42	73.03
WST	1.6695	1.6892
XPF	62.62	62.91
ZAR	11.1571	11.2744

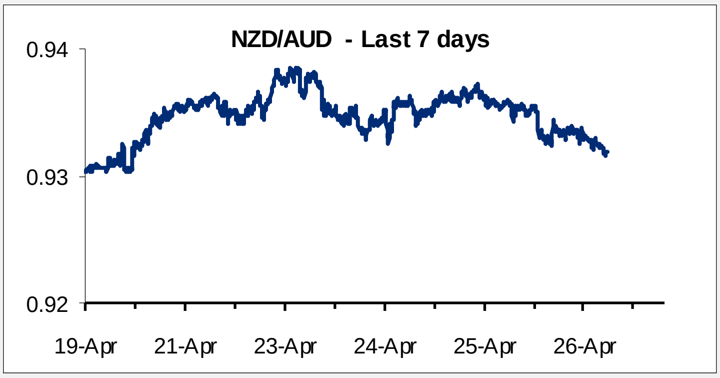
NZD/USD Forward Points

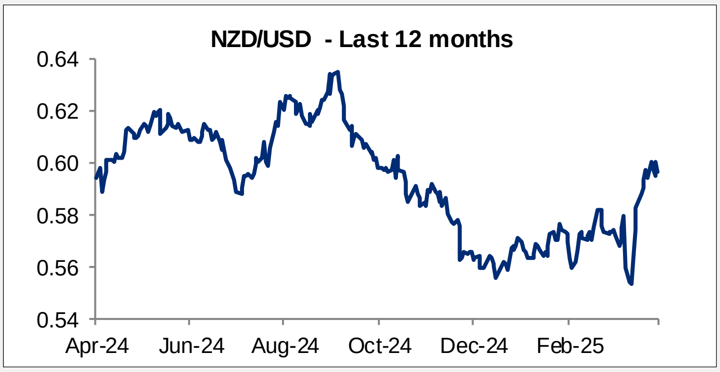
	BNZ buys NZD	BNZ sells NZD
1 Month	4.39	5.11
3 Months	16.20	17.00
6 Months	32.20	34.20
9 Months	45.61	48.59
1 Year	54.25	58.32

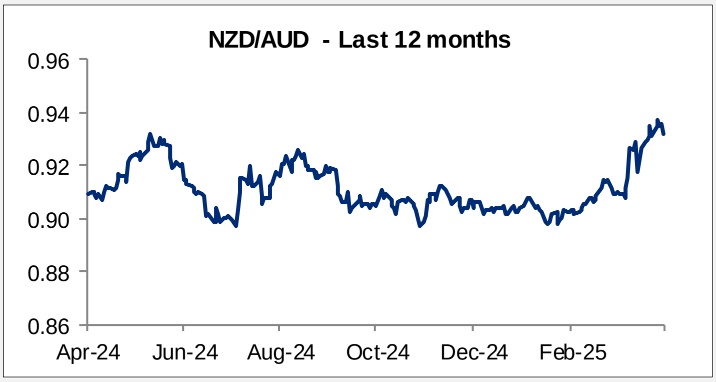
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.20	5.87
3 Months	15.42	16.92
6 Months	26.63	31.40
9 Months	35.25	41.49
1 Year	39.23	50.21









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