

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.

stuart.ritson@bnz.co.nz

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	0.5963	-0.6	0.5949	0.5983	CHF	0.8284	+0.2	S&P 500	5,525	+0.7	9.4	Oil (Brent)	66.87	+0.5		
AUD	0.6397	-0.2	0.6375	0.6415	SEK	9.698	+1.0	Dow	40,114	+0.1	5.3	Oil (WTI)	63.02	+0.4		
EUR	1.1362	-0.2	1.1333	1.1389	NOK	10.437	+0.4	Nasdaq	17,383	+1.3	11.3	Gold	3282.4	-1.5		
GBP	1.3312	-0.2	1.3287	1.3332	HKD	7.757	-0.0	Stoxx 50	5,154	+0.8	2.9	HRC steel	944.0	+0.0		
JPY	143.72	+0.7	143.23	144.03	CNY	7.287	-0.0	FTSE	8,415	+0.1	3.4	CRB	298.5	+0.2		
CAD	1.3855	+0.1			SGD	1.315	+0.3	DAX	22,242	+0.8	24.1	Wheat Chic.	545.0	+0.1		
NZD/AUD	0.9322	-0.4			IDR	16,830	-0.3	CAC 40	7,536	+0.4	-6.8	Sugar	18.18	+1.5		
NZD/EUR	0.5248	-0.4			THB	33.54	+0.3	Nikkei	35,706	+1.9	-5.9	Cotton	66.85	-0.7		
NZD/GBP	0.4479	-0.4			KRW	1,441	+0.6	Shanghai	3,295	-0.1	6.7	Coffee	399.9	+0.3		
NZD/JPY	85.69	+0.2			TWD	32.52	-0.0	ASX 200	7,968	+0.6	5.2	WM powder	4140	+0.5		
NZD/CAD	0.8261	-0.5			PHP	56.25	-0.5	NZX 50	12,018	+0.5	1.8	Australian Futures				
NZ TWI	69.95	-0.4						VIX Index	24.84	-6.2	+61.6	3 year bond	96.70	0.01		
Interest Rates												7 year bond			95.81	0.03
	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	3.51	3.72	USD	4.24	-0.08	15-Apr-27	3.28	0.00	BKBM 1-mth	3.62	0.00			
AUD	4.10	3.92	3.23	4.12	AUD	4.24	0.00	15-May-28	3.49	0.00	BKBM 3-mth	3.45	0.00			
NZD	3.50	3.45	3.11	4.03	NZD	4.52	0.00	20-Apr-29	3.66	0.00	1 year	3.09	0.00			
EUR	2.25	2.16	1.91	2.45	GER	2.47	0.02	15-May-30	3.83	0.00	2 year	3.11	0.00			
GBP	4.50	4.64	3.67	3.97	GBP	4.48	-0.02	15-May-31	4.02	0.00	3 year	3.23	0.00			
JPY	0.48	-0.03	0.67	1.10	JPY	1.34	0.02	15-May-32	4.20	0.00	5 year	3.50	0.00			
CAD	2.75	4.97	2.40	2.91	CAD	3.18	-0.02	14-Apr-33	4.30	0.00	7 year	3.76	0.00			
								15-May-34	4.41	0.00	10 year	4.03	0.00			
								15-May-35	4.52	0.00	15 year	4.31	0.00			
								15-May-36	4.62	0.00	NZ Inflation-Indexed Bonds					
								15-May-37	4.73	0.00	Sep-30	1.97	0.00			
								15-May-41	4.97	0.00	Sep-35	2.76	0.00			
								15-May-54	5.19	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

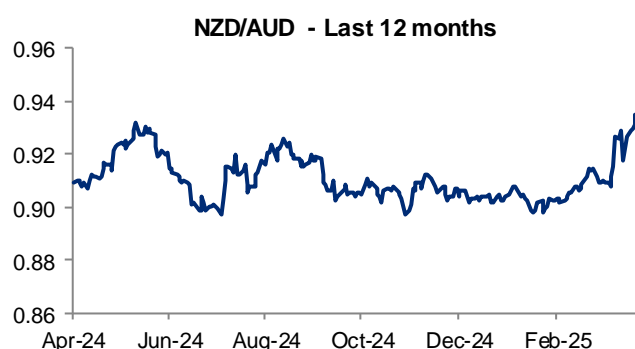
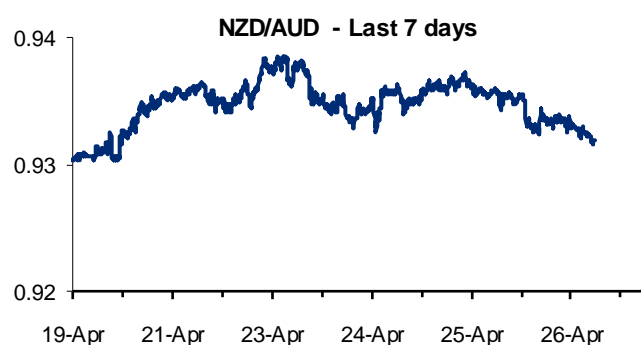
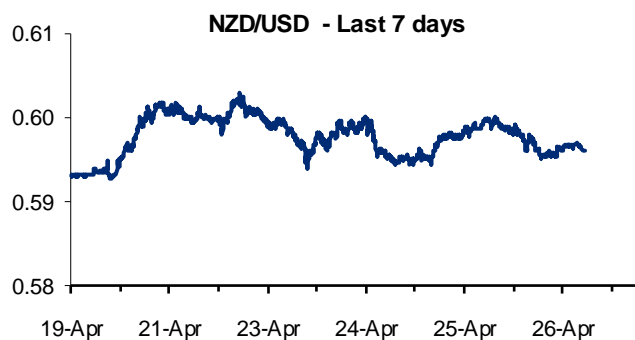
26/04/2025	NY close	Prev. NY close
USD	0.5963	0.5998
GBP	0.4479	0.4496
AUD	0.9322	0.9360
EUR	0.5248	0.5266
JPY	85.69	85.55
CAD	0.8261	0.8309
CHF	0.4940	0.4960
DKK	3.9173	3.9314
FJD	1.3614	1.3694
HKD	4.6256	4.6537
INR	50.95	51.14
NOK	6.2236	6.2366
PKR	167.60	168.31
PHP	33.54	33.93
PGK	2.4309	2.4442
SEK	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



Contact Details

BNZ Research

Stephen Toplis

Head of Research
+64 4 474 6905

Doug Steel

Senior Economist
+64 4 474 6923

Jason Wong

Senior Markets Strategist
+64 4 924 7652

Stuart Ritson

Senior Interest Rate Strategist
+64 9 9248601

Mike Jones

BNZ Chief Economist
+64 9-956 0795

Main Offices

Wellington

Level 4, Spark Central
42-52 Willis Street
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland

80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch

111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.