

Research Markets Today

28 July 2025

Events Round-Up

JN: Tokyo CPI YoY, Jul: 2.9 vs. 3.0 exp.

JN: Tokyo CPI Ex- Food, Energy(y/y%), Jul: 2.9 vs. 3.1 exp.

UK: Retail Sales Ex Auto Fuel (m/m%), Jun: 0.6 vs. 1.2 exp.

GE: IFO Expectations, Jul: 90.7 vs. 91.1 exp.

US: Durable Goods Orders, Jun P: -9.3 vs. -10.7 exp.

US: Durables Ex Transportation, Jun P: 0.2 vs. 0.1 exp.

Good morning

US equities ended last week on a positive note with the S&P hitting fresh all-time highs set against the backdrop of a solid earnings season and hopes for further trade deals as the August 1 deadlines looms. More than 80% of S&P 500 companies have exceeded profit estimates. The S&P traded up towards 6,400 and closed 0.4% higher on the day. European equities were little changed and major Asian indices retraced following recent solid gains. The US dollar was generally firmer against G10 currencies and global bond markets were stable.

The US and European Union have agreed a trade deal that would impose a 15% tariff on exports including autos though would exclude pharmaceuticals and metals. The deal was announced after a meeting between European Commission President Ursula von der Leyen and President Trump on Sunday in Scotland. It includes a commitment for the EU to purchase additional US energy products and military equipment and make investments in the US.

Separately. It was reported in the South China Morning Post that the US and China are expected to extend their tariff truce, which was due to end on 12 August, by 90 days. US Treasury Secretary Bessent is due to meet Chinese Vice Premier early this week in Stockholm.

There was limited economic data to provide the market with direction into the weekly close. The plunge in headline US durable goods orders in June was almost entirely attributable to the volatile aircraft order component. However underlying orders were relatively weak, and orders for nondefense capital goods ex-aircraft fell by around 1% in real terms, highlighting the weakness in underlying investment demand. Investment intentions have been undermined by uncertainty over US economic policy.

US treasuries were little changed with 10-year yields closing at 4.39%. The market is looking ahead to supply though this week alongside the quarterly borrowing estimates and the refunding announcement. The refunding announcement is expected to see an increase in borrowing as Treasury rebuilds its cash balance via T-bill issuance. It is expected coupon auction sizes will remain unchanged in coming quarters.

The German IFO expectations index increased to 90.7 in July, marginally below the consensus estimate. This is the highest level in more than two years, and indicates the economy is showing resilience, despite the recent disruption from US tariffs. The decrease in uncertainty, now a trade deal has been secured with the US, will likely provide further support for business sentiment.

Tokyo CPI, which serves as a leading indicator for the nationwide reading increased 2.9% in July. The core measure, which excludes fresh food and energy also increased 2.9%. Inflation remains well above the Bank of Japan's 2% target and is likely to keep the Bank of Japan on the path toward further gradual rate increases, if the economy performs in line with its forecasts. However, the Bank is expected to leave rates on hold this week and there is less than a 25% chance of a 25bp hike priced for the September meeting.

The US dollar was generally firmer against G10 currencies in offshore trade on Friday night with the largest gains against the yen, pound and Canadian dollar. The euro was little changed. The pound was the weakest currency as softer than expected retail sales weighed on Q2 growth expectations. EUR/GBP jumped after the release and extended higher through the session ultimately advancing ~0.5% compared with the pre-data levels.

NZD/USD is marginally weaker compared with the local close and traded down towards 0.6000 before recovering.

There was limited movement across NZ fixed income markets on Friday in the absence of domestic data or other catalysts. Australian 10-year government bond futures are little changed since the local close on Friday, which suggests limited directional bias for NZ yields on the open.

The only data of note today is filled jobs for the month of June. The remainder of the week has several first-tier global economic data scheduled. The key releases include

Q2 GDP and inflation data in the US and euro area, the US labour market reports and the employment cost index. The Federal Reserve and Bank of Japan are expected to leave rates unchanged.

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Coming Up

	Period	Cons.	Prev.	NZT
NZ Filled Jobs SA (m/m%)	Jun		0.1	10:45

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	0.6015	-0.2	0.5998	0.6025	CHF	0.7952	+0.0	S&P 500	6,389	+0.4	18.3	Oil (Brent)	68.31	-1.2
AUD	0.6563	-0.4	0.6551	0.6581	SEK	9.516	-0.3	Dow	44,902	+0.5	12.4	Oil (WTI)	65.02	-1.5
EUR	1.1739	-0.1	1.1703	1.1759	NOK	10.161	+0.3	Nasdaq	21,108	+0.2	22.9	Gold	3339.3	-1.0
GBP	1.3432	-0.6	1.3416	1.3492	HKD	7.850	-0.0	Stoxx 50	5,352	-0.1	11.2	HRC steel	871.0	-0.1
JPY	147.67	+0.4	147.04	147.94	CNY	7.170	+0.2	FTSE	9,120	-0.2	11.4	CRB	302.3	-0.7
CAD	1.3704	+0.5			SGD	1.281	+0.3	DAX	24,218	-0.3	32.3	Wheat Chic.	558.8	-0.4
NZD/AUD	0.9165	+0.2			IDR	16,320	+0.2	CAC 40	7,835	+0.2	5.5	Sugar	16.29	-1.7
NZD/EUR	0.5124	-0.1			THB	32.40	+0.4	Nikkei	41,456	-0.9	10.1	Cotton	67.01	-0.3
NZD/GBP	0.4478	+0.4			KRW	1,384	+0.9	Shanghai	3,594	-0.3	24.3	Coffee	297.6	-2.3
NZD/JPY	88.82	+0.3			TWD	29.44	+0.4	ASX 200	8,667	-0.5	9.4	WM powder	3910	+0.1
NZD/CAD	0.8243	+0.3			PHP	57.13	+0.8	NZX 50	12,853	+0.4	4.1	Australian Futures		
NZ TWI	69.29	+0.1						VIX Index	14.93	-3.0	-19.1	3 year bond	96.52	-0.01
Interest Rates												7 year bond		
												10 year bond		

NZD exchange rates

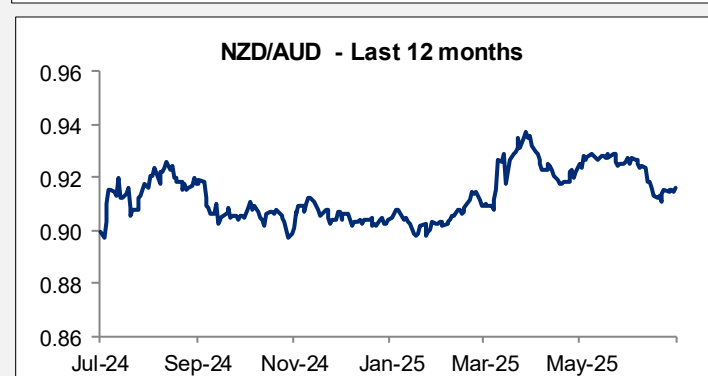
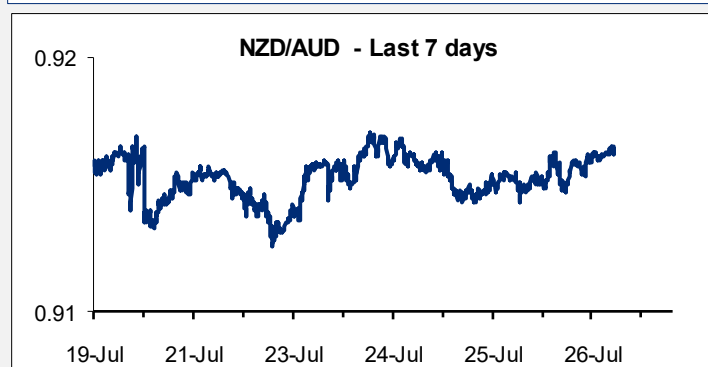
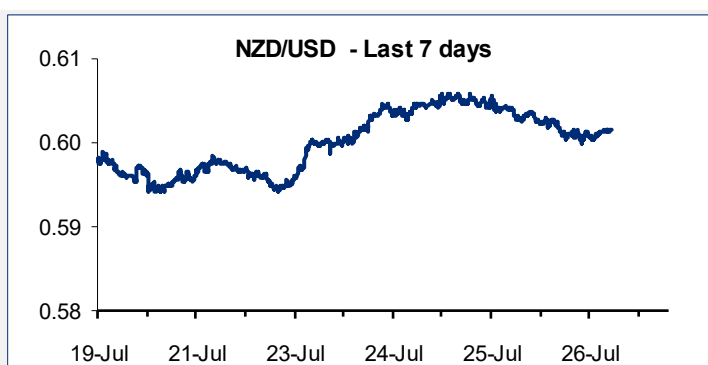
26/07/2025	NY close	Prev. NY close
USD	0.6015	0.6029
GBP	0.4478	0.4463
AUD	0.9165	0.9149
EUR	0.5124	0.5132
JPY	88.82	88.63
CAD	0.8243	0.8222
CHF	0.4784	0.4795
DKK	3.8240	3.8306
FJD	1.3534	1.3548
HKD	4.7223	4.7327
INR	52.05	52.10
NOK	6.1129	6.1073
PKR	171.43	171.80
PHP	34.37	34.16
PGK	2.4839	2.4498
SEK	5.7248	5.7546
SGD	0.7709	0.7703
CNY	4.3132	4.3136
THB	19.48	19.45
TOP	1.3997	1.4054
VUV	71.93	72.08
WST	1.6437	1.6441
XPF	61.28	61.39
ZAR	10.6915	10.6295

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.03	6.27
3 Months	18.81	19.67
6 Months	36.39	37.39
9 Months	50.60	53.29
1 Year	63.06	65.97

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.27	4.84
3 Months	13.10	14.80
6 Months	23.74	26.32
9 Months	31.38	36.91
1 Year	40.62	48.40



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