

# Research Markets Today

29 April 2025

## Events Round-Up

US: Dallas Fed manufact. activity, Apr: -35.8 vs. -16.3 prev.

## Good Morning

The new week has begun with US equities reversing some of last week's strong recovery, US Treasury yields falling modestly with a steepening bias and the USD on the back foot, with negative headlines on tariffs and the prospects for the US economy.

After last week's strong rally, US equities have begun the week on a soft note, with the S&P500 index showing modest falls, driven by the tech sector. Other equity markets were stronger, with the Euro Stoxx 600 index up 0.5%, the UK FTSE100 flat and the Nikkei index up 0.4%.

While newsflow has been light, tariffs and the state of the US economy are forefront of mind. Over the weekend, President Trump claimed that he had spoken with President Xi (albeit he didn't give any indication of timing) and the US was talking with China on trade and tariffs but last night this was denied by China. China's foreign ministry said that there have not been any calls with the US recently and "let me be make it clear one more time – China and the US are not engaged in any consultation or negotiation on tariffs".

When asked about this on CNBC, US Treasury Bessent said "all aspects" of the US government are in contact with China and "I believe it's up to China to de-escalate because they sell five times more to us than we sell to them, so these 125% tariffs are unsustainable". He added that he has "an escalation ladder in my back pocket" and this would take the form of an embargo.

At a press conference yesterday, Chinese policymakers reiterated their plan to support the economy in the face of US tariffs and authorities are "fully confident" in reaching the GDP target of 5% for 2025. One official said that they didn't need US agricultural or energy imports. They were "highly substitutable" and could be sourced elsewhere. The briefing followed the readout at the end of last week following the latest Politburo meeting which offered up a menu of various support measures. The message reinforced the consensus view that policy will step-up when most needed later in the year.

Getting plenty of airplay in the media is data showing a slump in goods being transported from China towards the US, with various indicators showing freight activity and bookings down in the order of 30-50% compared to year-ago levels. While we might have passed peak market anxiety regarding the trade war, the economic impact is only just beginning.

We don't normally report on all the regional Fed surveys, but for the record (and since there were no key releases to report on) the Dallas Fed manufacturing activity index for April slumped 19.5pts to minus 35.8, its lowest reading in five years. The slump in activity is consistent with other regional Fed surveys released to date, ahead of the US ISM manufacturing survey later this week. Weaker activity and higher pricing indicators have been the norm.

US Treasury yields are lower, led by the short end as traders build in more chance of Fed rate cuts later this year, given the looming risk of recession. The meeting with the largest change in rates priced is September, when the proverbial hits the fan from an economic perspective, as by then the labour market will likely be showing some pain on the current policy trajectory. The 2-year rate is currently down 5bps from last week's close to 3.69%, while the 10-year rate is down 1bp to 4.22%.

The USD is broadly weaker, although the NZD has underperformed, after last week's outperformance, and is flat around 0.5960. With the AUD rising back up through 0.64, NZD/AUD has nudged down to below 0.93. Safe havens CHF and JPY have outperformed, and NZD/JPY is down 1% to 84.8. NZD/GBP is back below 0.4450 and NZD/EUR has fallen modestly to 0.5230.

Domestic rates played catch-up to lower US rates following the long weekend, resulting in NZGB yields down 5-8bps across the curve, led by the long-end. The 10-year rate closed down 7bps to 4.45%. Swap rates fell 4-6bps.

In the day ahead, NZ Finance Minister Willis will be giving a pre-Budget speech this morning. There are only second-tier economic releases, the ones of most interest being the US JOLTS report on the labour market and the US Conference Board measure of consumer confidence.

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## Coming Up

	Period	Cons.	Prev.	NZT
NZ	Finance Minister Willis pre-Budget speech			8:00
NZ	Filled jobs (m/m%)	Mar	0.1	10:45
GE	GfK consumer confidence	May	-25.7	-24.5 18:00
EC	Economic confidence	Apr	94.5	95.2 21:00
US	Goods trade balance (\$b)	Mar	-143	-148 0:30
US	JOLTS job openings (k)	Mar	7500	7568 2:00
US	Conf. Board consumer confid.	Apr	87.6	92.9 2:00

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	0.5965	+0.1	0.5928	0.5982	CHF	0.8216	-0.8	S&P 500	5,504	-0.4	7.9	Oil (Brent)	65.81	-1.6
AUD	0.6423	+0.4	0.6368	0.6430	SEK	9.594	-1.1	Dow	40,075	-0.1	4.8	Oil (WTI)	62.03	-1.6
EUR	1.1407	+0.4	1.1331	1.1422	NOK	10.354	-0.8	Nasdaq	17,266	-0.7	8.4	Gold	3332.5	+1.5
GBP	1.3421	+0.8	1.3295	1.3426	HKD	7.757	-0.0	Stoxx 50	5,170	+0.3	3.3	HRC steel	944.0	+0.0
JPY	142.22	-1.0	142.13	143.89	CNY	7.287	+0.0	FTSE	8,417	+0.0	3.4	CRB	298.5	+0.2
CAD	1.3848	-0.1			SGD	1.309	-0.4	DAX	22,272	+0.1	22.6	Wheat Chic.	532.8	-2.2
NZD/AUD	0.9287	-0.4			IDR	16,856	+0.2	CAC 40	7,574	+0.5	-6.4	Sugar	17.84	-1.9
NZD/EUR	0.5229	-0.3			THB	33.37	-0.5	Nikkei	35,840	+0.4	-6.7	Cotton	66.38	-0.7
NZD/GBP	0.4445	-0.8			KRW	1,436	-0.4	Shanghai	3,288	-0.2	5.6	Coffee	410.1	+2.6
NZD/JPY	84.83	-1.1			TWD	32.47	-0.2	ASX 200	7,997	+0.4	4.7	WM powder	4190	+1.2
NZD/CAD	0.8260	-0.1			PHP	56.43	+0.3	NZX 50	12,099	+0.7	1.5	Australian Futures		
NZ TWI	69.75	-0.2						VIX Index	25.76	+3.7	+71.4	3 year bond	96.72	0.02
Interest Rates											7 year bond			
											10 year bond			
											0.02			
											0.02			
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	3.46	3.71	USD	4.22	-0.01	15-Apr-27	3.23	-0.05	BKBM 1-mth	3.62	0.00	
AUD	4.10	3.90	3.19	4.08	AUD	4.17	-0.07	15-May-28	3.43	-0.05	BKBM 3-mth	3.43	-0.02	
NZD	3.50	3.43	3.07	3.97	NZD	4.45	-0.07	20-Apr-29	3.60	-0.06	1 year	3.07	-0.02	
EUR	2.25	2.17	1.92	2.50	GER	2.52	0.05	15-May-30	3.77	-0.06	2 year	3.07	-0.04	
GBP	4.50	4.62	3.65	4.00	GBP	4.51	0.03	15-May-31	3.96	-0.06	3 year	3.19	-0.04	
JPY	0.48	-0.03	0.67	1.08	JPY	1.32	-0.02	15-May-32	4.14	-0.06	5 year	3.45	-0.05	
CAD	2.75	4.97	2.37	2.89	CAD	3.16	-0.01	14-Apr-33	4.24	-0.07	7 year	3.70	-0.06	
							Policy Meeting Run		15-May-34	4.35	-0.07	10 year	3.97	-0.06
									15-May-35	4.45	-0.07	15 year	4.24	-0.06
									15-May-36	4.54	-0.08	NZ Inflation-Indexed Bonds		
									15-May-37	4.65	-0.08	Sep-30	1.91	-0.07
									15-May-41	4.89	-0.08	Sep-35	2.70	-0.07
									15-May-51	5.09	-0.08	Sep-40	3.02	-0.07
									15-May-54	5.11	-0.08			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:44														
Source: Bloomberg														

**NZD exchange rates**

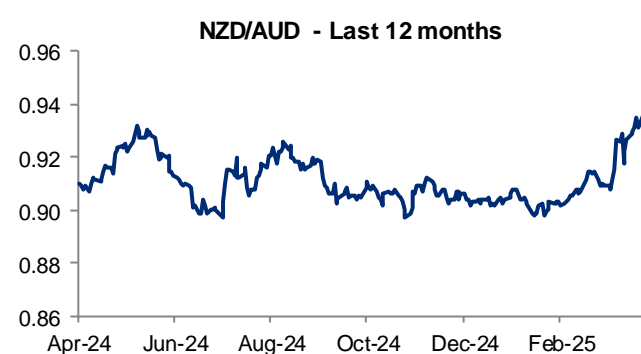
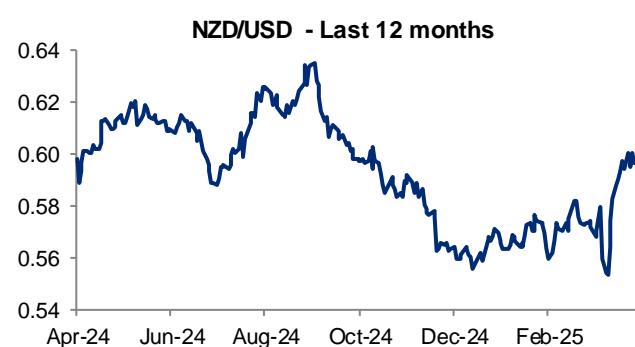
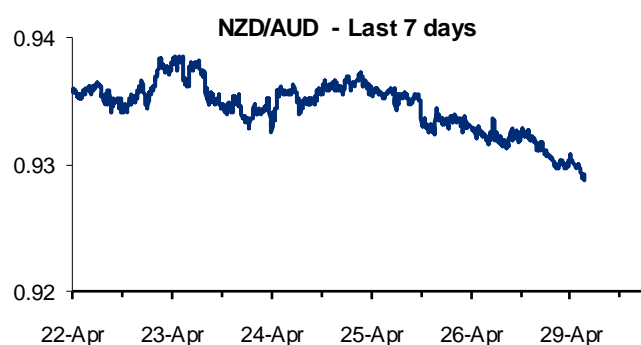
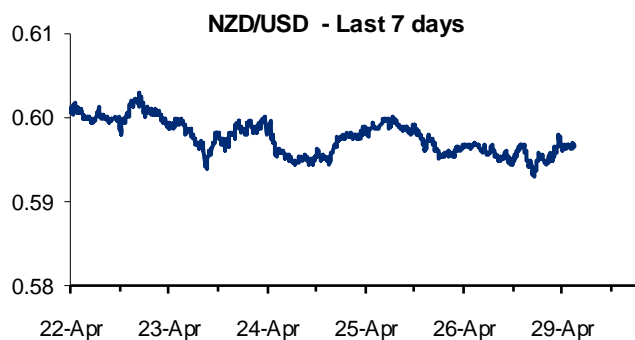
<b>29/04/2025</b>	<b>6:44 am</b>	<b>Prev. NY close</b>
USD	0.5965	0.5963
GBP	0.4445	0.4478
AUD	0.9287	0.9324
EUR	0.5229	0.5247
JPY	84.83	85.67
CAD	0.8260	0.8267
CHF	0.4901	0.4940
DKK	3.9034	3.9173
FJD	1.3656	1.3614
HKD	4.6271	4.6256
INR	50.72	50.95
NOK	6.1763	6.2236
PKR	167.66	167.60
PHP	33.66	33.54
PGK	2.4317	2.4309
SEK	5.7228	5.7830
SGD	0.7810	0.7840
CNY	4.3469	4.3451
THB	20.08	20.01
TOP	1.4085	1.4047
VUV	72.48	72.42
WST	1.6728	1.6695
XPF	62.52	62.62
ZAR	11.0412	11.1571

**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.58	4.88
3 Months	16.56	17.06
6 Months	32.98	33.99
9 Months	45.68	48.27
1 Year	54.05	57.05

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	4.50	5.22
3 Months	15.51	16.74
6 Months	27.80	30.77
9 Months	35.36	41.56
1 Year	40.30	49.30



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