

Research Markets Today

29 July 2025

Events Round-Up

NZ: Filled jobs (m/m%), Jun: 0.1 vs. -0.1 prev.

Good Morning

After digesting the weekend news of a US-EU trade deal, the net result has been a slump in the euro, a modest fall in European equity markets and a modest fall in European bond yields. The USD is broadly stronger, reversing last week's loss. The NZD has sustained a move back below 0.60, while NZD/EUR is up ½% to 0.5150.

It didn't take long for joy about the negotiated US-EU trade "deal" to fade. Asian markets opened with stronger US and European equity futures and small gains for risk currencies and the euro. All of that has completed reversed overnight and the euro is the weakest of the majors, slumping by 1.3% from last week's close to 1.1590.

While the agreement that the EU will face only a baseline 15% tariff on exports to the US for most goods averted worse scenarios of a 30% rate or an outright trade war, the reality is that the deal is negative for growth in the region. German Chancellor Merz said tariffs would cause "considerable damage" to the German economy, Europe and the US, including higher inflation, but he acknowledged it was the "best result achievable in a given situation". The French PM said the trade deal marked a "dark day". Spain's PM said he supported the deal "but without any enthusiasm".

Speaking to media, President Trump said he planned to set tariffs "in the range of 15-20% "for essentially the rest of the world", referring to those countries that don't strike a deal before the 1-August deadline.

Trump also said he would shorten the 50-day deadline for Russia to reach a truce with Ukraine, to "about 10 or 12 days from today", to be announced later today or tomorrow, adding "I'm not interested in talking anymore" with President Putin. Unless a deal is made, secondary sanctions – like imposing punitive tariffs on countries that buy oil from Russia – would kick in.

The S&P500 is currently down a touch, reversing the positive mood during Asia trading while the Euro Stoxx 600 index closed down 0.2%. Germany was the weakest of the key equity markets, with the DAX index down 1%.

European rates are lower across the board, down in the order of 3bps across the curve for German Bunds. This contrasts with slightly higher rates for the UK and US, in the order of 1-3bps for gilts and treasuries. The treasuries curve is slightly steeper, with the 10-year rate currently up 3bps from last week's close to 4.42%.

As noted, the euro has been the weakest of the majors, not helped by lower European-US rate spreads and more certainty that higher tariffs will knock down euro area growth of perhaps up to ½%. The euro-centric USD DXY index is up 1%, with broader dollar indices up 0.8%, with the dollar showing gains against all the key majors.

Other European currencies are weaker, including CHF falling 1%, while GBP shows a more moderate fall of only 0.6% to 1.3355. The NZD and AUD are both down 0.8% from last week's close, to around 0.5970 and 0.6515 respectively. On NZD crosses, the biggest moves have been a 0.6% fall in NZD/CAD to below 0.82, given the CAD's low beta to large USD moves, while NZD/EUR is up 0.5% to 0.5150. CAD is also supported by higher oil prices, with Brent crude up 2½% to over USD70 per barrel, supported by Trump's renewed threat of sanctions against Russia.

In other tariff news, the two-day talks led by the Chinese Vice Premier and US Treasury Secretary began in Stockholm, with a view to extending the US-China trade war truce and widening discussions, including Chinese purchases of sanctioned Russian and Iranian oil. We expect a positive outcome from the meeting, given recent sourced reports that President Trump wants to meet President Xi later this year and he wants to dial down tensions ahead of a potential meeting.

Yesterday, the domestic rates market showed a 1-3bps fall in NZGB yields, reversing course after a small lift in yields in the morning. The 2-year swap rate was flat at 3.17% while the 10-year swap rate fell 2bps to 4.09%. NZ filled jobs data continued to convey a soft labour market. Even though filled jobs ticked higher in June, they fell 0.3% in Q2, supporting our view that HLFS employment will likely show a small fall in next week's release.

On the economic calendar, tonight sees the release of US trade data, the JOLTS labour market report and consumer confidence.

jason.k.wong@bnz.co.nz

Coming Up

		Period	Cons.	Prev.	NZT
US	Goods trade balance (\$b)	Jun	-98.0	-96.6	00:30
US	JOLTS job openings (k)	Jun	7550	7769	02:00
US	Conf. Board consumer confid.	Jul	96.0	93.0	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	0.5969	-0.8	0.5967	0.6004	CHF	0.8034	+1.0	S&P 500	6,381	-0.1	16.9	Oil (Brent)	70.20	+2.6
AUD	0.6516	-0.8	0.6513	0.6553	SEK	9.616	+0.9	Dow	44,783	-0.3	10.3	Oil (WTI)	66.88	+2.6
EUR	1.1592	-1.3	1.1585	1.1724	NOK	10.196	+0.3	Nasdaq	21,148	+0.2	21.8	Gold	3313.0	-0.7
GBP	1.3353	-0.6	1.3352	1.3440	HKD	7.850	+0.0	Stoxx 50	5,338	-0.3	9.8	HRC steel	873.0	+0.2
JPY	148.57	+0.6	147.79	148.58	CNY	7.179	+0.1	FTSE	9,081	-0.4	9.6	CRB	302.3	-0.7
CAD	1.3733	+0.2			SGD	1.287	+0.4	DAX	23,970	-1.0	30.1	Wheat Chic.	558.8	+0.1
NZD/AUD	0.9161	-0.1			IDR	16,364	+0.3	CAC 40	7,801	-0.4	3.8	Sugar	16.43	+0.9
NZD/EUR	0.5149	+0.5			THB	32.50	+0.4	Nikkei	40,998	-1.1	6.6	Cotton	67.40	+0.6
NZD/GBP	0.4470	-0.2			KRW	1,389	+0.4	Shanghai	3,598	+0.1	24.4	Coffee	301.7	+1.4
NZD/JPY	88.68	-0.2			TWD	29.58	+0.5	ASX 200	8,698	+0.4	8.9	WM powder	3920	+0.3
NZD/CAD	0.8197	-0.6			PHP	57.18	+0.1	NZX 50	12,911	+0.4	4.8	Australian Futures		
NZ TWI	69.08	-0.4						VIX Index	15.31	+2.5	-6.6	3 year bond	96.52	0.00
Interest Rates														
	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	3.67	3.88	USD	4.42	0.03	15-Apr-27	3.29	-0.01	BKBM 1-mth	3.30	-0.02	
AUD	3.85	3.70	3.33	4.25	AUD	4.34	-0.01	15-May-28	3.49	-0.01	BKBM 3-mth	3.20	0.00	
NZD	3.25	3.20	3.17	4.09	NZD	4.57	-0.03	20-Apr-29	3.67	-0.01	1 year	3.10	0.00	
EUR	2.00	1.97	2.06	2.66	GER	2.69	-0.03	15-May-30	3.87	-0.01	2 year	3.17	-0.00	
GBP	4.25	4.38	3.69	4.14	GBP	4.65	0.01	15-May-31	4.08	-0.01	3 year	3.30	-0.00	
JPY	0.48	-0.03	0.82	1.35	JPY	1.57	-0.04	15-May-32	4.24	-0.02	5 year	3.57	-0.01	
CAD	2.75	4.97	2.69	3.24	CAD	3.53	0.01	14-Apr-33	4.36	-0.02	7 year	3.81	-0.01	
								15-May-34	4.47	-0.02	10 year	4.09	-0.02	
								15-May-35	4.57	-0.03	15 year	4.37	-0.01	
								15-May-36	4.68	-0.03	NZ Inflation-Indexed Bonds			
								15-May-37	4.80	-0.03	Sep-30	2.03	0.01	
								15-May-41	5.06	-0.03	Sep-35	2.73	0.01	
								15-May-51	5.26	-0.03	Sep-40	3.12	0.01	
								15-May-54	5.29	-0.03				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:56														
Source: Bloomberg														

NZD exchange rates

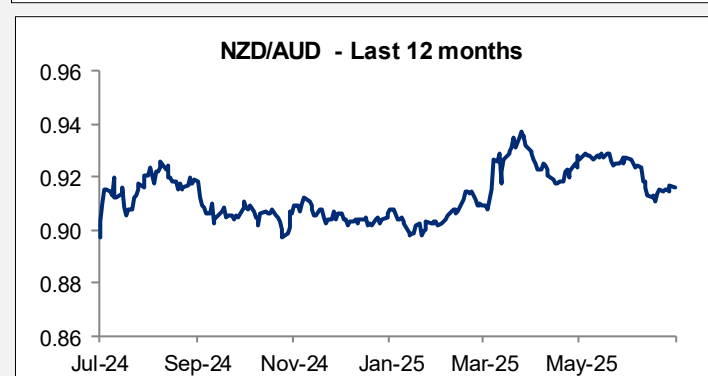
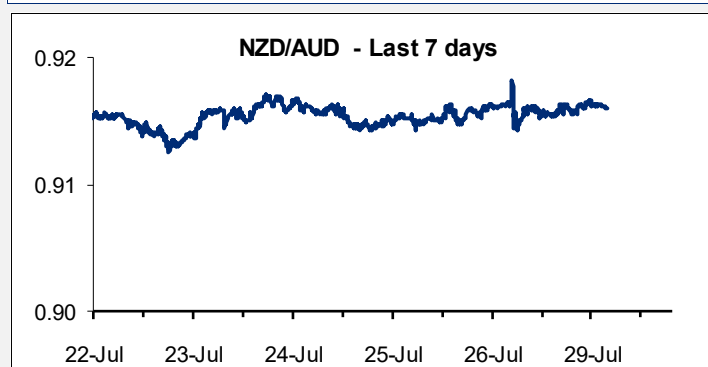
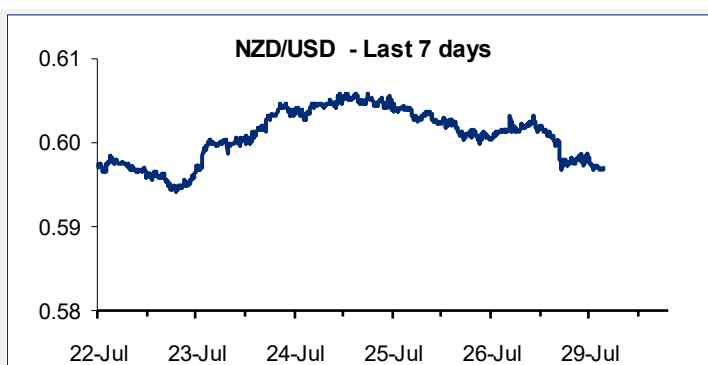
29/07/2025	6:56 am	Prev. NY close
USD	0.5969	0.6017
GBP	0.4470	0.4478
AUD	0.9161	0.9164
EUR	0.5149	0.5124
JPY	88.68	88.87
CAD	0.8197	0.8245
CHF	0.4795	0.4786
DKK	3.8426	3.8251
FJD	1.3465	1.3537
HKD	4.6856	4.7231
INR	51.73	52.06
NOK	6.0857	6.1153
PKR	170.09	171.46
PHP	34.13	34.37
PGK	2.4645	2.4843
SEK	5.7398	5.7352
SGD	0.7682	0.7711
CNY	4.2850	4.3139
THB	19.33	19.41
TOP	1.3904	1.4000
VUV	71.35	71.94
WST	1.6360	1.6437
XPF	61.19	61.29
ZAR	10.6805	10.6908

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.89	5.99
3 Months	18.91	19.35
6 Months	36.04	37.04
9 Months	50.39	52.32
1 Year	62.17	65.06

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.23	4.58
3 Months	13.47	14.56
6 Months	23.77	26.41
9 Months	31.79	36.92
1 Year	40.45	48.11



Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Matt Brunt
Economist

Mike Jones
BNZ Chief Economist
+64 9-956 0795

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore Street
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

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