Markets Today

30 July 2025

Events Round-Up

US: Goods trade balance ($b), Jun: -86.0 vs. -98.0 exp.

US: JOLTS job openings (k), Jun: 7437 vs. 7500 exp.

US: Conf. Board consumer confid., Jul: 97.2 vs. 96.0 exp.

Good Morning

The key market movement overnight has been a notable rally in US Treasuries, led by the long end of the curve, with rates down between 4-9bps. There have been a number of potential drivers listed by traders explaining the move. Tomorrow, the US Treasury will announce its debt-issuance plans and the expected strategy is one that keeps a lid on longer-term yields, by preferring to issue cheaper short-term debt. Traders might also be reducing short positions, ahead of the Fed's monetary policy update tomorrow, where there is a chance of the door being opened for a September rate cut.

Some month-end buying has also been cited as a possible driver of lower yields. Economic data released (noted below) were mixed, but a focus on the easier labour market indicators could explain lower rates. Rates were lower heading into the auction for $44b of 7-year notes and that didn't deter buyers. Demand was strong and the note was awarded more than 2bps lower than the prevailing rate.

The US 10-year rate is currently 4.33%, showing a fairly steady decline overnight and down 7bps from the NZ close. European yields showed small increases, with Germany's 10-year rate up 2bps 2.71%.

The US JOLTS report showed job openings fell 275k in June, a larger drop than expected from an upwardly revised figure for May. The bigger picture is one of stabilisation over the past six months. The Conference Board measure of consumer confidence rose 2pts in July to 97.2, driven by the expectations component, which lifted to a 5-month high. The labour market indicator, representing the difference between those saying jobs were plentiful against those saying jobs were hard to get, continued to ease, indicative of a softening labour market.

The goods trade balance showed a much smaller deficit than expected of $86b in June, with a steep fall in imports, continuing to reverse strength in Q1 when businesses front-loaded imports ahead of higher tariffs. The data support a net exports-led bounce back in Q2 GDP from the contraction in Q1. The data are released tonight, with the consensus sitting at an annualised 2.5%. The Atlanta Fed GDPNow estimate was revised up to 2.9% after the trade figures, boosted by a more than 4% contribution from net exports.

The IMF revised upward its global growth estimates, now seeing 3.0% for 2025 (up two-tenths) and 3.1% for 2026 (up one-tenth). The IMF cited stronger-than-expected front-loading in anticipation of higher tariffs; lower average effective US tariff rates than announced in April; an improvement in financial conditions, including due to a weaker US dollar; and fiscal expansion in some major jurisdictions. The IMF's inflation outlook was little changed, with forecasts predicting inflation will remain above target in the US and be more subdued in other large economies.

Talks led by US Treasury Secretary Bessent and China Vice Premier He on trade ended after a two-day meeting in Stockholm. Bessent told reporters the US and China will continue discussing the terms of a tariff truce extension and President Trump will make the final call. The truce ends 12-August and Bessent said one option was adding an extra 90 days. Chinese trade negotiator Li told reporters that both sides agreed on maintaining the truce.

Updating the timeline hinted at yesterday, President Trump said he will give Russia 10 days to reach a truce with Ukraine or face economic penalties. Oil prices extended their rally after this comment and Brent crude is up nearly 4% for the day to over USD72 per barrel.

Despite the decent fall in Treasury yields, US equities are weaker, with the S&P500 down 0.3% with an hour left of trading. This could indicate some asset allocation ahead of month-end, with investors rebalancing portfolios by selling equities after their strong run and buying bonds.

One US earnings report that got our attention was Procter and Gamble announcing plans to raise prices for household products by about 5% in the US this year, to help offset the impact of a $1b hit to costs from higher tariffs. Many US companies have been avoiding publicly announcing tariff-related price increases, doing so less visibly, to avoid attention from President Trump.

The USD is broadly stronger again. Despite higher European-US rate spreads, the euro has weakened further, in the wake of the US-EU trade "deal". EUR fell to a low of 1.1520 before finding some support. The NZD shows a small fall to around 0.5955 and NZD/EUR has nudged up to 0.5160. Other NZD cross movements have been small.

In another quiet domestic trading session yesterday, NZGB and swap rates fell 1-2bps across the curve. In overnight trading, Australian bond futures have moved less than US rates, with the implied 10-year rate down 3bps.

The economic calendar is busy for the day ahead. Close to home, the ANZ NZ business outlook survey and Australian Q2 CPI data are released. A 0.7 q/q% lift in the trimmed mean core CPI estimate, in line with consensus, would cement expectations for a 25bps rate cut by the RBA next month.

Euro area GDP is expected to be flat in Q2, while US GDP is expected to bounce back to an annualised 2.5% in Q2, following the 0.5% contraction in Q1 – the quarterly profile is distorted by the front-running of imports in Q1, ahead of higher tariffs. The Bank of Canada is universally expected to keep policy on hold.

The Fed is also expected to keep policy unchanged. There will be some interest in whether Chair Powell opens the door for a possible rate cut in September. Two Fed Governors are likely to dissent, voting in favour of a rate cut in tomorrow's meeting, which would be a rare event.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ activity outlook (net%)	Jul		40.9	13:00
AU	CPI (y/y%)	Q2	2.2	2.4	13:30
AU	CPI trimmed mean (q/q%)	Q2	0.7	0.7	13:30
AU	CPI trimmed mean (y/y%)	Q2	2.7	2.9	13:30
GE	GDP (q/q%)	Q2	-0.1	0.4	20:00
EC	Economic confidence	Jul	94.5	94	21:00
EC	GDP (q/q%)	Q2	0.0	0.6	21:00
US	ADP employment change (k)	Jul	75	-33	00:15
US	GDP (ann'lsd q/q%)	Q2	2.5	-0.5	00:30
US	Core PCE deflator (ann'lsd q/q%)	Q2	2.3	3.5	00:30
CA	Bank of Canada policy rate	Jul	2.75	2.75	01:45
US	Pending home sales (m/m%)	Jun	0.25	1.8	02:00
US	Fed Funds rate (upper bd%)	Jul	4.5	4.5	06:00

Source: Bloomberg, BNZ

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5957	-0.2	0.5943	0.5964
AUD	0.6515	-0.1	0.6496	0.6520
EUR	1.1549	-0.3	1.1519	1.1588
GBP	1.3354	-0.0	1.3308	1.3362
JPY	148.45	-0.1	148.34	148.81
CAD	1.3768	+0.2		
NZD/AUD	0.9144	-0.1		
NZD/EUR	0.5158	+0.1		
NZD/GBP	0.4461	-0.2		
NZD/JPY	88.43	-0.3		
NZD/CAD	0.8202	+0.0		
NZ TWI	68.97	-0.2		

Other FX

	Last	% Day
CHF	0.8056	+0.2
SEK	9.647	+0.3
NOK	10.197	-0.0
HKD	7.850	+0.0
CNY	7.177	-0.0
SGD	1.288	+0.1
IDR	16,409	+0.3
THB	32.38	-0.3
KRW	1,390	+0.0
TWD	29.70	+0.4
PHP	57.35	+0.3

Equities

Major Indices

	Last	% Day	% Year
S&P 500	6,377	-0.2	16.7
Dow	44,604	-0.5	10.0
Nasdaq	21,135	-0.2	21.7
Stoxx 50	5,378	+0.7	11.7
FTSE	9,136	+0.6	10.2
DAX	24,217	+1.0	32.2
CAC 40	7,857	+0.7	5.6
Nikkei	40,675	-0.8	5.6
Shanghai	3,610	+0.3	25.4
ASX 200	8,705	+0.1	9.4
NZX 50	12,936	+0.2	4.4
VIX Index	15.49	+3.1	-6.7

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	72.73	+3.9
Oil (WTI)	69.43	+4.1
Gold	3326.6	+0.5
HRC steel	875.0	+0.2
CRB	303.5	+0.4
Wheat Chic.	549.8	-1.6
Sugar	16.59	+1.0
Cotton	66.30	-1.7
Coffee	296.5	-1.7
WM powder	3960	+1.0

Australian Futures

3 year bond	96.55	0.03
10 year bond	95.67	0.05

Interest Rates

	Rates Cash	Rates 3Mth	Swap Yields 2 Yr	Swap Yields 10 Yr
USD	4.50	4.85	3.63	3.80
AUD	3.85	3.71	3.31	4.20
NZD	3.25	3.19	3.16	4.07
EUR	2.00	2.02	2.07	2.68
GBP	4.25	4.38	3.68	4.12
JPY	0.48	-0.03	0.81	1.34
CAD	2.75	4.97	2.66	3.18

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.33	-0.08
AUD	4.33	-0.01
NZD	4.56	-0.02
GER	2.71	0.02
GBP	4.63	-0.01
JPY	1.58	0.01
CAD	3.48	-0.05

Policy Meeting Run

	NZD	AUD	USD
1st	3.05	3.61	4.32
2nd	3.00	3.53	4.16
3rd	2.90	3.22	4.04
4th	2.84	3.25	3.87
5th	2.83	3.12	3.78

NZ Government Bonds

	Last	Chg
15-Apr-27	3.28	-0.02
15-May-28	3.48	-0.02
20-Apr-29	3.66	-0.01
15-May-30	3.86	-0.02
15-May-31	4.06	-0.02
15-May-32	4.23	-0.02
14-Apr-33	4.34	-0.02
15-May-34	4.46	-0.02
15-May-35	4.56	-0.02
15-May-36	4.66	-0.02
15-May-37	4.78	-0.02
15-May-41	5.05	-0.02
15-May-51	5.24	-0.02
15-May-54	5.27	-0.02

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	3.29	-0.01
BKBM 3-mth	3.19	-0.00
1 year	3.10	0.00
2 year	3.16	-0.02
3 year	3.29	-0.01
5 year	3.55	-0.02
7 year	3.79	-0.02
10 year	4.07	-0.02
15 year	4.34	-0.03

NZ Inflation-Indexed Bonds

Sep-30	2.02	-0.01
Sep-35	2.72	-0.01
Sep-40	3.11	-0.01

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

Rates are as of: NZT 06:59

Source: Bloomberg

NZD exchange rates

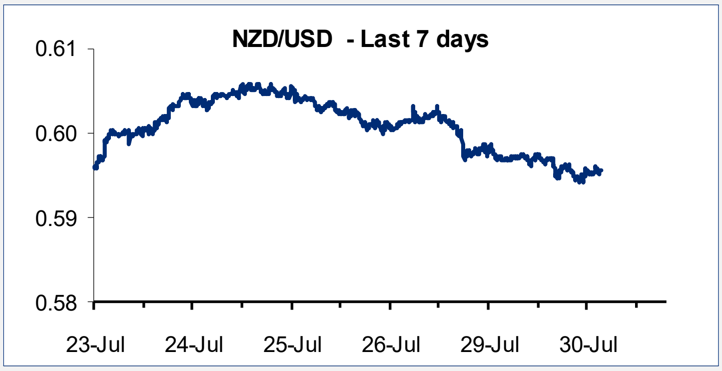
30/07/2025	6:59 am	Prev. NY close
USD	0.5957	0.5970
GBP	0.4461	0.4470
AUD	0.9144	0.9155
EUR	0.5158	0.5151
JPY	88.43	88.67
CAD	0.8202	0.8202
CHF	0.4799	0.4797
DKK	3.8501	3.8443
FJD	1.3441	1.3492
HKD	4.6762	4.6864
INR	51.72	51.73
NOK	6.0743	6.0894
PKR	169.74	170.12
PHP	34.15	34.13
PGK	2.4595	2.4258
SEK	5.7465	5.7390
SGD	0.7671	0.7681
CNY	4.2753	4.2857
THB	19.32	19.33
TOP	1.3870	1.3906
VUV	71.21	71.38
WST	1.6438	1.6437
XPF	61.18	61.21
ZAR	10.6506	10.6724

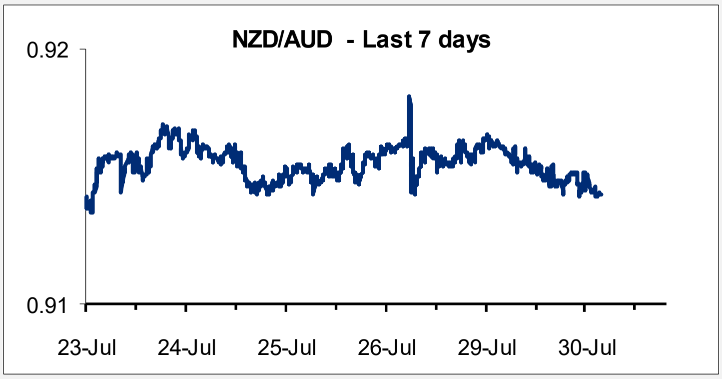
NZD/USD Forward Points

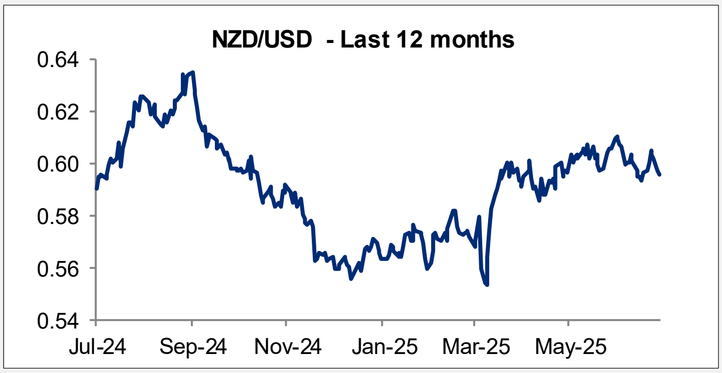
	BNZ buys NZD	BNZ sells NZD
1 Month	5.70	5.84
3 Months	18.85	19.30
6 Months	35.63	36.63
9 Months	49.63	51.63
1 Year	60.71	63.71

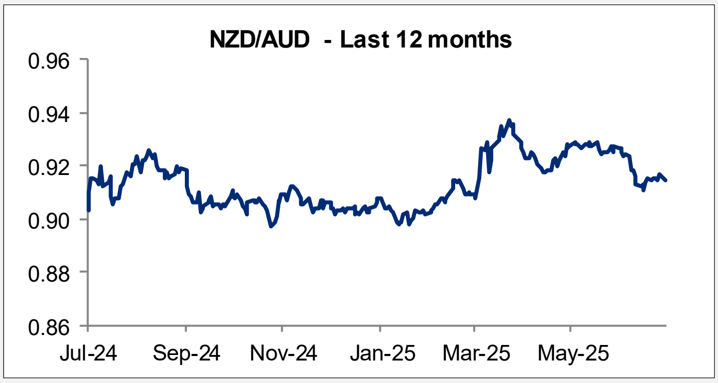
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.16	4.54
3 Months	13.61	14.71
6 Months	23.26	25.89
9 Months	30.70	35.86
1 Year	38.22	46.62









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