

Research Markets Today

30 May 2025

Events Round-Up

NZ: ANZ activity outlook (net%), May: 34.8 vs. 49.3 prev.
 US: GDP (2nd est., ann'lised q/q%), Q1: -0.2 vs. -0.3 exp.
 US: Initial jobless claims (k), May 24: 240 vs. 230 exp.
 US: Pending home sales (m/m%), Apr: -6.3 vs. -1.0 exp.

Good morning

Risk sentiment received a boost after a US trade court invalidated President Trump's 'liberation day' tariffs, deeming them illegal. S&P index futures gained more than 1%, and the US dollar advanced against G10 currencies, after the ruling was announced in the Asian time zone. However, the S&P retraced from the highs and the dollar reversed course overnight. US treasuries extended the recent move lower in yield supported by a solid 7-year auction.

The US Court of International Trade issued a ruling that the president had wrongfully invoked an emergency law to justify some of the tariffs. The Trump administration said it was making an appeal and threatened to go to the Supreme Court if necessary. The White House expressed confidence that the court's ruling would be overturned on appeal, and that trade negotiations with other countries would continue, adding further macro uncertainty for financial markets.

Revised data revealed the US economy had contracted by an annualised 0.2% in the first quarter, marginally stronger than the initial data released last month. The fall in GDP reflected weak consumer spending, and a surge in imports, ahead of the expected tariff announcements. In other economic news, initial jobless claims were higher than expected and pending home sales fell sharply in April.

US treasury yields declined after the softer than expected data. The market is again pricing two 25bp rate cuts for the Fed this year. 10-year yields are down 5bp at 4.43%, the lowest level since the middle of the month. The US\$44 billion 7-year auction attracted strong demand and cleared 2bp below the prevailing market level. Month end index rebalancing and positioning likely supported demand.

In currency markets, there was a large reversal in the US dollar, which had initially strengthened, after the trade court ruling was announced. The retracement gathered

pace as treasury yields declined following the economic data. The yen and euro are more than 1% stronger compared with the local close yesterday. The Australasian currencies underperformed, with the NZD/USD move higher, stalling around 0.5990. The NZD lost ground on the major cross rates but gained against the AUD. NZD/AUD traded up towards 0.9280.

The post-RBNZ move sell off across NZ fixed income continued in the session yesterday. 2-year swap rates traded to a session high of 3.36%, before closing at 3.33%, 6bp higher on the day. 2-year rates were 3.17% in the lead up to the RBNZ rate decision on Wednesday. The curve flattened at the margin. 10-year swap rates ended the session at 4.21%.

NZ government bonds continued to outperformed swaps. 10-year asset swap spreads closed at 43bp, the tightest level since early April. The weekly tender saw decent demand across the two lines offered. Both lines had bid-cover ratios above three and cleared below the prevailing market midrate. Month end index adjustments likely contributed to the demand.

Australian 10-year bond futures are 5bp lower in yield terms, since the local close yesterday and along with the move in US treasuries, suggests an downward bias for NZ yields on the open.

ANZ consumer confidence is released today, and needs to make a significant recovery, to be consistent with our forecasts of for a pickup in household spending this year. Building consents are also scheduled and could be noisy given the timing of holidays during the month. Retail sales data for April is released in Australia.

Later this evening, US PCE data will be closely monitored. The consensus estimate for real personal spending is near flat in April. According to economist estimates, previously released CPI and PPI data imply a 0.1% rise in the core PCE deflator. This would reduce the annual rate to a four-year low of 2.5%, down from 2.6% in March.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ Consumer Confidence Index	May		98.3	10:00
NZ	Building Permits (m/m%)	Apr		9.6	10:45
JN	Tokyo CPI Ex Food, Energy (y/y%)	May	3.2	3.1	11:30
AU	Retail Sales (m/m%)	Apr	0.3	0.3	13:30
GE	CPI EU Harmonized (y/y%)	May P	2	2.2	0:00
CA	Quarterly GDP Annualized	1Q	1.65	2.6	0:30
US	Personal Income	Apr	0.3	0.5	0:30
US	Real Personal Spending	Apr	0	0.7	0:30
US	Core PCE Price Index (m/m%)	Apr	0.1	0	0:30
US	Core PCE Price Index (y/y%)	Apr	2.5	2.6	0:30
US	Advance Goods Trade Balance	Apr	-143	-162	0:30
US	MNI Chicago PMI	May	45.1	44.6	1:45
US	U. of Mich. Sentiment	May F	51.5	50.8	2:00
US	U. of Mich. 5-10 Yr Inflation	May F	4.5	4.6	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	0.5984	+0.3	0.5952	0.5992	CHF	0.8221	-0.6	S&P 500	5,902	+0.0	12.1	Oil (Brent)	64.07	-1.2		
AUD	0.6450	+0.4	0.6430	0.6460	SEK	9.544	-1.1	Dow	42,098	+0.1	9.5	Oil (WTI)	60.86	-1.5		
EUR	1.1382	+0.8	1.1262	1.1385	NOK	10.116	-0.7	Nasdaq	19,119	+0.2	13.0	Gold	3319.4	+0.7		
GBP	1.3501	+0.2	1.3455	1.3507	HKD	7.841	+0.0	Stoxx 50	5,371	-0.1	8.2	HRC steel	844.0	+1.1		
JPY	144.01	-0.5	143.96	145.61	CNY	7.186	-0.1	FTSE	8,716	-0.1	6.5	CRB	293.3	-0.5		
CAD	1.3800	-0.3			SGD	1.286	-0.2	DAX	23,933	-0.4	29.6	Wheat Chic.	549.0	+0.6		
NZD/AUD	0.9278	-0.1			IDR	16,308	+0.1	CAC 40	7,780	-0.1	-2.0	Sugar	17.00	+0.6		
NZD/EUR	0.5257	-0.5			THB	32.55	-0.5	Nikkei	38,433	+1.9	1.0	Cotton	65.03	-0.5		
NZD/GBP	0.4432	+0.0			KRW	1,371	-0.3	Shanghai	3,363	+0.7	8.8	Coffee	348.4	-1.0		
NZD/JPY	86.18	-0.3			TWD	29.71	-0.6	ASX 200	8,410	+0.2	10.2	WM powder	3995	+0.5		
NZD/CAD	0.8258	-0.0			PHP	55.74	+0.4	NZX 50	12,281	-0.7	6.3	Australian Futures				
NZ TWI	69.28	+0.0						VIX Index	19.05	-1.3	+33.4	3 year bond	96.55	-0.02		
Interest Rates												10 year bond			95.71	0.04
	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	3.72	3.88	USD	4.43	-0.05	15-Apr-27	3.45	0.06	BKBM 1-mth	3.36	-0.01			
AUD	3.85	3.73	3.27	4.19	AUD	4.37	0.04	15-May-28	3.66	0.06	BKBM 3-mth	3.31	0.04			
NZD	3.25	3.31	3.33	4.21	NZD	4.64	0.02	20-Apr-29	3.82	0.06	1 year	3.22	0.04			
EUR	2.25	2.01	1.93	2.50	GER	2.51	-0.05	15-May-30	4.00	0.05	2 year	3.33	0.06			
GBP	4.25	4.54	3.83	4.14	GBP	4.65	-0.08	15-May-31	4.19	0.04	3 year	3.47	0.07			
JPY	0.48	-0.03	0.72	1.21	JPY	1.53	0.01	15-May-32	4.35	0.04	5 year	3.73	0.07			
CAD	2.75	4.97	2.45	2.94	CAD	3.21	-0.03	14-Apr-33	4.45	0.03	7 year	3.96	0.06			
						Policy Meeting Run		15-May-34	4.55	0.03	10 year	4.21	0.05			
								15-May-35	4.64	0.02	15 year	4.47	0.05			
						NZD AUD USD		15-May-36	4.74	0.01	NZ Inflation-Indexed Bonds					
								15-May-37	4.85	0.00	Sep-30	2.24	0.04			
								15-May-41	5.11	-0.01	Sep-35	2.89	0.04			
								15-May-51	5.30	-0.01	Sep-40	3.27	0.04			
								15-May-54	5.34	-0.01						

NZD exchange rates

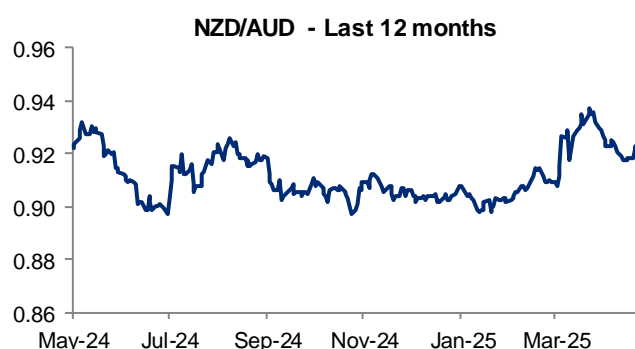
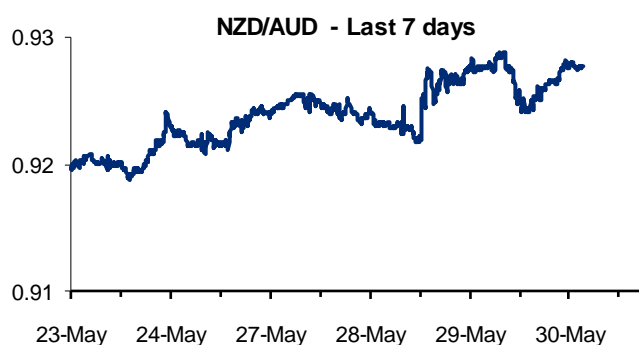
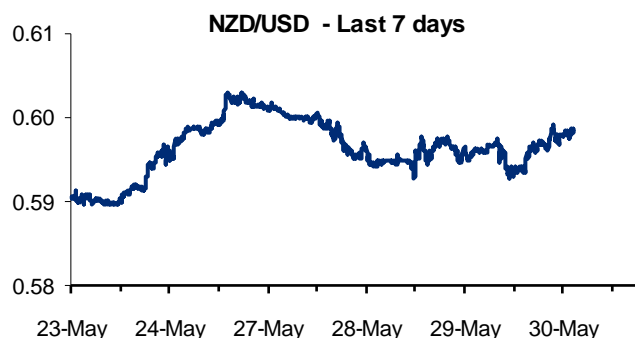
30/05/2025 6:36 am		Prev. NY close
USD	0.5984	0.5967
GBP	0.4432	0.4430
AUD	0.9278	0.9286
EUR	0.5257	0.5284
JPY	86.18	86.43
CAD	0.8258	0.8257
CHF	0.4919	0.4936
DKK	3.9214	3.9404
FJD	1.3554	1.3561
HKD	4.6921	4.6774
INR	51.18	50.94
NOK	6.0537	6.0780
PKR	168.75	168.09
PHP	33.35	33.11
PGK	2.4535	2.4031
SEK	5.7112	5.7607
SGD	0.7695	0.7694
CNY	4.3000	4.2938
THB	19.61	19.46
TOP	1.3965	1.4004
VUV	72.44	72.24
WST	1.6507	1.6470
XPF	63.40	63.46
ZAR	10.6501	10.6990

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.93	6.15
3 Months	18.80	19.30
6 Months	36.90	37.90
9 Months	50.44	52.83
1 Year	60.19	63.31

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.31	5.82
3 Months	14.87	16.07
6 Months	24.85	27.47
9 Months	29.67	35.12
1 Year	31.57	39.65



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