

# Research Markets Today

5 February 2025

## Events Round-Up

NZ: Dwelling consents (m/m%), Dec: -5.6 vs. 4.9 prev.  
US: JOLTS job openings (k), Dec: 7600 vs. 8000 exp.

## Good morning

Investor risk appetite has recovered since President Trump delayed the implementation of tariffs on Mexico and Canada by a month despite an escalation in trade tensions with China. The delay raised hopes that tariffs represent a negotiating tool of the new US administration rather than a final objective. The S&P is 0.7% higher, and more than 2% above the low, reached after the gap weaker on Monday morning. Treasury yields are modestly lower after US job openings fell while the US dollar is broadly weaker.

JOLTS job openings in the US fell to a three-month low in December. The number of jobs available fell to 7,600K, well below the consensus of 8,000K. The quits rate stayed at 2% and suggests workers are less confident about finding new jobs, which is expected to contain wage growth, and support the Fed's view that the labour market isn't a source of inflationary pressure.

Market pricing for Fed easing increased marginally after the data. There is close to 44bp of cuts priced by the end of the year. US treasury yields are modestly lower across the curve. 10-year yields retraced from 4.59% intra-day high to 4.54%. 10-year bund yields closed up 1bp at 2.39%.

The US dollar is extended its losses overnight with the dollar index falling close to 0.7% since the NZ close yesterday. China retaliated against the additional 10% tariffs imposed by the US. But the scope was limited and is seen as a largely symbolic move, to avoid a full-blown trade war, which had little lasting impact on the FX market. The US dollar has now fully retraced the sharp move higher which began on Monday morning.

The pullback in the US dollar has been most pronounced against the Canadian dollar and other growth sensitive currencies while the yen has lagged. After dipping below 0.5590 in response to the news of China's trade retaliation, NZD/USD has extended toward 0.5650 overnight, fully reversing the losses from earlier in the week. The NZD is little changed on the other major cross rates although NZD/JPY is higher.

NZ front end swap rates moved lower in the local session yesterday with the curve steepening further. 2-year swaps fell 3bp to 3.33%, a new low for the cycle. Building consents were soft in December. This data can be volatile but is another indicator suggesting the economy struggled to gain momentum late last year. 10-year swap rates closed 1bp higher at 4.05%. The 2y/10y curve steepened back to 71bp, equalling the peak from January.

10-year NZGBs closed 2bp higher at 4.55% and outperformed on a cross-market basis. The Australian market was focused on the syndication of new March 2036 government bond. Australian 10-year government bond futures are little changed since the local close yesterday implying limited directional bias for NZ yields on the open.

The Waitangi Day public holiday on Thursday means the weekly government bond tender has been brought forward to today. There will be NZ\$500 million of NZ government bonds offered across the Apr-27 (\$225m), May-32 (\$225m) and May-51 (\$50m) nominal lines. The May-2051 maturity hasn't been tendered since last August.

NZ Q4 labour market data is released this morning and is the final first-tier release ahead of the 19 February Monetary Policy Statement. We forecast the unemployment rate will rise to 5.1% from 4.8% in Q3, which aligns with the consensus estimate and the RBNZ's projection from November.

Chinese markets will reopen after the Lunar New Year holiday. The Caixin services PMI is scheduled and is expected to remain stable in January. Later this evening, the US ISM services index is also expected to remain steady, according to the consensus estimate, despite the fall in the Services PMI from 56.5 to 52.8 in January.

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**Coming Up**

		Period	Cons.	Prev.	NZT
NZ	Unemployment Rate	4Q	5.1	4.8	10:45
NZ	Employment Change (q/q%)	4Q	-0.2	-0.5	10:45
NZ	Pvt Wages Ex Overtime (q/q%)	4Q	0.6	0.6	10:45
NZ	Average Hourly Earnings (q/q%)	4Q		1.2	10:45
JN	Scheduled Full-Time Pay (y/y%)	Dec	2.8	2.8	12:30
CH	Caixin China PMI Services	Jan	52.4	52.2	14:45
<b>Thursday</b>					
US	ADP Employment Change	Jan	150	122	02:15
US	Fed's Barkin Speaks in a Fireside Chat				03:00
US	ISM Services Index	Jan	54	54.1	04:00
AU	Trade Balance	Dec	6500	7079	13:30
GE	Factory Orders (m/m%)	Dec	2	-5.4	20:00
<b>Friday</b>					
UK	Bank of England Bank Rate	Feb	4.5	4.75	01:00
US	Nonfarm Productivity	4Q P	1.2	2.2	02:30
US	Initial Jobless Claims	Feb-01	213	207	02:30

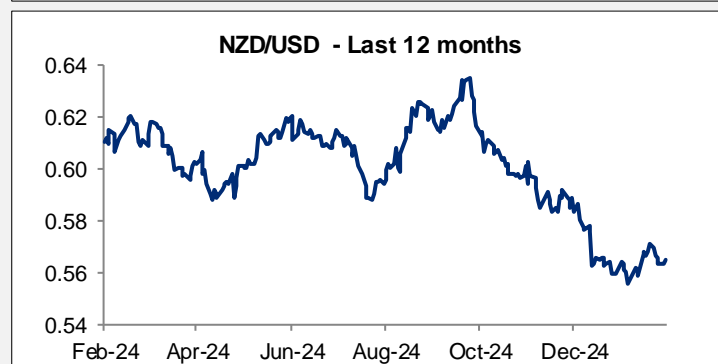
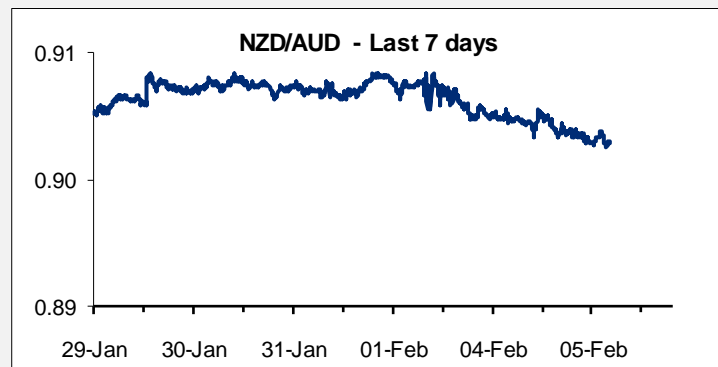
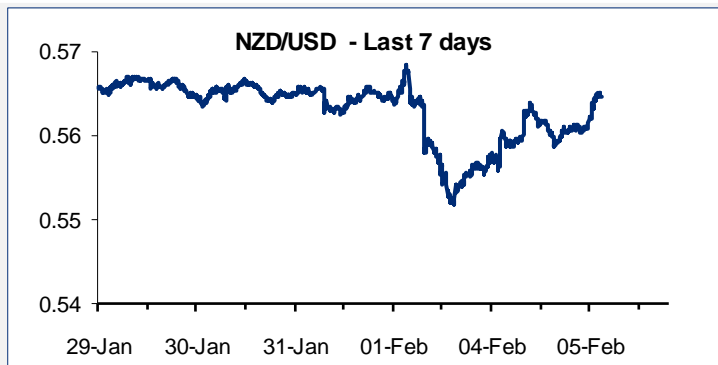
Source: Bloomberg, BNZ

<b>Currencies</b>							<b>Equities</b>				<b>Commodities</b>				
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	0.5646	+0.2	0.5590	0.5651	CHF	0.9058	-0.4	S&P 500	6,033	+0.6	21.7	Oil (Brent)	76.37	+0.5	
AUD	0.6253	+0.3	0.6185	0.6260	SEK	10.976	-0.8	Dow	44,524	+0.2	15.2	Oil (WTI)	72.92	-0.3	
EUR	1.0375	+0.3	1.0292	1.0387	NOK	11.243	-0.8	Nasdaq	19,625	+1.1	25.6	Gold	2843.7	+0.3	
GBP	1.2480	+0.2	1.2394	1.2493	HKD	7.787	-0.1	Stoxx 50	5,265	+0.9	13.1	HRC steel	735.0	-0.9	
JPY	154.51	-0.1	154.47	155.52	CNY	7.245	+0.0	FTSE	8,571	-0.1	12.5	CRB	308.9	+1.3	
CAD	1.4333	-0.6			SGD	1.353	-0.6	DAX	21,506	+0.4	27.1	Wheat Chic.	584.8	+1.0	
NZD/AUD	0.9029	-0.1			IDR	16,351	-0.6	CAC 40	7,906	+0.7	4.1	Sugar	19.63	+1.8	
NZD/EUR	0.5442	-0.0			THB	33.68	-0.5	Nikkei	38,798	+0.7	6.7	Cotton	66.93	+1.3	
NZD/GBP	0.4524	+0.0			KRW	1,451	-0.7	Shanghai	3,251	-0.1	20.3	Coffee	383.2	+0.6	
NZD/JPY	87.24	+0.1			TWD	32.99	-0.2	ASX 200	8,374	-0.1	9.8	WM powder	4080	-0.5	
NZD/CAD	0.8092	-0.4			PHP	58.34	-0.6	NZX 50	12,905	+0.7	8.2	<b>Australian Futures</b>			
NZ TWI	67.57	+0.0						VIX Index	16.98	-8.8	+22.6	3 year bond	96.23	-0.03	
<b>Interest Rates</b>													10 year bond	95.53	-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	Last	Chg			
USD	4.50	4.85	4.07	4.07	USD	4.53	-0.03	15-Apr-27	3.54	-0.02	BKBM 1-mth	4.15	-0.02		
AUD	4.35	4.23	3.77	4.41	AUD	4.42	0.04	15-May-28	3.70	-0.01	BKBM 3-mth	3.89	0.00		
NZD	4.25	3.89	3.33	4.05	NZD	4.55	0.02	20-Apr-29	3.83	-0.00	1 year	3.42	-0.04		
EUR	3.00	2.56	2.18	2.34	GER	2.40	0.01	15-May-30	3.96	0.00	2 year	3.33	-0.03		
GBP	4.75	5.30	4.05	4.00	GBP	4.52	0.04	15-May-31	4.11	0.01	3 year	3.40	-0.02		
JPY	0.48	-0.03	0.77	1.19	JPY	1.28	0.03	15-May-32	4.26	0.01	5 year	3.59	-0.01		
CAD	3.00	4.97	2.47	2.74	CAD	3.02	-0.06	14-Apr-33	4.37	0.01	7 year	3.80	0.00		
							NZ Inflation-Indexed Bonds		15-May-34	4.46	0.02	10 year	4.05	0.01	
							Sep-30	2.21	-0.02	15-May-35	4.55	0.02	15 year	4.30	0.01
							Sep-35	2.70	0.00	15-May-36	4.64	0.02			
							Sep-40	2.97	0.01	15-May-37	4.73	0.02			
										15-May-41	4.92	0.02			
										15-May-51	5.09	0.02			
										15-May-54	5.08	0.02			

\* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer  
 Rates are as of: NZT 06:16  
 Source: Bloomberg

**NZD exchange rates**

5/02/2025 6:17 am		Prev. NY close
USD	0.5646	0.5630
GBP	0.4524	0.4522
AUD	0.9029	0.9041
EUR	0.5442	0.5443
JPY	87.24	87.11
CAD	0.8092	0.8123
CHF	0.5114	0.5125
DKK	4.0594	4.0608
FJD	1.3109	1.3216
HKD	4.3965	4.3873
INR	49.16	49.09
NOK	6.3479	6.3851
PKR	157.50	157.08
PHP	32.94	33.03
PGK	2.2647	2.2574
SEK	6.1970	6.2306
SGD	0.7636	0.7663
CNY	4.0903	4.0767
THB	19.10	19.16
TOP	1.3598	1.3612
VUV	69.41	70.22
WST	1.5797	1.5930
XPF	64.93	64.66
ZAR	10.5468	10.5543



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	1.87	2.05
3 Months	9.09	9.54
6 Months	22.84	23.87
9 Months	37.95	39.95
1 Year	53.36	56.35

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	1.79	2.25
3 Months	9.34	10.37
6 Months	23.23	26.12
9 Months	38.11	43.25
1 Year	53.59	61.28

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