

Research Markets Today

1 April 2025

Events Round-Up

NZ: ANZ activity outlook (net%), Mar: 48.6 vs. 45.1 prev.

CH: Manufacturing PMI, Mar: 50.5 vs. 50.4 exp.

CH: Non-manufacturing PMI, Mar: 50.8 vs. 50.6 exp.

GE: CPI EU harmonized (y/y%), Mar: 2.3 vs. 2.4 exp.

US: Chicago PMI, Mar: 47.6 vs. 45.0 exp.

Good Morning

The new week has begun in the same fashion as last week ended, with weaker risk appetite as investors count down the days to Liberation Day, now just two sleeps away. Global equity markets are weaker, and commodity currencies have underperformed, seeing the NZD tumble below 0.57.

There is much anticipation about what Trump will announce on "Liberation Day, where he outlines the plan for reciprocal tariffs, on Thursday, NZ time. Media have had a go at speculating what the policy announcement will be with the WSJ yesterday saying an across-the-board hike of up to 20% is back on the table, suggesting that Trump is pushing his team to be more aggressive. This line of thinking was also noted by a Washington Post article published over the weekend.

Yesterday, President Trump repeated a comment he made last week at the White House when announcing the 25% auto tariffs, saying that he would start with all countries, seemingly unaware of rumours that he would target the so-called dirty 15 countries that make up the bulk of US imports. However, an across the board 20% tariff would go against Trump's comment last week that he would be lenient and thought people would be pleasantly surprised. By all accounts, it still looks like a decision has yet to be made on the scope of the tariffs or when they will take effect.

Global equities don't like the uncertainty and continue to head south. Japan's Nikkei 225 and Taiwan's index plunged over 4% yesterday. The Euro Stoxx 600 index fell 1.5%, and UK's FTSE100 index fell 0.9%. In the US the S&P500 is down for a fourth consecutive day, currently down 0.4%, recovering from an earlier 1.7% drop near the open, and on track for its worst quarterly performance in nearly three years, dropping in the order of 5½%. Tech stocks have

underperformed, with the Nasdaq index currently down over 1% and down 11½% for the quarter.

Gold prices continue to rise to record highs, with the spot rate blasting up through USD3100 to as high as USD3127. Oil prices are higher after President Trump said he was "very angry" with President Putin and threatened secondary tariffs on buyers of Russian oil if Putin refuses a ceasefire with Ukraine. WTI crude is up over 3%, not helped by US figures showing production down to an 11-month low, while Brent crude is up 1½% to just under USD75 per barrel.

US Treasuries were well supported, but yields have pushed up through the US trading session, from an overnight low of 4.18% to 4.25% for the 10-year rate. The move in yield has been parallel across the curve.

European yields are moderately higher, with the tone of a Bloomberg article on ECB deliberations outweighing lower than expected German CPI data. Bloomberg published a report saying several ECB officials are still wavering on whether to cut interest rates next month owing to heightened uncertainty over Trump's trade policies and Europe's military spending surge, suggesting the meeting remains far more open than investors are betting. The report added that dovish officials still see the need for further loosening but may not insist on a seventh reduction since June if their more hawkish colleagues want additional time to assess the data. The market prices in 18bps of cuts for the April meeting, down from 21bps at the end of last week.

Germany CPI inflation slowed by more than expected, to 2.3% in y/y in March from 2.6%. Adding in weaker than forecast inflation for France and Spain last week and stronger inflation for Italy, Euro area inflation is set to fall to 2.1-2.2% in data due tonight, from 2.4%.

In other European news although not market moving, France's Marine Le Pen, leader of the National Rally party, was convicted of embezzlement by a French court and barred from running in the next election in 2027. The ruling will be appealed but the five-year ban from running for office begins immediately and can't be put on hold while she challenges the verdict, all but ending her political ambitions.

In currency markets, the USD is broadly stronger, a change from recent dynamics when concerns about the US growth

outlook under tariffs outweighed its safe-haven characteristics. USD/JPY tumbled through the Asian session as risk appetite soured, falling to a low of 148.70 before reversing course and it has returned to 150.

Commodity currencies have underperformed, with the NZD and AUD down 0.7-0.8% from last week's close. The NZD took a peek below 0.5650 before finding support and it currently sits at 0.5670. The AUD has fallen below 0.6250. NZD underperformance sees NZD/GBP below 0.44 and trading at a fresh nine-year low. NZD/EUR has fallen below 0.5250, with the five-year low earlier this month holding. NZD/JPY is down towards 85.

Global forces drove down NZ rates yesterday, with both NZGB and swap yields down 4-7bps across the curve, and a flattening bias. The reversal in Treasury yields overnight will impart an upside bias to NZ rates on the open. Australia's 10-year bond future is up 4bps in yield terms since the NZ close. The ANZ business outlook survey showing still-high business confidence and higher inflation indicators across the board didn't move the needle.

Key events on the calendar for the day ahead include the RBA policy update, Euro area CPI inflation, the ISM JOLTS

report and ISM manufacturing survey. The RBA is expected to keep policy unchanged, with the May meeting seen to be the next live meeting for a second rate cut this cycle. As noted, annual Euro area CPI inflation is expected to nudge lower. Most regional surveys point to weaker activity in the US manufacturing sector.

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Coming Up

		Period	Cons.	Prev.	NZT
JN	Tankan large manufacturing	Q1	12	14	12:50
AU	Retail sales (m/m%)	Feb	0.3	0.3	13:30
CH	Caixin PMI manufacturing	Mar	50.6	50.8	14:45
AU	RBA cash rate target (%)	Apr	4.1	4.1	16:30
EA	CPI (y/y%)	Mar	2.2	2.4	22:00
EA	CPI core (y/y%)	Mar	2.5	2.6	22:00
EC	Unemployment rate (%)	Feb	6.2	6.2	22:00
US	JOLTS job openings (k)	Feb	7680	7740	3:00
US	ISM manufacturing	Mar	49.5	50.3	3:00

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	% Year		Last	Net Day				
NZD	0.5671	-0.8	0.5649	0.5723	CHF	0.8846	+0.4	S&P 500	5,558	-0.4	5.8	Oil (Brent)	74.77	+1.5	
AUD	0.6243	-0.7	0.6219	0.6290	SEK	10.043	+0.3	Dow	41,667	+0.2	4.7	Oil (WTI)	71.54	+3.2	
EUR	1.0817	-0.1	1.0784	1.0849	NOK	10.519	+0.4	Nasdaq	17,109	-1.3	4.5	Gold	3122.8	+1.3	
GBP	1.2911	-0.2	1.2887	1.2973	HKD	7.781	+0.0	Stoxx 50	5,248	-1.6	3.2	HRC steel	890.0	+0.0	
JPY	150.04	+0.1	148.70	150.10	CNY	7.257	-0.1	FTSE	8,583	-0.9	7.9	CRB	306.9	-0.1	
CAD	1.4385	+0.5			SGD	1.344	+0.2	DAX	22,163	-1.3	19.9	Wheat Chic.	550.8	+1.4	
NZD/AUD	0.9084	-0.1			IDR	16,580	+0.1	CAC 40	7,791	-1.6	-5.1	Sugar	18.86	-0.6	
NZD/EUR	0.5243	-0.7			THB	33.99	+0.2	Nikkei	35,618	-4.0	-10.5	Cotton	66.50	-0.6	
NZD/GBP	0.4392	-0.5			KRW	1,474	+0.3	Shanghai	3,336	-0.5	8.4	Coffee	379.8	-0.3	
NZD/JPY	85.09	-0.7			TWD	33.20	+0.2	ASX 200	7,843	-1.7	-0.7	WM powder	3965	+0.4	
NZD/CAD	0.8158	-0.3			PHP	57.26	-0.2	NZX 50	12,270	-0.1	1.4	Australian Futures			
NZ TWI	67.54	-0.6						VIX Index	22.47	+3.8	+72.7	3 year bond	96.31	0.07	
Interest Rates					NZ Government Bonds					NZ BKBM and Swap Yields					
Rates		Swap Yields			Benchmark 10 Yr Bonds										
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last	Chg		Last	Chg			
USD	4.50	4.85	3.74	3.79	USD	4.24	-0.01	15-Apr-27	3.55	-0.04	BKBM 1-mth	3.70	-0.02		
AUD	4.10	4.13	3.63	4.33	AUD	4.38	-0.08	15-May-28	3.72	-0.04	BKBM 3-mth	3.61	0.00		
NZD	3.75	3.61	3.37	4.10	NZD	4.59	-0.06	20-Apr-29	3.86	-0.04	1 year	3.36	-0.04		
EUR	2.50	2.33	2.19	2.66	GER	2.74	0.01	15-May-30	4.01	-0.05	2 year	3.37	-0.05		
GBP	4.50	4.70	4.04	4.17	GBP	4.68	-0.02	15-May-31	4.18	-0.05	3 year	3.46	-0.05		
JPY	0.48	-0.03	0.85	1.32	JPY	1.49	-0.05	15-May-32	4.32	-0.05	5 year	3.66	-0.06		
CAD	2.75	4.97	2.35	2.75	CAD	3.00	-0.01	14-Apr-33	4.41	-0.06	7 year	3.87	-0.06		
					Policy Meeting Run										
					NZD AUD USD										
					1st	3.51	4.07	4.28							
					2nd	3.32	3.88	4.12							
					3rd	3.21	3.80	3.96							
					4th	3.11	3.62	3.81							
					5th	3.08	3.53	3.71							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer															
Rates are as of: NZT 06:57															
Source: Bloomberg															
										NZ Inflation-Indexed Bonds					
													Sep-30	2.21	-0.05
													Sep-35	2.70	-0.05
													Sep-40	2.99	-0.05

NZD exchange rates

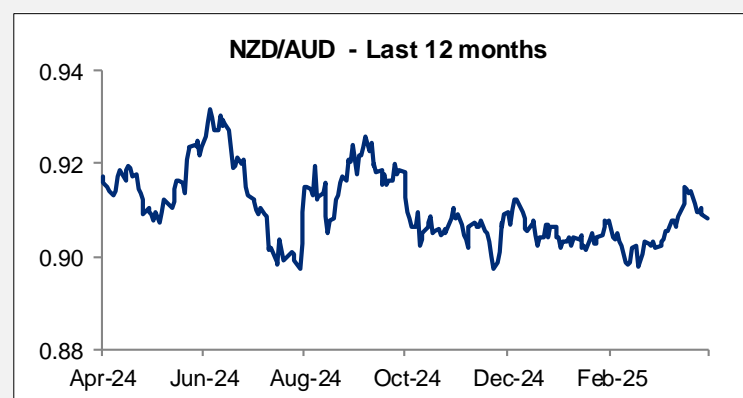
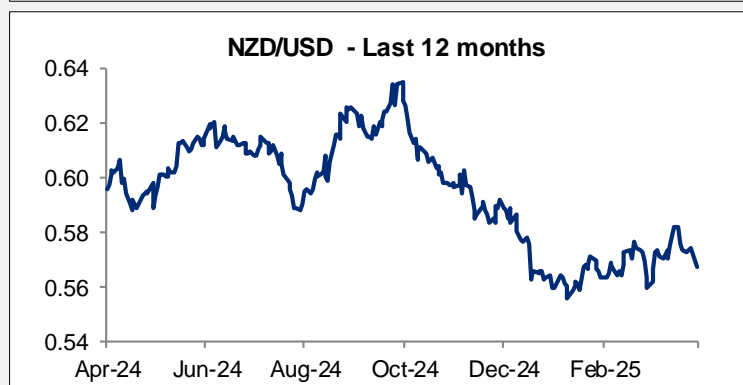
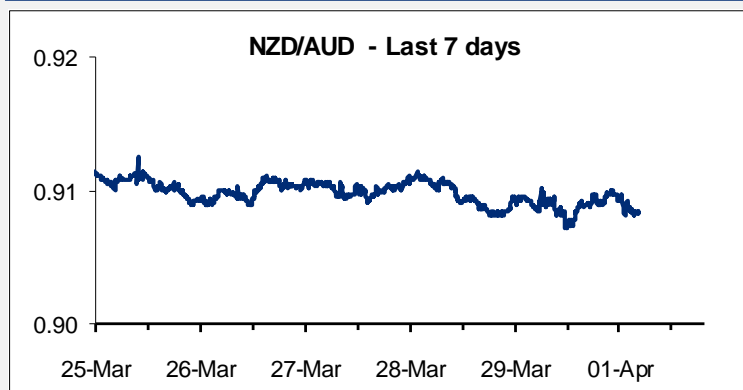
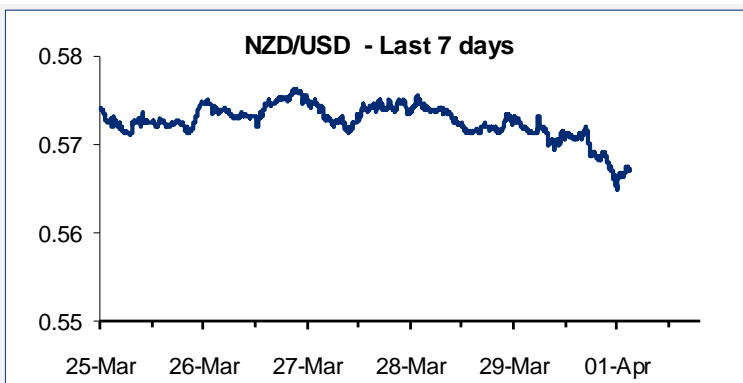
1/04/2025	6:57 am	Prev. NY close
USD	0.5671	0.5716
GBP	0.4392	0.4417
AUD	0.9084	0.9092
EUR	0.5243	0.5279
JPY	85.09	85.65
CAD	0.8158	0.8181
CHF	0.5017	0.5035
DKK	3.9115	3.9390
FJD	1.3198	1.3284
HKD	4.4123	4.4463
INR	48.47	49.04
NOK	5.9650	5.9895
PKR	158.88	160.15
PHP	32.46	32.80
PGK	2.3015	2.3417
SEK	5.6951	5.7234
SGD	0.7621	0.7667
CNY	4.1156	4.1511
THB	19.24	19.42
TOP	1.3451	1.3652
VUV	70.05	70.65
WST	1.5788	1.5900
XPF	62.66	63.23
ZAR	10.4017	10.5350

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.96	4.26
3 Months	12.59	13.01
6 Months	24.98	25.98
9 Months	35.61	37.56
1 Year	42.16	45.16

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.06	4.71
3 Months	13.13	14.23
6 Months	26.26	28.95
9 Months	36.78	41.92
1 Year	43.74	51.65



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