

Research Markets Today

10 March 2025

Events Round-Up

CH: Exports (USD, ytd y/y%), Feb: 2.3 vs. 6.8 exp.
 CH: Imports (USD, ytd y/y%), Feb: -8.4 vs. 1 exp.
 GE: Factory orders (m/m%), Jan: -7.0 vs. -2.5 exp.
 CA: Unemployment rate (%), Feb: 6.6 vs. 6.7 exp.
 US: Chge in nonfarm payrolls (k), Feb: 151 vs. 160 exp.
 US: Avg hourly earnings (m/m%), Feb: 0.3vs. 0.3 exp.
 US: Avg hourly earnings (y/y%), Feb: 4.1 vs. 4.1 exp.
 US: Unemployment rate (%), Feb: 4.1 vs. 4 exp.
 CH: CPI (y/y%), Feb: -0.7 vs. -0.4 exp.
 CH: PPI (y/y%), Feb: -2.2 vs. -2.1 exp.

Good morning

US equity markets rebounded from initial losses to close 0.5% higher with US labour market data closely matching expectations. US treasury yields moved higher as equities recovered while European bond markets ended little changed after the large selloff in previous sessions. The US dollar extended its decline against European currencies. Brent crude stabilised above US\$71 per barrel and gold prices were stable, with data revealing China has expanded its reserves, for the fourth consecutive month in February.

Weak investor risk appetite is supporting allocations towards US money market funds. Assets have increased to US\$7 trillion after US\$51 billion of inflows over the past week. This likely reflects investor caution amid a pullback in US equities set against the backdrop of rapid changes in US trade policy. The VIX measure of implied S&P volatility increased sharply, reflecting a growing demand for insurance, given the uncertain macro backdrop.

US payrolls rose by 151k in February, which was trivially below the 160k consensus estimate. Net revisions to previous months were negligible. The unemployment rate increased to 4.1%, from 4.0% in January. Hourly earnings met consensus estimates, increasing 0.3% in the month which saw the annual rate edge higher to 4.0%, partially related to base effects from a low print in February 2024.

The labour market data points to ongoing resilience. However, the report pre-dates the increase in economic policy uncertainty, that has caused a sharp fall in business and consumer confidence, which could weigh on job creation and investment in coming months.

Fed officials provided comments on the outlook for monetary policy. Fed Chair Powell said the central bank doesn't need to hurry to ease policy further and the path to 2% inflation is expected to be bumpy. Fed governor Waller said he wouldn't support a March cut but sees room to cut rates by two to three times this year. He reiterated that the impact of tariffs on inflation would not be significant.

The market pared expectations for Fed easing this year after Powell's comments. The amount of easing priced by December decreased to 70bp, from 80bp immediately following the labour data. US Treasury yields retraced from an earlier dip to end the session higher in yield. Some of the rebound was attributed to hedging ahead of corporate and treasury supply next week. 10-year notes closed 2bp higher at 4.30% having traded to an earlier 4.21% low.

After the significant sell-off in German bunds through last week, which saw 10-year yields 50bp higher at one point, price action was more subdued. Bunds closed the day unchanged at 2.84% after an earlier rally retraced with similar small moves across other European sovereign markets.

The US dollar was generally a bit weaker against European currencies but gained against the NZD, AUD and CAD. The EUR/USD rally faded ahead of 1.09 and the CAD was the weakest of the G10 currencies after job growth undershot expectations for February. NZD/USD traded below 0.5700 and ended the week marginally weaker relative to the NZ close.

There was a retracement in NZ swap rates in the local session on Friday after the sharp move higher in the preceding days. The move lower was largely in sympathy with offshore markets in the absence of domestic data. 2-year swap rates closed 6bp lower at 3.44%. Although the 2y10y curve flattened at the margin, it remains close to the 73bp cycle high, having broken outside of the 2025 trading range during last week.

Government bonds largely matched the moves in swaps rallying 7-8bps across the curve. The current 10-year May-2035 maturity closed 7bp lower at 4.62%. Australian 10-year government bond futures are little changed since the local close on Friday, suggesting limited directional bias, for NZ yields on the open.

It is a quiet start to the week for economic data with no domestic or regional releases of note. The NZ focus this week will be on GDP partials as well as high frequency activity data covering electronic card transactions and the manufacturing PMI. Inflation partials for February will also be closely monitored. The key international release is US CPI data.

Coming Up

		Period	Cons.	Prev.	NZT
JN	Full-Time Pay (y/y%)	Jan	2.9	2.8	12:30
GE	Industrial Production (m/m%)	Jan	1.5	-2.4	20:00

Source: Bloomberg, BNZ

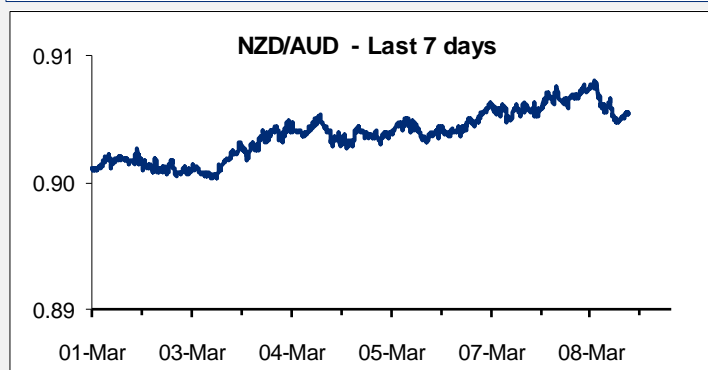
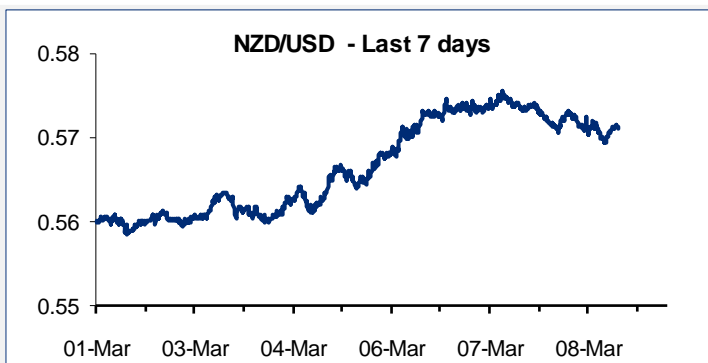
stuart.ritson@bnz.co.nz

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	0.5711	-0.4	0.5693	0.5732	CHF	0.8799	-0.5	S&P 500	5,770	+0.6	11.9	Oil (Brent)	70.43	+1.4	
AUD	0.6307	-0.4	0.6282	0.6322	SEK	10.096	-0.8	Dow	42,802	+0.5	10.3	Oil (WTI)	67.04	+1.0	
EUR	1.0835	+0.4	1.0808	1.0889	NOK	10.860	-0.3	Nasdaq	18,196	+0.7	11.8	Gold	2914.1	-0.4	
GBP	1.2922	+0.3	1.2880	1.2945	HKD	7.771	-0.0	Stoxx 50	5,468	-0.9	9.9	HRC steel	925.0	+0.3	
JPY	148.04	+0.0	146.95	148.20	CNY	7.244	+0.0	FTSE	8,680	-0.0	12.8	CRB	303.0	+0.7	
CAD	1.4375	+0.5			SGD	1.331	-0.2	DAX	23,009	-1.8	29.0	Wheat Chic.	551.3	-0.5	
NZD/AUD	0.9054	+0.0			IDR	16,295	-0.3	CAC 40	8,121	-0.9	1.3	Sugar	18.31	+1.0	
NZD/EUR	0.5271	-0.9			THB	33.74	+0.1	Nikkei	36,887	-2.2	-7.1	Cotton	64.76	+1.3	
NZD/GBP	0.4419	-0.7			KRW	1,449	+0.1	Shanghai	3,373	-0.3	10.7	Coffee	384.4	-0.7	
NZD/JPY	84.54	-0.4			TWD	32.82	-0.1	ASX 200	7,948	-1.8	1.3	WM powder	3910	-1.1	
NZD/CAD	0.8209	+0.1			PHP	57.17	-0.2	NZX 50	12,400	-0.2	4.0	Australian Futures			
NZ TWI	67.51	-0.4						VIX Index	23.37	-6.0	+61.8	3 year bond	96.22	0.07	
Interest Rates											10 year bond			95.52	-0.03
	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	3.83	3.87	USD	4.30	0.02	15-Apr-27	3.60	-0.06	BKBM 1-mth	3.87	0.00		
AUD	4.10	4.11	3.71	4.38	AUD	4.40	-0.08	15-May-28	3.78	-0.07	BKBM 3-mth	3.71	-0.01		
NZD	3.75	3.71	3.44	4.16	NZD	4.63	-0.07	20-Apr-29	3.91	-0.08	1 year	3.38	-0.03		
EUR	2.75	2.51	2.34	2.71	GER	2.84	0.00	15-May-30	4.06	-0.08	2 year	3.44	-0.06		
GBP	4.50		4.06	4.09	GBP	4.64	-0.02	15-May-31	4.22	-0.08	3 year	3.53	-0.06		
JPY	0.48	-0.03	0.84	1.32	JPY	1.52	-0.02	15-May-32	4.35	-0.07	5 year	3.72	-0.07		
CAD	3.00	4.97	2.43	2.75	CAD	3.03	-0.04	14-Apr-33	4.44	-0.07	7 year	3.92	-0.07		
					NZ Inflation-Indexed Bonds		15-May-34		4.53	-0.07	10 year	4.16	-0.08		
					Sep-30	2.27	-0.07	15-May-35	4.63	-0.07	15 year	4.39	-0.08		
					Sep-35	2.75	-0.07	15-May-36	4.71	-0.07					
					Sep-40	3.03	-0.07	15-May-37	4.81	-0.06					
								15-May-41	5.00	-0.07					
								15-May-51	5.17	-0.07					
								15-May-54	5.18	-0.07					

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
 Rates at NY close
 Source: Bloomberg

NZD exchange rates

8/03/2025	NY close	Prev. NY close
USD	0.5711	0.5735
GBP	0.4419	0.4452
AUD	0.9054	0.9056
EUR	0.5271	0.5318
JPY	84.54	84.87
CAD	0.8209	0.8199
CHF	0.5024	0.5070
DKK	3.9312	3.9664
FJD	1.3160	1.3202
HKD	4.4370	4.4572
INR	49.61	49.96
NOK	6.2008	6.2447
PKR	159.75	160.46
PHP	32.66	32.88
PGK	2.2959	2.2995
SEK	5.7646	5.8356
SGD	0.7600	0.7646
CNY	4.1374	4.1532
THB	19.21	19.35
TOP	1.3483	1.3668
VUV	70.82	71.29
WST	1.5842	1.5893
XPF	64.14	64.38
ZAR	10.4165	10.3977



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	2.87	3.27
3 Months	10.94	11.39
6 Months	23.60	24.60
9 Months	33.95	36.63
1 Year	42.15	46.35

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	2.16	3.00
3 Months	10.71	11.93
6 Months	24.72	27.51
9 Months	35.72	41.71
1 Year	45.67	55.97

Contact Details

BNZ Research

Stephen Toplis

Head of Research
+64 4 474 6905

Doug Steel

Senior Economist
+64 4 474 6923

Jason Wong

Senior Markets Strategist
+64 4 924 7652

Stuart Ritson

Senior Interest Rate Strategist
+64 9 9248601

Mike Jones

BNZ Chief Economist
+64 9-956 0795

Main Offices

Wellington

Level 4, Spark Central
42-52 Willis Street
Private Bag 39806
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

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.

