

Research Markets Today

12 March 2025

Events Round-Up

AU: Westpac consumer confid., Mar: 95.9 vs. 92.2 prev.

AU: NAB business conditions, Feb: 4 vs. 3 prev.

US: NFIB small bus. optimism, Feb: 100.7 vs. 101.0 exp.

US: JOLTS job openings (k), Jan: 7740 vs. 7600 exp.

Good Morning

President Trump's tariff agenda continues to dominate market price action, with a ratcheting up on pressure against Canada driving further weakness in US equities and a weaker CAD.

As is apt in a trade war, it has already escalated between the US and Canada. Regarding the scheduled 25% US tariffs on steel and aluminium for all countries that come into effect later today, President Trump said it would be doubled to 50% for Canada, in retaliation against Ontario's move to impose a 25% surcharge on electricity sent to the US that affects NY, Michigan and Minnesota. Furthermore, Trump said he would substantially increase tariffs on Canadian autos on 2 April, if Canada doesn't drop tariffs on dairy products and other goods, noting this would "essentially, permanently shut down the automobile manufacturing business in Canada".

The premier of Ontario said he'd consider cutting electricity supply to the US. Canadian PM-elect Carney said Canada will keep its tariffs until the US commits to free, fair trade and will ensure Canada's tariff response has maximum impact on the US.

After yesterday's tumble in US equity markets which saw the S&P500 close down 2.7% and the Nasdaq index down 4.0%, the market was attempting to consolidate before Trump's TruthSocial post on escalating the trade war with Canada sent equities lower again. In early afternoon trading, the S&P500 is down over 1% with broad-based falls across all sectors. The Euro Stoxx 600 index fell 1.7% and most of Asia fell yesterday, highlighting that Trump's trade war has global consequences.

Ahead of the imposition of new steel and aluminium tariffs, domestic steel prices in the US have shot up since Trump first threatened tariffs on the product, already trading 40% above steel prices in Europe, while aluminium

prices are 23% more – highlighting the inflationary consequences of tariffs.

US Treasury yields have pushed higher in overnight trading, with the 10-year rate up 6bps since the NZ close, so the market finding no further support against the backdrop of further falls in equities. European 10 rates are up in the order of 3-6bps for the day.

Second-tier economic data didn't move the needle. The US JOLTS report showed job openings rising 232k to 7740k in January from a downwardly revised 7508k in December, while the quits rate rose 20bps to 2.1%, breaking a run of a steady fall. While the data are lagged one month compared to other timelier indicators, the message was one of some lingering labour market resilience earlier in the year.

The NFIB small business survey, which showed a surge in optimism on Trump's victory as it is politically swayed, showed weaker levels of optimism in February. Of note, the uncertainty index rose to its second-highest reading since the survey began in 1986, there was a large drop in those saying now is a good time to expand, and there was a large 10 percentage point increase in businesses reporting raising average selling prices.

In currency markets, CAD has been the worst of the majors against the backdrop of the US-Canada trade war, seeing USD/CAD up a cent from its low to around 1.45. European currencies continue to outperform, with EUR up to a fresh five-month high of 1.0930 and GBP at 1.2950. The NZD has consolidated just over 0.57.

On the crosses, NZD/CAD is up to a three-month high of 0.8270, NZD/AUD is up slightly to 0.9085 and NZD/JPY is flat around 84. The NZD is weaker against EUR and GBP, the former cross down to a fresh five-year low of 0.5220.

Global forces drove down NZ rates yesterday, although NZ-US rate spreads continued to widen. NZGB yields fell 2-4bps across the survey with a small steepening bias. NZ swap rates fell 5-6bps. NZ activity data for Q4 released resulted in BNZ Economics keeping its estimate for GDP to 0.2% q/q, close to the RBNZ's 0.3% estimate, resulting in an annual fall of 1.5%. The GDP release is next week on the 20th.

On the economic calendar today, NZ electronic card spending data are released for February. US CPI data are

released, where the consensus sees annual headline and core inflation nudging down to 2.9% and 3.2% respectively. With tariffs and growth now the focus, the importance to the market of these inflation reports has significantly reduced. The Bank of Canada meets, where a 25bps cut to the policy rate to 2.75% is now fully priced. There will be keen interest in any changes to the commentary and forward guidance given trade war developments.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Card spending total (m/m%)	Feb		0.0	10:45
US	CPI (m/m%)	Feb	0.3	0.5	01:30
US	CPI ex food, energy (m/m%)	Feb	0.3	0.4	01:30
US	CPI (y/y%)	Feb	2.9	3.0	01:30
US	CPI ex food, energy (y/y%)	Feb	3.2	3.3	01:30
CA	Bank of Canada policy rate (%)	Mar	2.75	3.0	02:45

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	0.5710	+0.2	0.5678	0.5714	CHF	0.8805	-0.1	S&P 500	5,531	-1.5	8.1	Oil (Brent)	69.56	+0.4
AUD	0.6287	+0.1	0.6263	0.6298	SEK	10.012	-1.1	Dow	41,313	-1.4	6.6	Oil (WTI)	66.24	+0.3
EUR	1.0931	+0.9	1.0837	1.0932	NOK	10.636	-1.2	Nasdaq	17,362	-0.6	8.4	Gold	2923.2	+0.8
GBP	1.2949	+0.5	1.2875	1.2956	HKD	7.771	+0.0	Stoxx 50	5,310	-1.4	7.7	HRC steel	927.0	+0.2
JPY	147.17	-0.1	146.76	148.11	CNY	7.229	-0.4	FTSE	8,496	-1.2	10.8	CRB	302.3	-0.2
CAD	1.4482	+0.3			SGD	1.330	-0.3	DAX	22,329	-1.3	25.8	Wheat Chic.	560.3	-0.4
NZD/AUD	0.9082	+0.1			IDR	16,409	+0.3	CAC 40	7,942	-1.3	-1.0	Sugar	18.67	-1.2
NZD/EUR	0.5224	-0.7			THB	33.76	-0.4	Nikkei	36,793	-0.6	-5.2	Cotton	66.10	+0.1
NZD/GBP	0.4410	-0.3			KRW	1,454	-0.1	Shanghai	3,380	+0.4	10.6	Coffee	393.8	+2.4
NZD/JPY	84.03	+0.1			TWD	32.88	-0.1	ASX 200	7,890	-0.9	2.3	WM powder	3900	-0.3
NZD/CAD	0.8269	+0.5			PHP	57.24	-0.3	NZX 50	12,411	-0.8	4.9	Australian Futures		
NZ TWI	67.58	-0.1						VIX Index	29.03	+4.2	+90.7	3 year bond	96.25	0.07
												10 year bond	95.54	-0.03
Interest Rates														
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	3.80	USD	4.24	0.03	15-Apr-27	3.57	-0.04	BKBM 1-mth	3.86	-0.01	
AUD	4.10	4.11	3.68	4.37	AUD	4.38	-0.06	15-May-28	3.74	-0.04	BKBM 3-mth	3.70	-0.01	
NZD	3.75	3.70	3.38	4.10	NZD	4.62	-0.02	20-Apr-29	3.88	-0.04	1 year	3.35	-0.03	
EUR	2.75	2.55	2.30	2.76	GER	2.90	0.06	15-May-30	4.03	-0.04	2 year	3.38	-0.05	
GBP	4.50		4.02	4.14	GBP	4.67	0.03	15-May-31	4.20	-0.04	3 year	3.47	-0.05	
JPY	0.48	-0.03	0.84	1.34	JPY	1.52	-0.06	15-May-32	4.33	-0.03	5 year	3.67	-0.06	
CAD	3.00	4.97	2.31	2.68	CAD	2.97	-0.02	14-Apr-33	4.43	-0.03	7 year	3.87	-0.05	
								15-May-34	4.52	-0.02	10 year	4.10	-0.05	
								15-May-35	4.62	-0.02	15 year	4.34	-0.05	
								15-May-36	4.70	-0.02				
								15-May-37	4.79	-0.02				
								15-May-41	5.00	-0.02				
								15-May-51	5.16	-0.02				
								15-May-54	5.17	-0.02				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:52														
Source: Bloomberg														

NZD exchange rates

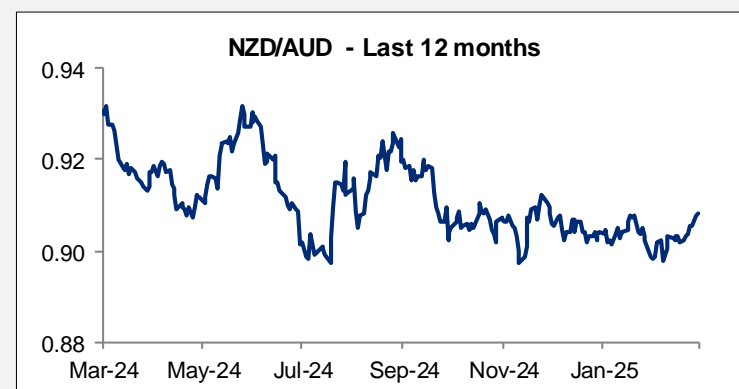
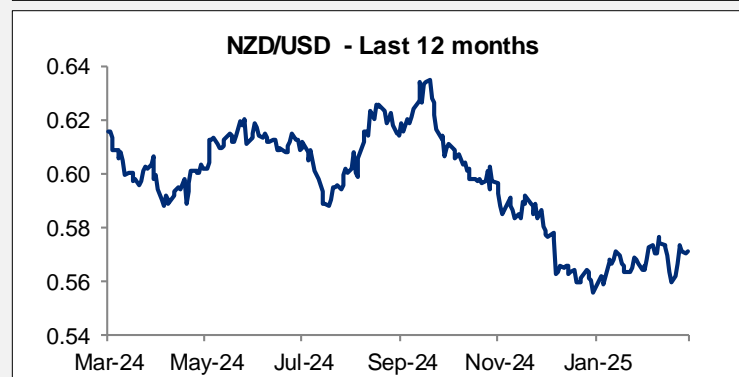
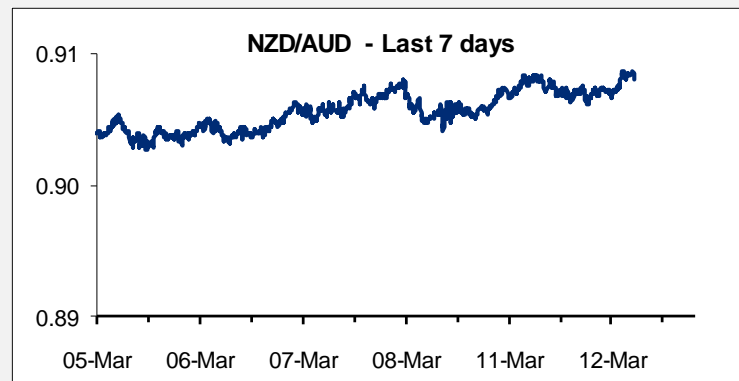
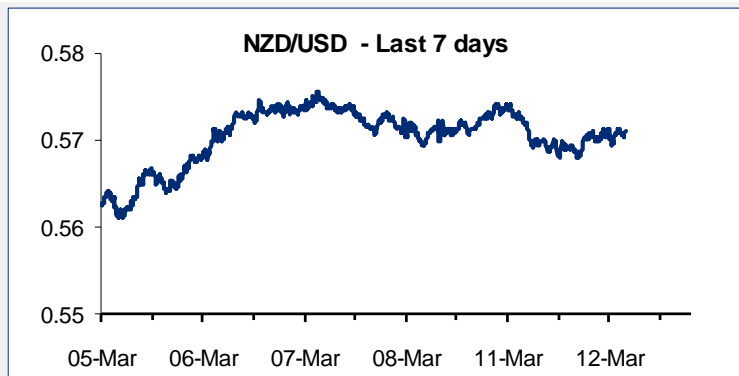
12/03/2025	6:53 am	Prev. NY close
USD	0.5710	0.5699
GBP	0.4410	0.4425
AUD	0.9082	0.9078
EUR	0.5224	0.5260
JPY	84.03	83.93
CAD	0.8269	0.8229
CHF	0.5028	0.5021
DKK	3.8960	3.9232
FJD	1.3282	1.3146
HKD	4.4371	4.4273
INR	49.80	49.77
NOK	6.0733	6.1377
PKR	159.85	159.44
PHP	32.68	32.71
PGK	2.3164	2.3026
SEK	5.7166	5.7710
SGD	0.7595	0.7602
CNY	4.1278	4.1375
THB	19.30	19.26
TOP	1.3553	1.3595
VUV	70.62	70.44
WST	1.5876	1.5809
XPF	63.85	63.95
ZAR	10.4074	10.4483

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.22	3.52
3 Months	10.96	11.45
6 Months	23.15	24.15
9 Months	33.09	35.09
1 Year	40.50	43.50

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	2.55	3.20
3 Months	10.70	11.90
6 Months	24.96	27.69
9 Months	37.14	42.31
1 Year	47.29	55.02



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