

Research Markets Today

21 January 2025

Events Round-Up

CH: 1-yr Loan Prime Rate, Jan: 3.1 vs. 3.1 exp.

CH: 5-yr Loan Prime Rate, Jan: 3.1 vs. 3.6 exp.

Good Morning

Donald Trump has just been sworn in as the 47th President. In the opening lines of his inauguration address he highlighted that he will be putting America first. He indicated his first measures as President, declaring a national emergency at the southern border with Mexico and thereby zeroing in on curbing illegal immigration. He next talked about addressing inflation to rapidly bring down costs and prices. He will declare a national energy emergency to “drill baby drill”.

On trade, Trump said he will establish an “External Revenue Service” to collect new tariffs on imported goods. “Instead of taxing our citizens to enrich other countries, we will tariff and tax foreign countries to enrich our citizens”.

Hours ahead of President Trump’s swearing in, the WSJ reported he “is planning to issue a broad memorandum Monday that directs federal agencies to study trade policies and evaluate U.S. trade relationships with China and America’s continental neighbours—but stops short of imposing new tariffs on his first day in office, as many trading partners feared...a senior Trump policy adviser described the memo as an effort to lay out a vision for Trump’s trade agenda “in a measured way”.

Given market fears of Trump’s trade policies and positioning in anticipation of the imposition of widespread tariffs, the article drove down the USD while US equity futures and Treasury prices rallied. US markets are closed for the MLK public holiday. The S&P500 future is currently up 0.4%, the 10-year Treasury future is consistent with about a 4bps lower yield. The USD DXY index fell over 1% and is currently down 0.9%. Oil prices fell over 1% and Brent crude is trading below USD80 per barrel.

The article helped European equities recover earlier losses and the Euro Stoxx 600 closed near flat. There have been

insignificant movements in global rates. The Australian 10-year bond future is down less than 2bps from the NZ close.

Yesterday, there was a number of media articles highlighting Trump’s planned “blitz” of executive orders for his first days in the White House, as the FT described it, with about 100 executive actions expected to be signed. Trump’s inauguration address highlighted his priorities. The executive orders could come at any time and could well be a source of market volatility this week. Traders will need to be nimble.

Some closing of near-record short positions has seen the NZD trade up 1.3% from last week’s close to 0.5660 after trading at an overnight high just shy of 0.5680. The AUD is up 1.1% to 6260. With most currencies managing to around 1% or more against the USD, NZD crosses are flat to slightly higher. The yen has seen the smallest gain and NZD/JPY is up 1% to just over 88. NZD/AUD has pushed up to 0.9040.

The domestic rates market was quiet yesterday with Wellington on holiday and little net movement in rates.

On the economic calendar today, in NZ the performance of services index and electronic card spending data are released this morning. Tonight sees the release of UK labour market and CPI data. In terms of market focus, these releases will play second fiddle to the number of executive orders that Trump is expected to issue in the coming hours and days.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Performance of services index	Dec		49.5	10:30
NZ	Card spending (m/m%)	Dec		-0.1	10:45
UK	Unemployment rate (%)	Nov	4.3	4.3	20:00
UK	Wkly earnings ex bonus (3m/y%)	Nov	5.5	5.2	20:00
CA	CPI (y/y%)	Dec	1.8	1.9	02:30
CA	CPI Core (avg median/trim y/y%)	Dec	2.45	2.65	02:30

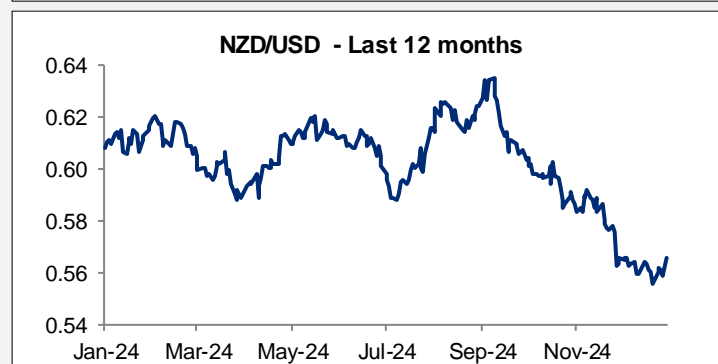
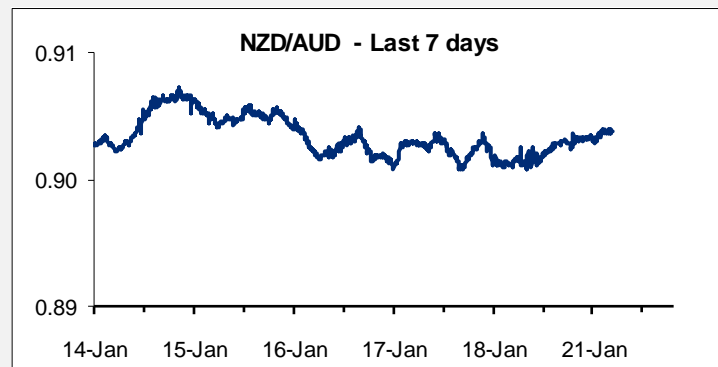
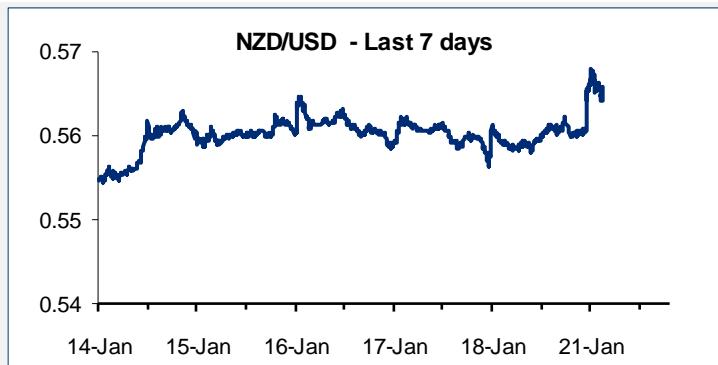
Source: Bloomberg, BNZ

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	0.5656	+1.3	0.5597	0.5680	CHF	0.9082	-0.7	S&P 500	5,997	+1.0	23.9	Oil (Brent)	79.74	-1.3	
AUD	0.6258	+1.0	0.6197	0.6287	SEK	11.056	-1.2	Dow	43,488	+0.8	14.9	Oil (WTI)	76.58	-1.7	
EUR	1.0385	+1.1	1.0300	1.0430	NOK	11.335	-1.0	Nasdaq	19,630	+1.5	28.2	Gold	2723.6	-0.9	
GBP	1.2283	+0.9	1.2166	1.2326	HKD	7.780	-0.1	Stoxx 50	5,164	+0.3	16.1	HRC steel	695.0	+0.0	
JPY	155.82	-0.3	155.42	156.46	CNY	7.274	-0.7	FTSE	8,521	+0.2	14.2	CRB	311.1	-0.1	
CAD	1.4334	-1.0			SGD	1.358	-0.8	DAX	20,990	+0.4	26.8	Wheat Chic.	550.8	+0.2	
NZD/AUD	0.9038	+0.2			IDR	16,368	-0.1	CAC 40	7,734	+0.3	4.9	Sugar	18.22	-1.0	
NZD/EUR	0.5446	+0.2			THB	34.22	-0.7	Nikkei	38,903	+1.2	8.2	Cotton	67.60	+1.3	
NZD/GBP	0.4605	+0.3			KRW	1,439	-1.3	Shanghai	3,244	+0.1	14.6	Coffee	328.4	+0.4	
NZD/JPY	88.13	+1.0			TWD	32.77	-0.5	ASX 200	8,347	+0.4	12.5	WM powder	3880	-0.9	
NZD/CAD	0.8107	+0.2			PHP	58.52	-0.2	NZX 50	13,088	-0.3	12.2	Australian Futures			
NZ TWI	67.82	+0.6						VIX Index	15.81	-1.0	+18.9	3 year bond	96.08	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	USD	Last	Net Day		Last	Chg		Last	Chg		
USD	4.50	4.85	4.14	4.17	USD	4.63	0.00	15-Apr-27	3.76	0.00	BKBM 1-mth	4.36	0.00		
AUD	4.35	4.33	3.93	4.48	AUD	4.48	-0.02	15-May-28	3.90	0.00	BKBM 3-mth	4.06	-0.03		
NZD	4.25	4.06	3.61	4.22	NZD	4.74	0.00	20-Apr-29	4.04	0.00	1 year	3.66	0.02		
EUR	3.00	2.70	2.35	2.48	GER	2.53	-0.01	15-May-30	4.18	0.00	2 year	3.61	0.00		
GBP	4.75	5.30	4.24	4.15	GBP	4.66	-0.00	15-May-31	4.34	0.00	3 year	3.67	0.00		
JPY	0.23	-0.03	0.69	1.11	JPY	1.20	-0.00	15-May-32	4.49	0.00	5 year	3.83	0.00		
CAD	3.25	4.97	2.80	3.05	CAD	3.28	-0.01	14-Apr-33	4.59	0.00	7 year	4.01	0.00		
							NZ Inflation-Indexed Bonds								
							Sep-30	2.43	0.00	15-May-34	4.66	0.00	10 year	4.22	0.00
							Sep-35	2.85	0.00	15-May-35	4.74	0.00	15 year	4.47	0.00
							Sep-40	3.11	0.00	15-May-36	4.82	0.00			
										15-May-37	4.91	0.00			
										15-May-41	5.11	0.00			
										15-May-51	5.27	0.00			
										15-May-54	5.27	0.00			

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
 Rates are as of: NZT 06:43
 Source: Bloomberg

NZD exchange rates

21/01/2025 6:43 am		Prev. NY close
USD	0.5656	0.5585
GBP	0.4605	0.4590
AUD	0.9038	0.9018
EUR	0.5446	0.5437
JPY	88.13	87.29
CAD	0.8107	0.8085
CHF	0.5137	0.5110
DKK	4.0636	4.0563
FJD	1.3181	1.3034
HKD	4.4003	4.3483
INR	48.96	48.37
NOK	6.4112	6.3942
PKR	157.62	155.64
PHP	33.10	32.74
PGK	2.2678	2.2575
SEK	6.2531	6.2517
SGD	0.7678	0.7643
CNY	4.1140	4.0911
THB	19.40	19.25
TOP	1.3678	1.3422
VUV	70.91	68.55
WST	1.6002	1.5637
XPF	65.55	65.09
ZAR	10.5054	10.4713



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	0.87	1.33
3 Months	6.58	7.32
6 Months	18.03	19.33
9 Months	29.92	32.57
1 Year	42.19	45.19

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.12	2.07
3 Months	7.84	9.61
6 Months	21.45	24.95
9 Months	35.18	41.52
1 Year	48.42	57.78

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