

Research

Markets Today

24 March 2025

Events Round-Up

NZ: Trade balance (ann \$b), Feb: -6.5 vs. -7.3 exp.

JN: CPI (y/y%), Feb: 3.7 vs. 3.5 exp.

JN: CPI ex fr. food, energy (y/y%), Feb: 2.6 vs. 2.6 exp.

UK: GfK consumer confidence, Mar: -19 vs. -20 exp.

CA: Retail sales ex auto (m/m%), Jan: 0.2 vs. -0.2 exp.

EC: Consumer confidence, Mar: -14.5 vs. -13.0 exp.

Good Morning

Friday saw an uneventful end to the trading week, with a lack of newsflow to drive market prices. Markets look to be in a holding pattern ahead of 2 April, which President Trump calls “Liberation Day”, the day when his reciprocal tariffs begin to take effect. Speaking at the White House, Trump said there will be flexibility on the forthcoming tariffs. “I don’t change, but the word flexibility is an important word”.

Over the weekend, Bloomberg published an article suggesting that reciprocal tariffs will be targeting countries that have tariffs or barriers on US goods, but will exclude some nations and blocs, according to sources. Furthermore, sector-specific tariffs will not necessarily be cumulative and may not even be announced on the same day. While the situation was said to be fluid, if true, then the scope of new tariffs will be narrower than previously threatened.

On Friday, the S&P500 eked out a gain of less than 0.1%, near its high for the session after a weak open, which saw the index down just over 1% in early trading. Traders put the recovery down to short covering, rather than fundamental forces, ahead of the triple witching option expiry. A gain of 0.5% for the week broke a four-week losing streak.

US Treasuries continued to range trade, with the 10-year rate locked between 4.20-4.25% on Friday and closing at the upper end of the range, albeit up less than 1bp from the NZ close. The weekly change was a 6bps fall, with a step down following the Fed’s policy update on Thursday where Chair Powell saw the impact of tariffs on inflation as “transitory”. NY Fed President Williams and Chicago Fed President Goolsbee reiterated that message on Friday, noting any inflationary impact from tariffs has the potential to be short-lived.

European 10 rates were down slightly but the UK bucked the trend, with the 10-year gilt up 7bps to 4.71%, with some nerves ahead of this week’s Budget update, with the deficit in the past 11 months tracking over £20b ahead of the OBR’s October forecast, reflecting higher spending and lower tax receipts.

In currency markets, the USD was broadly stronger on Friday, but movements were modest. The NZD and AUD both weakened by 0.3%. The NZD closed the week near the bottom end of its weekly trading range, just under 0.5735. Same goes for the AUD, where it closed around 0.6270. NZD/AUD closed the week at 0.9140, after another failed attempt to sustainably break above 0.9160. The NZD was flat to slightly lower on the other key crosses, with NZD/EUR at 0.53, NZD/GBP at 0.4440 and NZD/JPY at 85.6.

The only economic release of note on Friday was Japan’s annual CPI inflation falling to 3.7% y/y from 4.0%, reflecting the resumption of government subsidies to lower utility costs. Excluding fresh food and energy, inflation ticked up to 2.6% y/y, as expected. Combined with higher wage inflation, the evidence is there for the BoJ to proceed with tighter monetary policy, but the Bank has made its intent clear that rate hikes will proceed at a pedestrian rate.

The domestic rates market had a quiet trading session. NZGB yields were marked up 1-2bps across the curve, with the 10-year rate finishing the week at 4.61%. Swap rates showed little net movement, with the 2-year rate down 1bp to 3.44% and the 10-year rate up 1bp to 4.15%.

On the economic calendar, US and European PMI data are released tonight with the consensus seeing slightly higher figures for the early March flash readings for Europe and flat to weaker figures for the US. Top-tier data this week are few and far between. US PCE deflators are released Friday night and UK CPI data will also be released this week, but it’s slim pickings elsewhere. Nine more sleeps until “Liberation Day” 😊.

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Coming Up

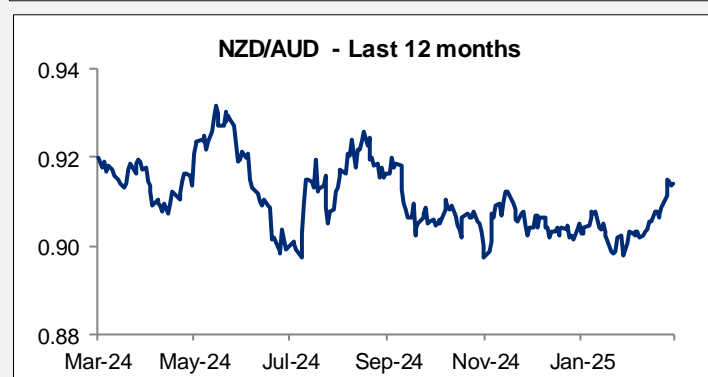
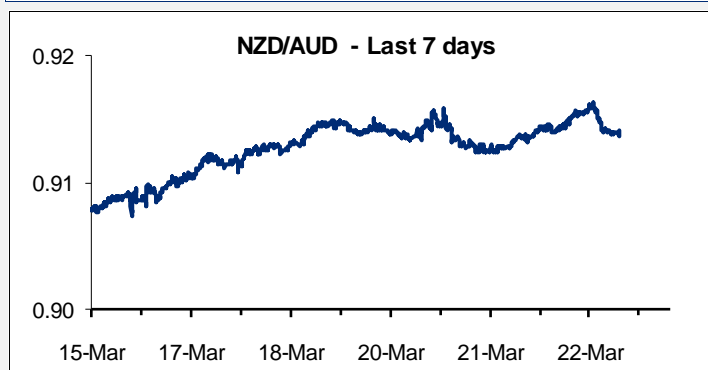
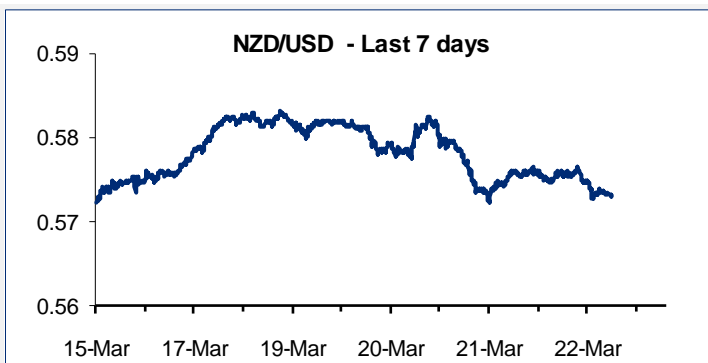
		Period	Cons.	Prev.	NZT
GE	Manufacturing PMI	Mar	47.0	46.5	21:30
GE	Services PMI	Mar	52.0	51.1	21:30
EC	Manufacturing PMI	Mar	48.2	47.6	22:00
EC	Services PMI	Mar	51.1	50.6	22:00
UK	Manufacturing PMI	Mar	47.2	46.9	22:30
UK	Services PMI	Mar	51.0	51.0	22:30
US	Manufacturing PMI	Mar	51.7	52.7	2:45
US	Services PMI	Mar	51.0	51.0	2:45

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	0.5734	-0.4	0.5725	0.5768	CHF	0.8828	+0.1	S&P 500	5,668	+0.1	8.1	Oil (Brent)	72.15	+0.2		
AUD	0.6272	-0.5	0.6258	0.6301	SEK	10.142	+0.1	Dow	41,985	+0.1	5.5	Oil (WTI)	68.28	+0.3		
EUR	1.0814	-0.3	1.0798	1.0861	NOK	10.552	-0.1	Nasdaq	17,784	+0.5	8.4	Gold	3021.4	-0.7		
GBP	1.2915	-0.4	1.2888	1.2955	HKD	7.773	-0.0	Stoxx 50	5,424	-0.5	7.4	HRC steel	937.0	-0.1		
JPY	149.32	+0.4	148.61	149.66	CNY	7.252	+0.0	FTSE	8,647	-0.6	9.7	CRB	305.8	-0.5		
CAD	1.4352	+0.2			SGD	1.336	+0.1	DAX	22,892	-0.5	25.9	Wheat Chic.	574.5	+0.2		
NZD/AUD	0.9141	+0.1			IDR	16,502	+0.1	CAC 40	8,043	-0.6	-1.7	Sugar	19.72	-1.4		
NZD/EUR	0.5302	-0.1			THB	33.95	+0.6	Nikkei	37,677	-0.2	-7.9	Cotton	65.27	-1.2		
NZD/GBP	0.4440	-0.1			KRW	1,465	-0.2	Shanghai	3,365	-1.3	10.4	Coffee	391.4	-0.2		
NZD/JPY	85.61	-0.0			TWD	33.01	-0.0	ASX 200	7,931	+0.2	2.1	WM powder	3950	+0.5		
NZD/CAD	0.8228	-0.2			PHP	57.34	+0.2	NZX 50	12,114	+0.5	1.1	Australian Futures				
NZ TWI	68.12	-0.2						VIX Index	19.28	-2.6	+49.2	3 year bond	96.26	-0.01		
Interest Rates												10 year bond			95.57	-0.02
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	3.77	3.82	USD	4.25	0.01	15-Apr-27	3.61	0.02	BKBM 1-mth	3.77	-0.01			
AUD	4.10	4.11	3.67	4.33	AUD	4.39	0.02	15-May-28	3.78	0.02	BKBM 3-mth	3.64	-0.00			
NZD	3.75	3.64	3.44	4.15	NZD	4.61	0.01	20-Apr-29	3.91	0.02	1 year	3.40	0.01			
EUR	2.50	2.39	2.26	2.67	GER	2.77	-0.02	15-May-30	4.06	0.02	2 year	3.44	-0.01			
GBP	4.50	4.73	4.12	4.20	GBP	4.71	0.07	15-May-31	4.22	0.02	3 year	3.53	-0.00			
JPY	0.48	-0.03	0.85	1.35	JPY	1.52	0.01	15-May-32	4.36	0.02	5 year	3.73	0.00			
CAD	2.75	4.97	2.37	2.72	CAD	3.00	-0.01	14-Apr-33	4.44	0.02	7 year	3.92	0.01			
						Policy Meeting Run			15-May-34	4.53	0.02	10 year	4.15	0.01		
									15-May-35	4.61	0.01	15 year	4.39	0.01		
									15-May-36	4.70	0.01	NZ Inflation-Indexed Bonds				
									15-May-37	4.81	0.01	Sep-30	2.25	-0.00		
									15-May-41	5.03	0.01	Sep-35	2.75	0.00		
									15-May-51	5.19	0.01	Sep-40	3.04	0.00		
									15-May-54	5.20	0.01					
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer																
Rates at NY close																
Source: Bloomberg																

NZD exchange rates

22/03/2025	NY close	Prev. NY close
USD	0.5734	0.5758
GBP	0.4440	0.4441
AUD	0.9141	0.9135
EUR	0.5302	0.5306
JPY	85.61	85.67
CAD	0.8228	0.8248
CHF	0.5062	0.5078
DKK	3.9550	3.9582
FJD	1.3194	1.3240
HKD	4.4569	4.4756
INR	49.30	49.73
NOK	6.0503	6.0795
PKR	160.68	161.33
PHP	32.87	32.95
PGK	2.3385	2.3407
SEK	5.8154	5.8333
SGD	0.7661	0.7686
CNY	4.1582	4.1741
THB	19.42	19.40
TOP	1.3620	1.3729
VUV	70.64	70.69
WST	1.6070	1.6021
XPF	63.04	63.23
ZAR	10.4520	10.4562



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.97	4.44
3 Months	11.77	12.71
6 Months	24.02	25.37
9 Months	34.02	38.04
1 Year	41.38	44.56

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.75	4.75
3 Months	11.55	13.71
6 Months	24.11	27.27
9 Months	34.06	41.81
1 Year	41.41	49.85

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