

Research Markets Today

26 March 2025

Events Round-Up

GE: IFO expectations, Mar: 87.7 vs. 87.3 exp.

US: New home sales (k), Feb: 676 vs. 680 exp.

US: Conf. Board consumer confid., Mar: 92.9 vs. 94.0 exp.

Good Morning

Market movements have been modest, with flat US equities, a small fall in US Treasury yields and small broadly-based gains for major currencies against the USD.

After the latest talks in Saudi Arabia between the US and Russia regarding the war in Ukraine, the US said Russia and Ukraine have agreed to a ceasefire in the Black Sea and to work out mechanisms for implementing their ban on strikes against energy infrastructure. The Kremlin confirmed the Black Sea ceasefire and said it was dependent on sanctions relief for banks and companies involved in agriculture exports. The agreement resulted in oil prices falling after some gains were made overnight, with the net result being Brent crude showing a modest fall for the day to just below USD73 a barrel.

In other commodity news, US copper futures rose to a record high, driven by increased demand as traders stockpile ahead of potential tariffs. That puts the gain this year approaching 30% but it isn't expected to last, given underlying demand is soft and there is a growing premium – in the order of 15% – for US prices compared to London prices.

As we await Liberation Day next week for President Trump's new tariff policy, the FT's contribution to the fog was that Trump is considering a two-step approach to his new tariff regime, deploying rarely used powers to impose emergency duties while probes into trading partners are completed. According to sources, "the proposals the administration's officials are debating would seek to ground the president's "reciprocal" tariff regime in a more robust legal framework while enabling Trump to raise money for planned tax cuts". As well as the previously used International Emergency Economic Powers Act, Trump could invoke a little-known Tariff Act of 1930 law to potentially apply tariffs of up to 50%. The article added, that "the administration has not settled on its approach, with the purpose of the tariffs now in flux."

The Conference Board measure of US consumer confidence plunged 7.2pts to a four-year low of 92.9, a slightly larger decline than expected, driven by the expectations component, which plunged 9.6 pts to 65.2, a 12-year low and consistent with a level normally associated with heightened recession risk. Inflation expectations rose to a two-year high. The survey largely echoed that of the University of Michigan, with the "stagflationary" pulse linked to the uncertainty around tariffs.

Germany's IFO business survey showed rising business confidence – to a nine-month high – with advances in both current conditions and expectations, consistent with a recovery in the economy. The recent government initiative to embark on a massive fiscal easing, with increased spending on defence and infrastructure, should lock in a sustained path of much higher growth ahead.

Australia's pre-election Budget, released last night, mostly contained policies already previously signalled but one surprise being a lowering of the bottom tax bracket from 16% to 14% over two years from July 2026. Underlying cash deficits are projected to remain steady between 1-1½% over the next several years. There was little change to the path of Australian government bond issuance since the December fiscal update.

None of the above have caused much market reaction, with the S&P500 flat in early afternoon trading, consolidating after yesterday's strong 1.8% gain. Treasury yields have reversed some of yesterday's increase, with rates down 3bps across most of the curve. The 10-year rate is currently 4.30% after an overnight high of 4.36%, which was a fresh high for the month.

A softer USD backdrop sees the NZD make a small gain to 0.5740. The AUD is back above 0.63 and NZD/AUD is at 0.91 after probing sub-91 levels overnight. USD/JPY has fallen back below 150 and NZD/JPY is at 85.9. NZD/EUR is trading slightly above 0.53 and NZD/GBP has been range-trading around 0.4430.

In the domestic rates market yesterday, despite the backdrop of higher US Treasury yields, an attempt for NZ rates to climb higher failed and, after opening higher in yield, rates tracked back down to finish the day little changed across both NZGBs and swaps.

On the economic calendar ahead, Australia's monthly CPI indicator is released while tonight sees UK CPI and US durable goods orders data.

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Coming Up

		Period	Cons.	Prev.	NZT
AU	CPI (y/y%)	Feb	2.5	2.5	13:30
AU	CPI trimmed mean (y/y%)	Feb		2.8	13:30
UK	CPI (y/y%)	Feb	3.0	3.0	20:00
UK	CPI core (y/y%)	Feb	3.6	3.7	20:00
UK	CPI services (y/y%)	Feb	4.9	5	20:00
US	Durable goods orders (m/m%)	Feb	-1.0	3.2	1:30
US	Durables ex transport.	Feb	0.2	0.0	1:30

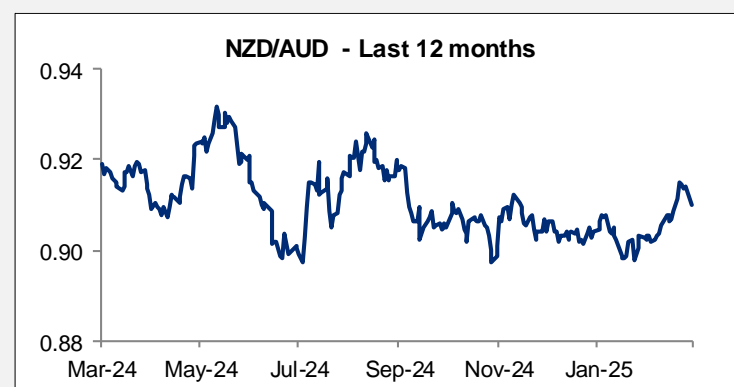
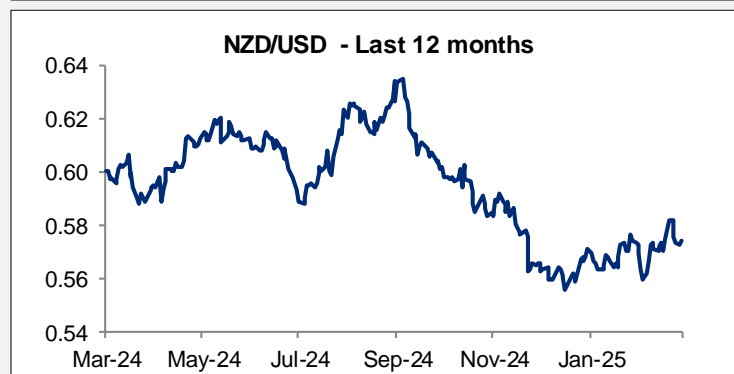
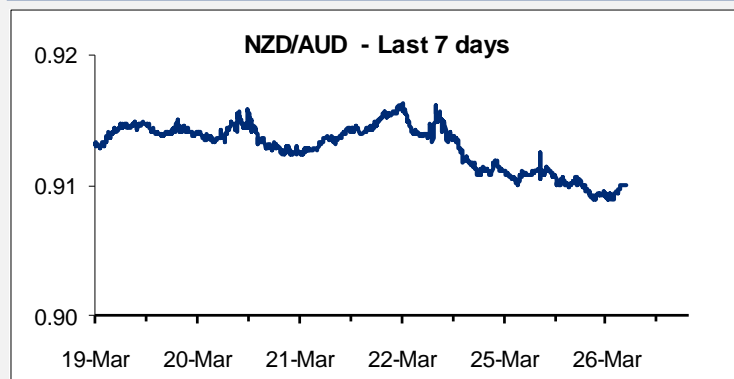
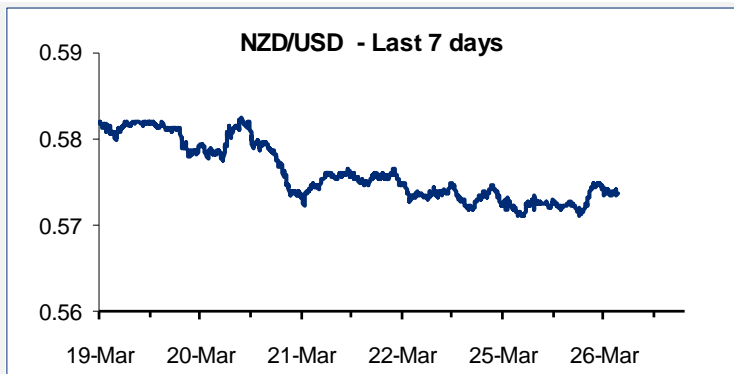
Source: Bloomberg, BNZ

Currencies					Equities					Commodities				
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices			Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day			Last	Net Day			
NZD	0.5737	+0.2	0.5711	0.5751	CHF	0.8813	-0.2	S&P 500	5,767	-0.0	10.5	Oil (Brent)	72.88	-0.2
AUD	0.6304	+0.3	0.6279	0.6325	SEK	10.024	-0.8	Dow	42,523	-0.1	8.2	Oil (WTI)	68.86	-0.4
EUR	1.0807	+0.1	1.0777	1.0830	NOK	10.499	-0.2	Nasdaq	18,215	+0.1	11.2	Gold	3027.4	+0.4
GBP	1.2958	+0.3	1.2902	1.2967	HKD	7.775	+0.0	Stoxx 50	5,475	+1.1	8.5	HRC steel	934.0	+0.0
JPY	149.76	-0.6	149.55	150.77	CNY	7.258	-0.0	FTSE	8,664	+0.3	9.4	CRB	306.4	+0.2
CAD	1.4300	-0.1			SGD	1.336	-0.2	DAX	23,110	+1.1	26.6	Wheat Chic.	558.8	-1.1
NZD/AUD	0.9101	-0.1			IDR	16,612	+0.3	CAC 40	8,109	+1.1	-0.5	Sugar	19.51	+1.5
NZD/EUR	0.5309	+0.1			THB	33.80	-0.4	Nikkei	37,781	+0.5	-6.5	Cotton	65.13	-0.5
NZD/GBP	0.4427	-0.1			KRW	1,463	-0.4	Shanghai	3,370	-0.0	11.2	Coffee	398.6	+1.3
NZD/JPY	85.92	-0.5			TWD	33.08	+0.2	ASX 200	7,942	+0.1	2.1	WM powder	3950	-0.1
NZD/CAD	0.8204	+0.0			PHP	57.58	+0.4	NZX 50	12,185	+0.5	1.3	Australian Futures		
NZ TWI	68.11	+0.0						VIX Index	17.28	-1.1	+31.0	3 year bond	96.26	-0.01
												10 year bond	95.53	0.03
Interest Rates					NZ Government Bonds					NZ BKBM and Swap Yields				
	Rates		Swap Yields		Benchmark 10 Yr Bonds		Last		Chg	Last		Chg		
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day								
USD	4.50	4.85	3.83	3.87	USD	4.30	-0.03	15-Apr-27	3.59	-0.02	BKBM 1-mth	3.74	-0.02	
AUD	4.10	4.11	3.69	4.34	AUD	4.42	0.02	15-May-28	3.77	-0.02	BKBM 3-mth	3.63	-0.00	
NZD	3.75	3.63	3.41	4.15	NZD	4.62	0.01	20-Apr-29	3.90	-0.01	1 year	3.39	0.01	
EUR	2.50	2.37	2.27	2.71	GER	2.80	0.03	15-May-30	4.06	-0.01	2 year	3.41	-0.01	
GBP	4.50	4.72	4.16	4.24	GBP	4.75	0.04	15-May-31	4.23	-0.00	3 year	3.51	-0.01	
JPY	0.48	-0.03	0.89	1.39	JPY	1.58	0.04	15-May-32	4.37	0.00	5 year	3.71	-0.01	
CAD	2.75	4.97	2.39	2.77	CAD	3.03	-0.03	14-Apr-33	4.45	0.00	7 year	3.92	-0.01	
								15-May-34	4.54	0.00	10 year	4.15	-0.01	
								15-May-35	4.62	0.01	15 year	4.39	-0.01	
								15-May-36	4.71	0.00	NZ Inflation-Indexed Bonds			
								15-May-37	4.82	0.00	Sep-30	2.28	0.02	
								15-May-41	5.04	0.00	Sep-35	2.77	0.02	
								15-May-51	5.20	-0.00	Sep-40	3.06	0.02	
								15-May-54	5.21	-0.00				

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
 Rates are as of: NZT 06:54
 Source: Bloomberg

NZD exchange rates

	26/03/2025 6:54 am	Prev. NY close
USD	0.5737	0.5728
GBP	0.4427	0.4432
AUD	0.9101	0.9112
EUR	0.5309	0.5303
JPY	85.92	86.32
CAD	0.8204	0.8201
CHF	0.5056	0.5058
DKK	3.9609	3.9563
FJD	1.3192	1.3213
HKD	4.4604	4.4531
INR	49.20	49.05
NOK	6.0235	6.0281
PKR	160.87	160.56
PHP	33.05	32.83
PGK	2.3407	2.3294
SEK	5.7508	5.7853
SGD	0.7662	0.7668
CNY	4.1641	4.1589
THB	19.47	19.40
TOP	1.3650	1.3606
VUV	70.84	70.56
WST	1.6103	1.6009
XPF	63.11	63.15
ZAR	10.4696	10.4558



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.97	4.27
3 Months	12.39	12.98
6 Months	25.73	26.73
9 Months	36.39	38.50
1 Year	44.41	47.47

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.96	4.62
3 Months	12.72	14.08
6 Months	26.50	29.22
9 Months	36.89	41.65
1 Year	45.06	52.96

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