

Research Markets Today

27 March 2025

Events Round-Up

AU: CPI (y/y%), Feb: 2.4 vs. 2.5 exp.
 AU: CPI trimmed mean (y/y%), Feb: 2.7 vs. 2.7 prev.
 UK: CPI (y/y%), Feb: 2.8 vs. 3.0 exp.
 UK: CPI core (y/y%), Feb: 3.5 vs. 3.6 exp.
 UK: CPI services (y/y%), Feb: 5.0 vs. 4.9 exp.
 US: Durable goods orders (m/m%), Feb: 0.9 vs. -1 exp.
 US: Durables ex transport., Feb: 0.7 vs. 0.2 exp.

Good morning

There was a soft risk tone overnight with US equities reversing some of the gains from earlier in the week. The S&P is close to 1% lower in early afternoon trade amid further tariff uncertainty. It was reported that President Trump will announce taxes on US car imports this morning, ahead of the broader imposition of tariffs, next week. Treasury yields moved modestly higher, and the US dollar was mixed against G10 currencies.

In commodity markets, US copper futures hit a fresh record high after it was reported that the US may implement copper import tariffs within weeks. New York traded copper futures prices have gained more than 25% since the beginning of the year. Oil prices extended recent gains with Brent crude trading up towards US\$74 per barrel, the highest level since early March.

US treasuries are modestly higher in yield with a curve steepening bias. 10-year notes are yielding 4.34%, up towards the top end of the trading range from the past month. Chicago Fed President Goolsbee noted that if market-based long-run measures of inflation began to rise like consumers' inflation expectations, that would be concerning and could impact policymakers' easing bias.

UK inflation was softer than expected but remains well above the Bank of England's (BOE) target. Headline CPI decreased to 2.8% y/y from 3.0% in January. However, headline CPI is expected to rise over coming months with higher utility prices and increased employer taxes the key drivers. Core inflation in February also was below expectations at 3.5% y/y though services inflation remained elevated at 5.0% y/y.

UK Chancellor Reeves outlined cuts to government spending in the midyear statement required by fiscal rules

after a downward revision to growth forecasts by the Office for Budget Responsibility. Its 2025 growth projection was reduced to 1% from 2% previously. Gilts rallied and the curve flattened, on the announcement of less bond sales for the upcoming fiscal year, and with issuance skewed less towards longer maturities.

The market is pricing in around 20bp of easing by the BOE at the May meeting compared with 15bp ahead of the CPI data. The market continues to expect a cautious easing cycle with a total of 47bp of cuts priced by December. The pound fell with EUR/GBP gaining around 0.3%. NZD/GBP traded up towards 0.4460, but is only modestly above the 0.4395 multi-year low, reached earlier in March.

Except for the pound, currency markets were subdued overall with small absolute moves against the dollar. NZD/USD traded up towards 0.5760 before retracing to be little changed from the local close.

The Australian headline CPI indicator edged lower to 2.4% y/y in February, modestly below consensus estimates. The annual rate for the trimmed mean measure, which excludes volatile items, decreased to 2.7% from 2.8% in January. Australian front end rates dipped immediately after the release, but then retraced, with similar price action for the AUD. The RBA is widely expected to leave rates steady at its April meeting and there is around 18bp of easing priced by May.

NZ swap rates moved modestly lower in the local session yesterday. 2-year rates dipped 4bp following the Australian CPI print but retraced to close 1bp lower at 3.40%. The session low near 3.38% correspond with the base of the range through March. 10-year government bonds closed unchanged at 4.62%. Australian 10y bond futures are around 2bp higher since the local close yesterday, which suggests an upwards bias, for NZ yields on the open.

The weekly government bond tender is scheduled today. NZ Debt Management is auctioning NZ\$500m of nominal bonds across the May-2029 (\$250m), May-36 (\$200m) and May-2054 (\$50m) lines. The May-2054s are offered for the third consecutive week, suggesting an increase in indicated demand from investors, with the NZGB 10y/30y curve back towards the highs. NZ\$25m of Sep-2040 inflation indexed bonds being will also be tendered.

There is no domestic economic data of note today. The calendar is US centric and only second tier releases. The advance goods trade balance and pending home sales for February are scheduled. Initial jobless claims are expected to remain steady at 225k.

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Coming Up

		Period	Cons.	Prev.	NZT
US	Advance Goods Trade Bal (\$bn)	Feb	-138	-153.3	1:30
US	Initial Jobless Claims	22-Mar	225	223	1:30
US	Pending Home Sales (m/m%)	Feb	1	-4.6	3:00

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	0.5731	-0.1	0.5730	0.5763	CHF	0.8843	+0.2	S&P 500	5,719	-1.0	9.9	Oil (Brent)	73.83	+1.1
AUD	0.6295	-0.1	0.6295	0.6331	SEK	10.051	+0.1	Dow	42,447	-0.3	8.1	Oil (WTI)	69.79	+1.1
EUR	1.0768	-0.2	1.0767	1.0803	NOK	10.543	+0.3	Nasdaq	17,913	-2.0	9.8	Gold	3022.1	-0.1
GBP	1.2888	-0.4	1.2875	1.2943	HKD	7.776	+0.0	Stoxx 50	5,412	-1.2	6.9	HRC steel	896.0	-2.6
JPY	150.64	+0.5	150.02	150.75	CNY	7.268	+0.1	FTSE	8,690	+0.3	9.6	CRB	306.5	+0.0
CAD	1.4283	+0.0			SGD	1.340	+0.3	DAX	22,839	-1.2	24.2	Wheat Chic.	554.5	-0.9
NZD/AUD	0.9104	+0.1			IDR	16,588	-0.1	CAC 40	8,031	-1.0	-1.9	Sugar	19.35	-0.7
NZD/EUR	0.5322	+0.2			THB	33.98	+0.5	Nikkei	38,027	+0.7	-6.7	Cotton	65.65	+0.8
NZD/GBP	0.4447	+0.4			KRW	1,468	+0.3	Shanghai	3,369	-0.0	12.5	Coffee	392.9	-1.4
NZD/JPY	86.33	+0.5			TWD	33.09	+0.0	ASX 200	7,999	+0.7	2.3	WM powder	3960	+0.3
NZD/CAD	0.8186	+0.0			PHP	57.69	+0.2	NZX 50	12,334	+1.2	2.7	Australian Futures		
NZ TWI	68.18	+0.1						VIX Index	18.52	+8.0	+39.9	3 year bond	96.21	-0.05
Interest Rates												10 year bond 95.48 -0.04		
	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	3.84	3.89	USD	4.34	0.03	15-Apr-27	3.57	-0.02	BKBM 1-mth	3.73	-0.01	
AUD	4.10	4.11	3.70	4.38	AUD	4.48	0.05	15-May-28	3.75	-0.02	BKBM 3-mth	3.63	0.00	
NZD	3.75	3.63	3.40	4.15	NZD	4.62	-0.00	20-Apr-29	3.89	-0.01	1 year	3.38	-0.01	
EUR	2.50	2.37	2.25	2.70	GER	2.80	-0.00	15-May-30	4.05	-0.01	2 year	3.40	-0.01	
GBP	4.50	4.72	4.11	4.22	GBP	4.73	-0.03	15-May-31	4.22	-0.01	3 year	3.49	-0.02	
JPY	0.48	-0.03	0.90	1.41	JPY	1.59	0.00	15-May-32	4.36	-0.00	5 year	3.70	-0.01	
CAD	2.75	4.97	2.45	2.86	CAD	3.11	0.04	14-Apr-33	4.45	-0.00	7 year	3.91	-0.00	
						Policy Meeting Run		15-May-34	4.53	-0.00	10 year	4.15	0.00	
						NZD		15-May-35	4.62	-0.00	15 year	4.40	0.00	
						AUD		15-May-36	4.71	0.00	NZ Inflation-Indexed Bonds			
						USD		15-May-37	4.82	-0.00	Sep-30	2.29	0.02	
						1st		15-May-41	5.04	0.00	Sep-35	2.79	0.01	
						2nd		15-May-51	5.20	0.00	Sep-40	3.07	0.01	
						3rd								
						4th								
						5th								

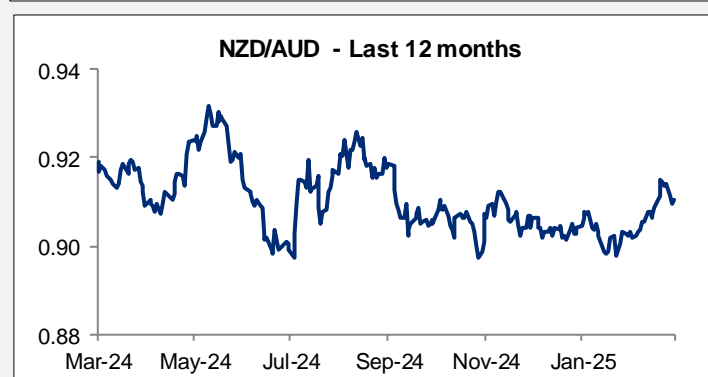
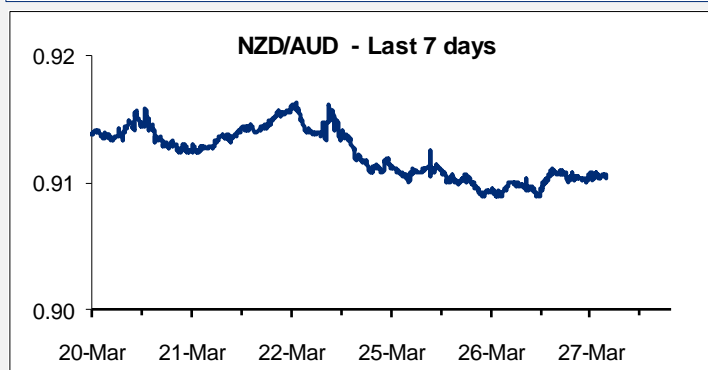
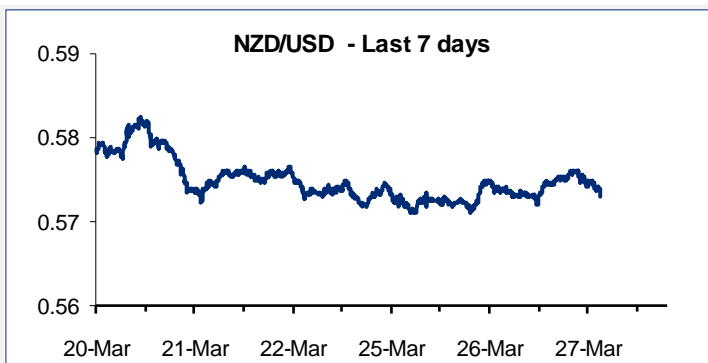
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:18

Source: Bloomberg

NZD exchange rates

27/03/2025 6:19 am		Prev. NY close
USD	0.5731	0.5733
GBP	0.4447	0.4429
AUD	0.9104	0.9096
EUR	0.5322	0.5313
JPY	86.33	85.94
CAD	0.8186	0.8186
CHF	0.5068	0.5059
DKK	3.9703	3.9640
FJD	1.3181	1.3286
HKD	4.4566	4.4573
INR	49.12	49.17
NOK	6.0422	6.0258
PKR	160.62	160.70
PHP	33.06	33.02
PGK	2.3382	2.3390
SEK	5.7605	5.7560
SGD	0.7679	0.7660
CNY	4.1655	4.1612
THB	19.47	19.46
TOP	1.3613	1.3683
VUV	70.82	70.88
WST	1.6021	1.5990
XPF	63.15	63.27
ZAR	10.4719	10.4747



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.99	4.21
3 Months	12.92	13.36
6 Months	25.90	26.90
9 Months	36.90	38.90
1 Year	45.02	48.30

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.13	4.72
3 Months	13.51	14.91
6 Months	27.04	29.80
9 Months	37.30	43.07
1 Year	45.23	54.77

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