

# Research Markets Today

28 January 2025

## Events Round-Up

CH: Manufacturing PMI, Jan: 49.1 vs. 50.1 exp.  
 CH: Non-manufacturing PMI, Jan: 50.2 vs. 52 exp.  
 GE: IFO Expectations, Jan: 84.2 vs. 85 exp.  
 US: New Home Sales (k), Dec: 698 vs. 670 exp.

## Good morning

Weak risk sentiment has dominated markets to begin the new trading week. US equity market futures fell in Asia, and saw further losses overnight, before staging a partial recovery from the lows. The losses were led by technology stocks reflecting concerns that unexpected advances by a Chinese AI company DeepSeek, could challenge the US's technical edge in artificial intelligence. The S&P dropped close to 3% at one point with larger falls in the Nasdaq. Global bond yields declined, and defensive currencies outperformed.

The soft risk tone contributed to safe haven demand for US treasuries with only limited economic data to provide direction. The yield on the 10-year notes fell to an intra-day low of 4.50%, marking a significant decline from the ~4.80% yield high, from the middle of the month. The market is pricing 50bp of easing by the Fed for this year, up from 42bp at the end of last week.

European markets saw relatively modest moves compared with the US. The Euro Stoxx closed 0.5% lower and 10-year bund yields closed 4bp lower at 2.53%, lagging the move in US treasuries.

China's manufacturing and service sector PMIs were weaker than expected in January, suggesting growth lost momentum, despite the increased stimulus at the end of last year. The manufacturing PMI slipped to 49.1 from 50.1 in December. The service sector index slowed sharply to 50.2. The data suggests the need for more support from policy makers. Chinese markets are closed over the next week for the Lunar New Year Holiday.

Defensive currencies like the yen and Swiss franc outperformed amid the soft risk backdrop. USD/JPY traded below 154, marking a fall of close to 1%, taking the pairing

to the lowest level in more than a month. EUR/USD recovered from an initial dip to be little changed.

NZD/USD began the week with a soft tone in Asian trade. The weak Chinese PMIs contributed to the move down towards 0.5670. The NZD is little changed against the dollar overnight but is weaker against the yen and euro.

It was a quiet session for NZ fixed income in the local session yesterday given regional holidays and with Australia also observing a public holiday. NZ swap rates were marked 2bp lower across the curve reflecting moves in offshore markets. 2-year rates closed at 3.50%, the lowest level in two weeks. The government curve matched the adjustment in swaps with 10-year NZGBs closing at 4.61%, 2bp lower on the day.

Australian 10-year government bond futures have traded lower in yield terms since the local close yesterday, and combined with the move in US treasuries, suggests a lower bias for NZ yields on the open.

Filled jobs for December is the only domestic data of note in the day ahead and are expected to show subdued growth. The BNZ and Seek employment report released yesterday, revealed that Job ads declined a further 2.1% in December, as the labour market continues its trend deterioration. Job ads are down 21.9% on a year earlier.

In Australia the NAB Business Survey is published. Later this evening, US durable goods orders and the Conference Board's index of consumer confidence are released.

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## Coming Up

		Period	Cons.	Prev.	NZT
NZ	Filled Jobs SA (m/m%)	Dec	0.3	10:45	
AU	NAB Business Conditions	Dec	2	13:30	
US	Durable Goods Orders	Dec P	0.5	-1.2	02:30
US	Durables Ex Transportation	Dec P	0.4	-0.2	02:30
US	Conf. Board Consumer Confiden	Jan	105.6	104.7	04:00

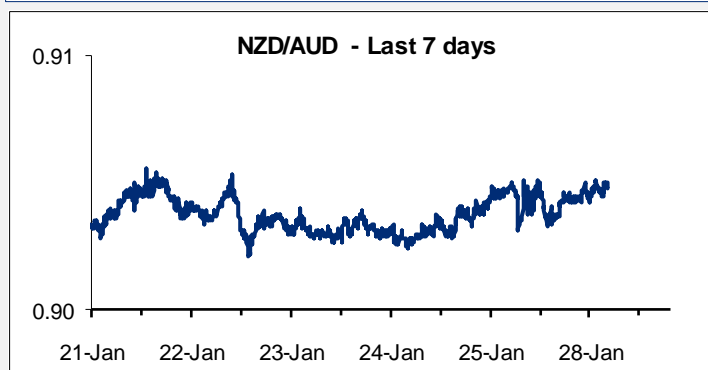
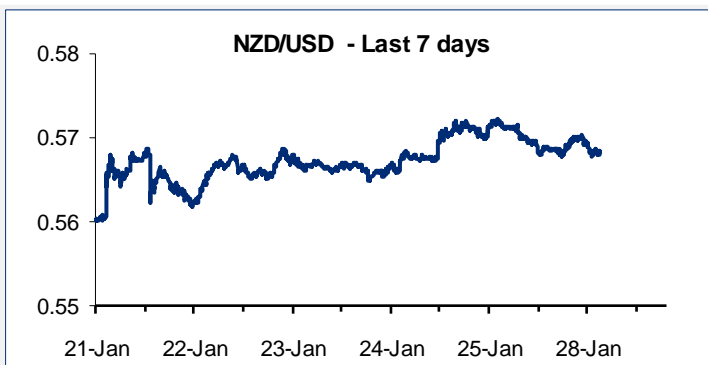
Source: Bloomberg, BNZ

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	0.5683	-0.5	0.5677	0.5705	CHF	0.9007	-0.5	S&P 500	5,989	-1.7	22.4	Oil (Brent)	76.72	-2.5	
AUD	0.6280	-0.6	0.6275	0.6308	SEK	10.940	+0.2	Dow	44,521	+0.3	16.8	Oil (WTI)	72.81	-2.7	
EUR	1.0493	-0.1	1.0454	1.0533	NOK	11.244	+0.5	Nasdaq	19,301	-3.1	24.9	Gold	2734.4	-1.6	
GBP	1.2481	-0.1	1.2426	1.2523	HKD	7.789	+0.0	Stoxx 50	5,188	-0.6	11.9	HRC steel	690.0	+0.3	
JPY	154.31	-1.1	153.72	156.25	CNY	7.245	+0.0	FTSE	8,504	+0.0	11.4	CRB	309.8	+0.2	
CAD	1.4389	+0.3			SGD	1.345	-0.1	DAX	21,282	-0.5	25.5	Wheat Chic.	550.0	-1.4	
NZD/AUD	0.9049	+0.1			IDR	16,172	-0.7	CAC 40	7,907	-0.3	3.6	Sugar	19.21	+0.9	
NZD/EUR	0.5416	-0.4			THB	33.79	+0.5	Nikkei	39,566	-0.9	10.7	Cotton	67.61	-0.0	
NZD/GBP	0.4553	-0.4			KRW	1,434	+0.3	Shanghai	3,251	-0.1	20.3	Coffee	349.0	+0.4	
NZD/JPY	87.69	-1.5			TWD	32.68	-0.3	ASX 200	8,409	+0.4	11.3	WM powder	4010	+0.1	
NZD/CAD	0.8177	-0.2			PHP	58.44	+0.2	NZX 50	13,000	-0.2	9.5	<b>Australian Futures</b>			
NZ TWI	67.79	-0.4						VIX Index	18.61	+25.3	+40.3	3 year bond	96.10	0.00	
<b>Interest Rates</b>													10 year bond	95.57	0.07
	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	4.04	4.08	USD	4.54	-0.08	15-Apr-27	3.70	0.00	BKBM 1-mth	4.26	-0.04		
AUD	4.35	4.32	3.84	4.41	AUD	4.48	-0.00	15-May-28	3.83	0.00	BKBM 3-mth	3.98	-0.03		
NZD	4.25	3.98	3.50	4.12	NZD	4.63	0.00	20-Apr-29	3.94	0.00	1 year	3.59	-0.01		
EUR	3.00	2.64	2.39	2.50	GER	2.53	-0.04	15-May-30	4.07	0.00	2 year	3.50	-0.02		
GBP	4.75	5.30	4.15	4.07	GBP	4.59	-0.04	15-May-31	4.22	0.00	3 year	3.55	-0.02		
JPY	0.48	-0.03	0.71	1.13	JPY	1.21	-0.02	15-May-32	4.37	0.00	5 year	3.71	-0.02		
CAD	3.25	4.97	2.72	2.95	CAD	3.21	-0.07	14-Apr-33	4.47	0.00	7 year	3.90	-0.02		
							NZ Inflation-Indexed Bonds		15-May-34	4.55	0.00	10 year	4.12	-0.02	
							Sep-30	2.35	0.00	15-May-35	4.63	0.00	15 year	4.37	-0.02
							Sep-35	2.77	0.00	15-May-36	4.70	0.00			
							Sep-40	3.04	0.00	15-May-37	4.79	0.00			
										15-May-41	4.98	0.00			
										15-May-51	5.14	0.00			
										15-May-54	5.14	0.00			

\* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer  
 Rates are as of: NZT 06:28  
 Source: Bloomberg

**NZD exchange rates**

28/01/2025 6:29 am		Prev. NY close
USD	0.5683	0.5709
GBP	0.4553	0.4573
AUD	0.9049	0.9042
EUR	0.5416	0.5439
JPY	87.69	89.06
CAD	0.8177	0.8187
CHF	0.5119	0.5172
DKK	4.0415	4.0588
FJD	1.3192	1.3191
HKD	4.4263	4.4455
INR	49.07	49.21
NOK	6.3897	6.3905
PKR	158.45	159.12
PHP	33.21	33.30
PGK	2.2787	2.2754
SEK	6.2172	6.2373
SGD	0.7642	0.7685
CNY	4.1171	4.1339
THB	19.15	19.21
TOP	1.3764	1.3691
VUV	70.50	69.63
WST	1.6090	1.5979
XPF	65.53	65.75
ZAR	10.6592	10.5051



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	1.43	1.68
3 Months	7.74	8.24
6 Months	19.37	20.51
9 Months	31.45	33.57
1 Year	42.55	45.55

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	1.77	2.38
3 Months	9.24	10.55
6 Months	22.74	25.70
9 Months	35.96	41.47
1 Year	48.11	56.16

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