

Research Markets Today

29 January 2025

Events Round-Up

NZ: Filled Jobs SA (m/m%), Dec: 0.1% vs. 0.2 prev.
 AU: NAB Business Conditions, Dec: -2 vs. -3 prev.
 US: Durable Goods Orders, Dec P: -2.2 vs. 0.5 exp.
 US: Durables Ex Transportation, Dec P: 0.3 vs. 0.4 exp.
 US: Conf. Board Cons. Confidence, Jan: 104.1 vs. 105.6 exp.

Good morning

US equities recovered from the sharp fall the previous session, which was driven by concerns that cheaper artificial intelligence models, could impact US dominance in the technology. The S&P is up 0.6% in afternoon trade with a larger rebound in the Nasdaq index. Markets in Europe also gained with the Euro Stoxx advancing 0.4%. US treasuries edged higher in yield, partially reversing the sharp falls, from the start of the week. The US dollar consolidated gains against global currencies.

Conference Board consumer confidence dropped to 104.1 in January which is the lowest level since September. The expectations index, which has the closest relationship with spending growth, also weakened and is consistent with a slowdown in real consumption. The differential between respondents seeing 'jobs as plentiful' compared with 'jobs hard to get' dropped to 16.2, also the lowest since September, suggesting some caution about the outlook for the labour market.

US treasury yields weren't impacted by the data and moved higher across the curve, as safe haven demand faded, with equity markets stabilising. 10-year yields are 4bp higher at 4.57%. European bond markets also closed higher in yield. 10-year bunds increased 3bp to 2.56%.

The US dollar strengthened against G10 currencies in Asian trade yesterday, after the Financial Times reported US Treasury Secretary Bessent is pushing for new universal tariffs on US imports, to start at 2.5% and rise gradually. President Trump also threatened universal tariffs that are 'much bigger' and to place restrictions on the trade of semiconductors, pharmaceuticals and metals.

After the move higher in Asia, the US dollar index traded sideways overnight with G10 currencies little changed. NZD/USD was confined to a narrow range around 0.5655.

NZ fixed income extended lower in yield in the local session yesterday reflecting moves in offshore markets. 2-year swap rates dropped 5bp to 3.45%, before partially retracing the move, and closing down 2bp at 3.48%. Filled jobs increased 0.1% in December and are consistent with a subdued labour market.

Government bonds outperformed swaps, particularly in the 10-year sector. 10-year NZGBs closed 6bp lower at 4.55% with asset swap spreads back at 45bp from the 58bp cyclical high in December. Australian 10-year government bond futures are ~2bp higher in yield since the local close yesterday suggesting a modest upward bias for NZ yields on the open.

RBNZ Chief Economist, Paul Conway is speaking on growth and interest rates in the long run, this morning. The speech will discuss the neutral interest rate and what drives changes in the neutral rate. The evolution of the economy since the November Monetary Policy Statement will not be covered. There will be Q & A session.

Q4 CPI data is released in Australia and is likely to show headline inflation slowing to the midpoint of the RBA's 2-3% target according to the consensus. The trimmed mean measure is expected to decline to a 3.3% annual rate. The market is pricing close to an 80% chance of a 25bp rate cut at the February RBA meeting.

After two consecutive 50bp cuts and a cumulative 175bp adjustment lower in the policy rate, the Bank of Canada is set to slow the pace of easing later this evening. Markets are 90% priced for a 25bp cut.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	RBNZ Chief Economist Conway Speaks				11:00
AU	CPI (q/q%)	4Q	0.3	0.2	13:30
AU	CPI (y/y%)	4Q	2.5	2.8	13:30
AU	CPI Trimmed Mean (q/q%)	4Q	0.6	0.8	13:30
AU	CPI Trimmed Mean (y/y%)	4Q	3.3	3.5	13:30
US	Advance Goods Trade Balance	Dec	-105	-102.9	02:30
CA	Bank of Canada Rate Decision	Jan	3	3.25	03:45

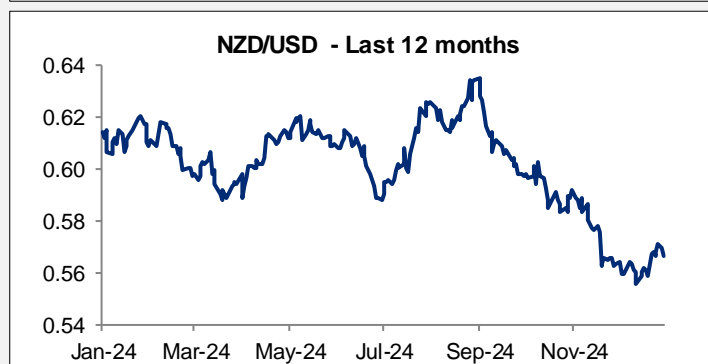
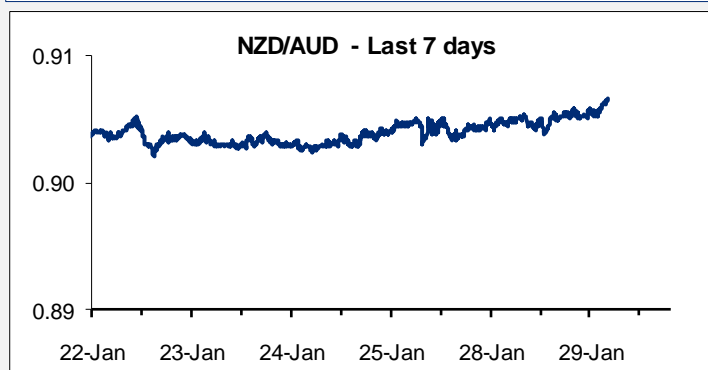
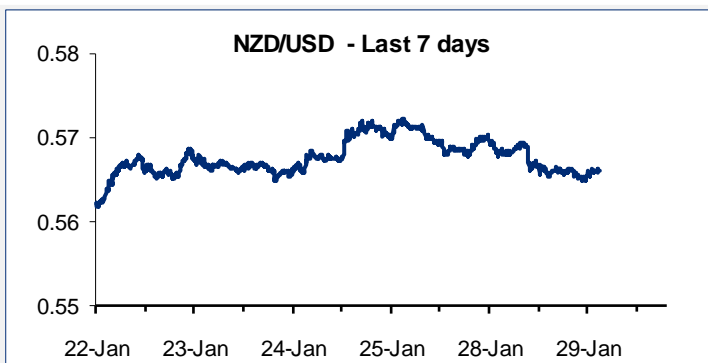
Source: Bloomberg, BNZ

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	0.5662	-0.6	0.5648	0.5666	CHF	0.9053	+0.4	S&P 500	6,051	+0.7	23.7	Oil (Brent)	77.12	+0.2
AUD	0.6245	-0.8	0.6237	0.6258	SEK	11.002	+0.6	Dow	44,841	+0.3	17.7	Oil (WTI)	73.22	+0.2
EUR	1.0428	-0.6	1.0414	1.0444	NOK	11.291	+0.4	Nasdaq	19,686	+1.8	27.4	Gold	2767.6	+1.1
GBP	1.2433	-0.5	1.2415	1.2456	HKD	7.791	+0.0	Stoxx 50	5,196	+0.1	12.1	HRC steel	689.0	+0.1
JPY	155.68	+0.8	155.05	155.98	CNY	7.245	+0.0	FTSE	8,534	+0.4	11.8	CRB	305.3	-1.5
CAD	1.4395	+0.2			SGD	1.352	+0.6	DAX	21,431	+0.7	26.3	Wheat Chic.	560.0	+1.9
NZD/AUD	0.9066	+0.2			IDR	16,172	-0.7	CAC 40	7,897	-0.1	3.4	Sugar	19.27	+0.6
NZD/EUR	0.5430	+0.1			THB	33.91	+0.3	Nikkei	39,017	-1.4	8.3	Cotton	67.24	+0.0
NZD/GBP	0.4554	+0.0			KRW	1,447	+0.9	Shanghai	3,251	-0.1	20.3	Coffee	356.0	+1.9
NZD/JPY	88.15	+0.2			TWD	32.68	-0.3	ASX 200	8,399	-0.1	10.8	WM powder	4020	+0.2
NZD/CAD	0.8150	-0.4			PHP	58.45	+0.0	NZX 50	12,957	-0.3	8.8	Australian Futures		
NZ TWI	67.72	-0.2						VIX Index	16.81	-6.1	+26.8	3 year bond	96.16	0.06
Interest Rates										10 year bond			95.53	-0.05
	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	4.06	4.11	USD	4.57	0.04	15-Apr-27	3.65	-0.05	BKBM 1-mth	4.24	-0.02	
AUD	4.35	4.29	3.84	4.43	AUD	4.42	-0.05	15-May-28	3.77	-0.06	BKBM 3-mth	3.96	-0.02	
NZD	4.25	3.96	3.48	4.09	NZD	4.56	-0.07	20-Apr-29	3.88	-0.06	1 year	3.57	-0.02	
EUR	3.00	2.64	2.40	2.52	GER	2.57	0.03	15-May-30	4.00	-0.06	2 year	3.48	-0.02	
GBP	4.75	5.30	4.17	4.09	GBP	4.61	0.03	15-May-31	4.15	-0.07	3 year	3.52	-0.02	
JPY	0.48	-0.03	0.72	1.13	JPY	1.20	-0.01	15-May-32	4.30	-0.07	5 year	3.68	-0.03	
CAD	3.25	4.97	2.72	2.97	CAD	3.23	0.03	14-Apr-33	4.40	-0.08	7 year	3.86	-0.03	
						NZ Inflation-Indexed Bonds		15-May-34	4.48	-0.07	10 year	4.09	-0.03	
						Sep-30	2.27	-0.08	15-May-35	4.56	-0.07	15 year	4.34	-0.03
						Sep-35	2.72	-0.06	15-May-36	4.64	-0.06			
						Sep-40	2.98	-0.06	15-May-37	4.74	-0.05			
									15-May-41	4.93	-0.05			
									15-May-51	5.10	-0.04			
									15-May-54	5.09	-0.04			

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
 Rates are as of: NZT 06:23
 Source: Bloomberg

NZD exchange rates

29/01/2025 6:24 am		Prev. NY close
USD	0.5662	0.5693
GBP	0.4554	0.4555
AUD	0.9066	0.9047
EUR	0.5430	0.5426
JPY	88.15	87.96
CAD	0.8150	0.8183
CHF	0.5126	0.5135
DKK	4.0518	4.0491
FJD	1.3155	1.3252
HKD	4.4112	4.4338
INR	48.99	49.15
NOK	6.3927	6.4002
PKR	157.91	158.69
PHP	33.08	33.27
PGK	2.2702	2.2827
SEK	6.2296	6.2262
SGD	0.7656	0.7654
CNY	4.1019	4.1224
THB	19.20	19.18
TOP	1.3723	1.3788
VUV	70.23	70.62
WST	1.5931	1.6090
XPF	65.49	65.65
ZAR	10.5878	10.6632



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.33	1.56
3 Months	7.74	8.27
6 Months	19.70	20.70
9 Months	31.75	33.75
1 Year	43.82	46.82

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.62	2.14
3 Months	9.27	10.47
6 Months	23.01	25.70
9 Months	36.22	41.42
1 Year	49.11	57.37

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