

Research Markets Today

30 January 2025

Events Round-Up

AU: CPI (q/q%), 4Q: 0.2 vs. 0.3 exp.
 AU: CPI (y/y%), 4Q: 2.4 vs. 2.5 exp.
 AU: CPI Trimmed Mean (q/q%), 4Q: 0.5 vs. 0.6 exp.
 AU: CPI Trimmed Mean (y/y%), 4Q: 3.2 vs. 3.3 exp.
 US: Advance Goods Trade Balance, Dec: -122 vs. -105 exp.
 CA: Bank of Canada Rate Decision, Jan: 3.0 vs. 3.0 exp.

Good morning

US markets are broadly stable in the absence of first-tier economic data as investors look ahead to the Federal Reserve's rate decision this morning (NZT). The S&P is modestly weaker and down close to 0.3% in early afternoon trade. Stock indices in Europe advanced with the Euro Stoxx closing 0.6% higher. Global bonds are little changed, and the US dollar is marginally stronger against G10 currencies.

The Bank of Canada (BOC) cut rates by 25bp to 3.0% in line with expectations. It sees inflation remaining close to its 2.0% target and the economy strengthening gradually. The accompanying statement removed forward guidance on future rates moves, given the uncertainty about potential tariffs. The Bank also announced it plans to end quantitative tightening, and begin buying assets in March, to stabilise settlement balances.

Most G10 currencies are marginally weaker against the US dollar overnight. USD/CAD traded higher into the BOC rates decision but was stable in the aftermath. The AUD consolidated, after falling in the Asian session yesterday, following softer than expected inflation data. NZD/USD dipped towards 0.5635 but has since recovered from the session lows. NZD/AUD retained the post-CPI gains and traded up towards 0.9080.

Australian core CPI eased more than expected in Q4 contributing to a rally in rates markets and a weaker AUD. The trimmed mean measure rose 3.2%, below consensus and the RBA's projection from the November SoMP. The market is almost fully discounting a 25bp rate cut at the February monetary policy meeting.

RBNZ Chief Economist, Paul Conway's speech was not impactful for markets. He outlined that the Bank needs to feel its way as the Official Cash Rate (OCR) approaches

neutral, which the RBNZ estimates to be in a 2.5%-3.5% range. He said 'the way is open for some further easing' which aligns with smaller incremental cuts after an expected 50bp reduction in the OCR in February

After opening little changed, NZ swap rates declined in the local session yesterday following the soft Australian CPI data. Rates dipped 2-3bps across the curve with the 2-year closing at 3.46%. The government curve had a modest steepening bias, with 10-year bonds unchanged at 4.54%, as the market looks ahead to upcoming supply.

There will be NZ\$500 million of NZ government bonds offered in the weekly tender today across the May-31 (\$200m), May-36 (\$200m) and May-41 (\$100m) nominal lines. Tender performance has been solid in January, particularly for longer maturities. New Zealand Debt Management announced yesterday that a syndicated tap of the existing May-35 nominal bond will be undertaken in February.

Australian 10-year government bond futures are 3bp higher in yield since the local close yesterday implying modestly higher NZ yields on the open although the market reaction to the FOMC could also be a factor.

Soon after we go to print this morning the Fed is expected to leave rates unchanged which is the first pause since the easing cycle began in September. Steady policy is fully discounted by market pricing and attention will focus on any changes to the statement and Chair Powell's press conference. There aren't updated projections at this meeting.

ANZ business confidence and trade data are the only domestic releases of note. Q4 GDP data is scheduled later this evening in both the US and Eurozone. US GDP is on track for another quarter of solid growth. The consensus expects the Eurozone economy to post modest growth for the quarter. The European Central Bank is unanimously expected to cut rates by a further 25bp taking the deposit rate to 2.75%.

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Coming Up

		Period	Cons.	Prev.	NZT
US	FOMC Rate Decision (Upper Bound)	Jan	4.5	4.5	08:00
NZ	Trade Balance 12 Mth YTD NZD	Dec		-8246	10:45
NZ	ANZ Activity Outlook	Jan		50.3	13:00
GE	GDP SA (q/q%)	4Q P	-0.1	0.1	22:00
EC	GDP SA (q/q%)	4Q A	0.1	0.4	23:00
EC	Economic Confidence	Jan	94.1	93.7	23:00
EC	Unemployment Rate	Dec	6.3	6.3	23:00
EC	ECB Deposit Facility Rate	Jan	2.75	3	02:15
US	GDP Annualized (q/q%)	4Q A	2.7	3.1	02:30
US	Core PCE Price Index (q/q%)	4Q A	2.5	2.2	02:30
US	Initial Jobless Claims	Jan 25	225	223	02:30
US	Pending Home Sales (m/m%)	Dec	0	2.2	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	0.5660	-0.1	0.5634	0.5668	CHF	0.9069	+0.3	S&P 500	6,050	-0.3	22.8	Oil (Brent)	77.08	-0.6
AUD	0.6236	-0.3	0.6210	0.6250	SEK	10.990	-0.0	Dow	44,886	+0.1	17.1	Oil (WTI)	73.15	-0.9
EUR	1.0428	-0.0	1.0383	1.0444	NOK	11.283	+0.1	Nasdaq	19,624	-0.5	25.6	Gold	2771.1	+0.1
GBP	1.2449	+0.0	1.2393	1.2463	HKD	7.791	+0.0	Stoxx 50	5,231	+0.7	12.7	HRC steel	735.0	+0.0
JPY	155.17	-0.3	154.94	155.52	CNY	7.245	+0.0	FTSE	8,558	+0.3	12.1	CRB	306.2	+0.3
CAD	1.4410	+0.1			SGD	1.349	-0.1	DAX	21,638	+1.0	27.7	Wheat Chic.	570.8	+2.1
NZD/AUD	0.9076	+0.2			IDR	16,221	+0.3	CAC 40	7,872	-0.3	3.0	Sugar	19.42	+1.0
NZD/EUR	0.5428	-0.1			THB	33.77	-0.3	Nikkei	39,415	+1.0	9.3	Cotton	66.72	-0.4
NZD/GBP	0.4547	-0.2			KRW	1,442	-0.3	Shanghai	3,251	-0.1	20.3	Coffee	368.5	+2.8
NZD/JPY	87.83	-0.4			TWD	32.68	-0.3	ASX 200	8,447	+0.6	11.1	WM powder	4105	+2.1
NZD/CAD	0.8156	-0.0			PHP	58.46	+0.0	NZX 50	13,003	+0.4	9.1	Australian Futures		
NZ TWI	67.65	-0.1						VIX Index	16.80	+2.4	+23.5	3 year bond	96.22	0.06
												10 year bond	95.57	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	4.06	4.09	USD	4.55	0.02	15-Apr-27	3.63	-0.02	BKBM 1-mth	4.23	-0.01	
AUD	4.35	4.29	3.78	4.39	AUD	4.37	-0.05	15-May-28	3.75	-0.02	BKBM 3-mth	3.95	-0.01	
NZD	4.25	3.95	3.46	4.06	NZD	4.54	-0.01	20-Apr-29	3.86	-0.02	1 year	3.55	-0.02	
EUR	3.00	2.62	2.40	2.53	GER	2.58	0.02	15-May-30	3.98	-0.02	2 year	3.46	-0.02	
GBP	4.75	5.30	4.17	4.09	GBP	4.62	0.01	15-May-31	4.13	-0.03	3 year	3.49	-0.03	
JPY	0.48	-0.03	0.72	1.13	JPY	1.20	-0.01	15-May-32	4.28	-0.03	5 year	3.65	-0.03	
CAD	3.00	4.97	2.66	2.94	CAD	3.19	-0.01	14-Apr-33	4.37	-0.03	7 year	3.83	-0.03	
								15-May-34	4.46	-0.02	10 year	4.06	-0.03	
								15-May-35	4.54	-0.01	15 year	4.31	-0.03	
								15-May-36	4.63	-0.01				
								15-May-37	4.73	-0.01				
								15-May-41	4.92	-0.01				
								15-May-51	5.09	-0.01				
								15-May-54	5.08	-0.01				

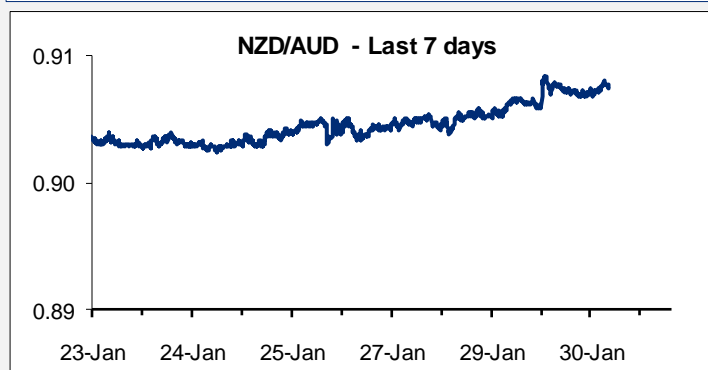
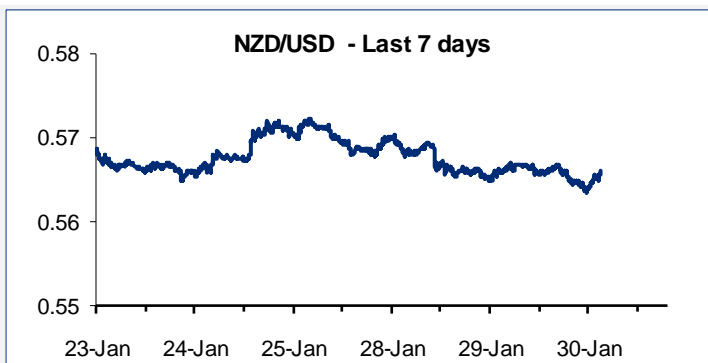
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:23

Source: Bloomberg

NZD exchange rates

30/01/2025 6:24 am		Prev. NY close
USD	0.5660	0.5667
GBP	0.4547	0.4554
AUD	0.9076	0.9063
EUR	0.5428	0.5433
JPY	87.83	88.14
CAD	0.8156	0.8160
CHF	0.5133	0.5124
DKK	4.0504	4.0541
FJD	1.3141	1.3213
HKD	4.4096	4.4146
INR	48.99	49.04
NOK	6.3863	6.3919
PKR	157.84	158.05
PHP	33.07	33.12
PGK	2.2631	2.2723
SEK	6.2201	6.2296
SGD	0.7636	0.7656
CNY	4.1004	4.1035
THB	19.11	19.22
TOP	1.3576	1.3692
VUV	69.06	70.29
WST	1.5823	1.5955
XPF	65.47	65.54
ZAR	10.4820	10.5895



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.37	1.59
3 Months	7.75	8.25
6 Months	19.96	21.06
9 Months	32.90	34.90
1 Year	45.05	48.05

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	1.67	2.20
3 Months	8.89	10.13
6 Months	22.06	24.90
9 Months	34.79	40.36
1 Year	46.47	55.06

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