

Market Alert

Monday 07 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6062	0.0036
NZD/AUD	0.9241	0.0016
NZD/JPY	87.565	-1.25
NZD/EUR	0.5146	-0.0034
NZD/GBP	0.4446	0.0020
NZD/CNH	4.3431	-0.0345
AUD/USD	0.6556	0.0027
AUD/EUR	0.5563	-0.0047
EUR/USD	1.1779	0.0140
USD/CNH	7.1614	-0.0987
GBP/USD	1.3631	0.0018
EUR/GBP	0.8625	0.0090
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.29%	3.63%
2 year swap	3.17%	3.15%
10 year Govt	4.60%	4.29%

To be fair, it wasn't a great weekend sports-wise!

The AB's game ... well, let's just say it's a good thing the French didn't bring their A-team! There were a few positives, but the team will be expected to show some significant improvements in the coming weeks. Liam had a weekend to forget ... which is a shame as he looked promising on Friday, but a big shout out to the NZ U19s basketball team who won the weekend's plaudits by finishing 4th at the WC in Switzerland. Personally, my highlight of the weekend was getting woken up at 5:15am to put the bins out!

With Friday being a US holiday

financial markets had a quiet close to the week. There wasn't much in the way of actual releases, but summing it all up ...

- Eurozone industrial producer prices fell by 0.6% in May, which was slightly worse than forecasts at -0.5%.

- UK new car sales rose 6.7% in the year to June.

- Japanese household spending came in stronger than expected, jumping 4.6% on the month, which was well above expectations at 1.2% and the largest jump since March 2022. On the year, spending surged 4.7%, which was the fastest pace since August 2022.

- Australian household spending also had a strong month, growing 0.9% in May, and 4.2% on the year, which was stronger than the expected 3.5%.

- OPEC+ announced it will increase production by 548k barrels per day, which was larger than forecasts at 411k.

ECB member Gabriel Makhoul announced, "Inflation expectations are well anchored. The ECB must be more agile when using forward guidance."

Saturday morning's close was a quiet affair with currency markets largely unchanged. The NZD/USD opens this morning at the 0.6060 level, the AUD/USD at 0.6545, with the NZD/AUD at 0.9250. Yawn. While treasury markets were closed, Goldman Sachs announced it has revised its US yield forecasts lower, forecasting the 2-year yield will close 2025 at 3.45% with the 10-years at 4.20% ... implying a further steepening of the yield curve! The OPEC+ announcement should see oil markets open the week lower, while equity traders will be expecting a quiet start to the week.

The week ahead ...

will be all about the tariffs as we approach President Trump's 9 July deadline, but we will also have a bit of excitement with the RBA tomorrow, where it's expected it will cut by 25bps, and the RBNZ on Wednesday, where it's anticipated that the central bank will leave the OCR unchanged.

A Reuters poll has 31 of 37 economists predicting the RBA to cut its cash rate by 25bps tomorrow, which would bring the rate to 3.60%, with 6 going with an unchanged verdict. The median forecast is that the cash rate will be at 3.10% by end-2025, which is 1 extra cut from the 3.35% predicted in the May poll.

In NZ, 19 of 27 economists expected the RBNZ to hold rates at 3.25% on Wednesday. The 8 remaining expect a 25bp cut. Beyond this week, 16 out of 22 economists expect the RBNZ to lower the OCR to 3.00% in Q3, with a year-end median OCR forecast at 3.00%. Economists are only expecting one more cut from the RBNZ this year compared to the previous survey in May that forecast 2 rate cuts with a year-end OCR of 2.75%.

Beyond that, we also have the FOMC minutes, US inflation expectations, inventories, and jobless claims, Chinese consumer and producer inflation, European investor sentiment and retail sales, German inflation and trade numbers, and from the UK, the BoE's financial stability report, industrial production, manufacturing and GDP growth.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.70					CAD	0.8232
NZD/USD	0.6062	0.0006	0.0019	0.0036	0.0058	CHF	0.4810
NZD/AUD	0.9241	0.0003	0.0010	0.0016	0.0023	CNY	4.3364
NZD/JPY	87.565	-0.22	-0.64	-1.25	-2.36	DKK	3.8357
NZD/EUR	0.5146	-0.0006	-0.0017	-0.0034	-0.0068	FJD	1.3431
NZD/GBP	0.4446	0.0004	0.0010	0.0020	0.0032	HKD	4.7537
						KRW	824.54
AU TWI	60.30					MYR	2.5544
AUD/USD	0.6556	0.0004	0.0013	0.0027	0.0044	NOK	6.0863
AUD/NZD	1.0813	-0.0005	-0.0012	-0.0021	-0.0037	SEK	5.7785
AUD/JPY	94.62	-0.28	-0.79	-1.53	-2.81	SGD	0.7718
AUD/EUR	0.5563	-0.0008	-0.0024	-0.0047	-0.0089	TWD	17.50
AUD/GBP	0.4805	0.0002	0.0006	0.0012	0.0021	ZAR	10.64
USD Index	96.99					EQUITIES	
EUR/USD	1.1779	0.0024	0.0071	0.0140	0.0258		Index
USD/JPY	144.38	-0.51	-1.49	-2.90	-5.26	NZX50	12,767
GBP/USD	1.3631	0.0002	0.0009	0.0018	0.0021	ASX200	8,603
EUR/GBP	0.8625	0.0016	0.0046	0.0090	0.0170	Dow Jones	44,829
USD/CNY	7.1645	-0.0180	-0.0504	-0.0973	-0.1965	S&P 500	6,279
						FTSE100	8,823
INTEREST		New Zealand		Australia		DAX 30	23,787
RATES		Mid		Mid		Nikkei	39,811
30 day bank bills			3.33%		3.66%	COMMODITIES	
90 day bank bills			3.29%		3.63%		USD
1 year swap			3.16%		3.25%	Brent Crude	68.30
2 year swap			3.19%		3.17%	Gold	3,335.00
3 year swap			3.31%		3.23%	Silver	36.91
5 year swap			3.57%		3.62%	Iron Ore	96.24
10 year swap			4.08%		4.09%	CRB Index	368.57
3 year Govt bond			3.56%		3.33%		
5 year Govt bond			3.93%		3.60%		NZD
10 year Govt bond			4.60%		4.29%	NZ Carbon	56.85

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