

Market Alert

Friday 18 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5932	0.0035
NZD/AUD	0.9138	0.0021
NZD/JPY	88.120	-1.25
NZD/EUR	0.5114	-0.0033
NZD/GBP	0.4421	0.0020
NZD/CNH	4.2582	-0.0326
AUD/USD	0.6490	0.0023
AUD/EUR	0.5595	-0.0049
EUR/USD	1.1598	0.0141
USD/CNH	7.1845	-0.0968
GBP/USD	1.3415	0.0019
EUR/GBP	0.8641	0.0092
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.26%	3.76%
2 year swap	3.14%	3.26%
10 year Govt	4.66%	4.45%

It's best we all rest up this weekend

because we've all got a big one on Monday with the Q2 NZ inflation release. That will likely set the tone as to whether the RBNZ cuts in August or October ... and I'll be thinking of you all while I partake in a refreshing beverage! Enjoy the fireworks!

There were a few US releases overnight ...

... so, let's kick into them ...

- US retail sales rose 0.6% in June, which was a lot stronger than the 0.1% expected.
- Jobless claims dipped a little further easing from 228k to 221k. Conversely, continuing claims firmed slightly from a downwardly revised 1,954k to 1,956k.
- US import prices rose 0.1% in June against forecasts for a 0.3% gain, while May's prices were revised lower, from 0.0% to -0.4%, which is important as it perhaps suggests some willingness from foreign manufacturers to absorb part of

the tariff costs.

In the UK, unemployment firmed to 4.7% against expectations for a 4.6% print. This, quite naturally, weighed on incomes with wage growth rising at its slowest level in 3 years, firming 5% in the 3 months to May.

The Swiss trade surplus widened to CHF4.3bn in June, almost doubling May's upwardly revised CHF2.2bn ... that's a lot of cuckoo clocks and fondue sets!

The Australian unemployment rate spiked to its highest level in 3.5 years at 4.3%, from 4.1%, after full-time hirings plummeted by 38.2k. Against this, part-time workers rose by 40.2k, while the participation rate stood at 67.1%.

NZ food prices firmed from 0.5% to 1.2% in June.

Ultimately though, all of the above amounted to very little ... the USD-index continues to consolidate above the 98.00 level which, combined with the weak Australian employment release, saw the NZD and AUD trend lower, although it should be emphasised that both currencies still remain within their broader ranges. Conceivably, we may also see some USD-profit taking tonight. Bond markets remain steady-eddie with the 2 and 10-years flatlining at 3.92% and 4.46%, respectively, while equity markets posted modest gains in the 0.5%-1.0% range, as did commodities.

All the chit-chat ...

NY Fed President John Williams addressed concerns about the USD's weakness, stating, "The neutral rate hasn't really changed in a while. Our economists see a slower growth outlook relative to markets. Inflation has moderated unevenly,

in part due to housing-related factors. Without tariffs, inflation would be closing in on the 2.0% level. The tariff impact has been modest so far, but it will increase over time. Financial conditions are pretty supportive of growth. Current Fed policy is likely to lower inflation and modestly weaken the job's market."

Atlanta Fed President Rafael Bostic stated. "The tariff impact remains unclear. The slow rollout of tariffs justifies the Fed taking more time to assess its influence on inflation and growth. It's still uncertain whether tariffs will significantly hurt consumer demand or trigger another inflation surge. Despite the political pressure, the Fed must be prepared to make unpopular decisions in the economy's long-term interest."

BlackRock CIO Rick Rieder announced, "Tariffs have yet to bite with US inflation holding steady. Many companies are absorbing the increased costs rather than passing them through to consumers. I believe the Fed could begin cutting rates later this year, potentially as early as September."

Goldman Sachs CEO David Solomon emphasised, "Federal Reserve independence is super important."

Deutsche Bank warned of potential market turbulence around the 1-3 August tariffs as "They pose a seriously problematic setup for risk assets."

Japanese Deputy Chief Cabinet Secretary Kazuhiko Aoki confirmed, "It's important for currencies to move in a stable manner reflecting fundamentals. We will closely monitor how interest rates affect livelihoods. I am concerned about FX market movements, including speculative moves. We will create a market environment where JGBs can be issued stably."



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Daily Rates

Friday 18 July 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.70					CAD	0.8152 0.8920
NZD/USD	0.5932	0.0006	0.0018	0.0035	0.0060	CHF	0.4767 0.5218
NZD/AUD	0.9138	0.0004	0.0013	0.0021	0.0033	CNY	4.2544 4.6533
NZD/JPY	88.120	-0.23	-0.64	-1.25	-2.33	DKK	3.8165 4.1763
NZD/EUR	0.5114	-0.0006	-0.0016	-0.0033	-0.0063	FJD	1.3233 1.4480
NZD/GBP	0.4421	0.0003	0.0010	0.0020	0.0036	HKD	4.6552 5.0940
						KRW	825.20 902.98
AU TWI	60.10					MYR	2.5159 2.7531
AUD/USD	0.6490	0.0003	0.0011	0.0023	0.0040	NOK	6.1113 6.6873
AUD/NZD	1.0939	-0.0006	-0.0016	-0.0028	-0.0045	SEK	5.7805 6.3253
AUD/JPY	96.10	-0.29	-0.83	-1.60	-2.91	SGD	0.7623 0.8341
AUD/EUR	0.5595	-0.0009	-0.0026	-0.0049	-0.0091	TWD	17.43 19.08
AUD/GBP	0.4835	0.0001	0.0004	0.0010	0.0020	ZAR	10.57 11.56
USD Index	98.63					EQUITIES	
EUR/USD	1.1598	0.0024	0.0072	0.0141	0.0262		Index
USD/JPY	148.54	-0.52	-1.53	-2.98	-5.36	NZX50	12,905
GBP/USD	1.3415	0.0003	0.0010	0.0019	0.0025	ASX200	8,639
EUR/GBP	0.8641	0.0016	0.0046	0.0092	0.0175	Dow Jones	44,484
USD/CNY	7.1832	-0.0184	-0.0492	-0.0930	-0.1820	S&P 500	6,302
						FTSE100	8,973
INTEREST		New Zealand		Australia		DAX 30	24,371
RATES		Mid		Mid		Nikkei	39,901
30 day bank bills			3.35%		3.82%	COMMODITIES	
90 day bank bills			3.26%		3.76%		USD
1 year swap			3.13%		3.35%	Brent Crude	69.55
2 year swap			3.18%		3.27%	Gold	3,339.54
3 year swap			3.31%		3.32%	Silver	38.13
5 year swap			3.58%		3.73%	Iron Ore	97.06
10 year swap			4.13%		4.23%	CRB Index	374.49
3 year Govt bond			3.55%		3.43%		
5 year Govt bond			3.95%		3.71%		NZD
10 year Govt bond			4.66%		4.45%	NZ Carbon	57.99

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