

# Market Alert

Tuesday 22 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5971	0.0036
NZD/AUD	0.9153	0.0023
NZD/JPY	88.005	-1.23
NZD/EUR	0.5108	-0.0031
NZD/GBP	0.4429	0.0020
NZD/CNH	4.2815	-0.0325
AUD/USD	0.6522	0.0023
AUD/EUR	0.5579	-0.0048
EUR/USD	1.1689	0.0142
USD/CNH	7.1714	-0.0975
GBP/USD	1.3481	0.0019
EUR/GBP	0.8668	0.0093
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.24%	3.73%
2 year swap	3.09%	3.25%
10 year Govt	4.65%	4.43%

## Call off the search .... I've returned!

Yes ... after a couple of days in the sunny ... and very cold ... Wanaka and Queenstown, I'm back ... although there is now a national shortage of Negroni! Thanks everyone for hosting us ... and now to detox for a couple of days!

## Yesterday saw ...

The eagerly anticipated NZ Q2 CPI release ... and it was actually a lot better than anticipated, printing at 0.5% for the quarter, easing from 0.9% in Q1, and below forecasts at 0.6%. Annual inflation climbed to 2.7% from 2.5% but missed the 2.8-2.9% market estimate. This saw the NZD and outright swap levels weaken, although the curve also steepened. But overnight, the USD-index opened the week in the red after the Japanese upper house elections

saw the government lose its majority, following on from it losing the lower house in October. Despite the increased uncertainty around the looming 1-August tariff deadline, the potential for higher fiscal deficits saw the JPY strengthen on the crosses. This supported the broader trend with the USD-index also weaker against the EUR and GBP, which saw the NZD/USD rebound to the 0.5975 level, while the AUD/USD held the 0.6500 level as surging iron ore prices, driven by renewed optimism over Chinese economic support, lifted the commodity-currency.

Local swap pricing will continue its softening tone this morning with US treasuries lower overnight to record their 4th consecutive decline to reach their lowest levels in more than a week. The 2-years eased 2bps to 3.86%, while the 10-years eased 5bps to 4.37%. Equity markets also continued their rally with the S&P500 and Nasdaq reaching all-time highs as we approach a packed week of US corporate reporting. Commodity prices were mixed with energy commodities lower as oil prices fell 0.5%, while gold prices jumped to a 1-month high as the weakening USD and falling Treasury yields fuelled safe-haven demand.

## Looking at the other headlines

US sentiment fell to -0.3% in June from May's upwardly revised 0.0%. US Commerce Secretary Howard Lutnick reaffirmed the administration's "hard deadline" for the 1-August deadline for countries to begin paying higher

'reciprocal' tariffs, although negotiations are expected to continue. Adding to the market unease, Treasury Secretary Bessent called for a re-evaluation of the Fed as an institution following on from the President's renewed criticism of Chair Powell for not cutting interest rates, and while White House Press Secretary Karoline Leavitt confirmed that President Trump has no plans to fire Powell, Republican Senator Anna Paulina Luna has referred Jerome Powell to the DOJ, accusing him of lying under oath about renovations at the Fed's Eccles Building. Luna alleges Powell falsely downplayed the project's USD600m cost increase and denied luxury features like a VIP dining room and rooftop garden. Powell denies the claims and has launched a probe into the renovation costs! US politics' ... I guess somethings never change!

Finally, a BoC business survey suggested that the direct impacts tariffs are less severe than originally forecast, although companies are less optimistic than they were in Q1 with sentiment falling from -2.1 to -2.4.



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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	68.80					CAD	0.8167 0.8924
NZD/USD	0.5971	0.0006	0.0018	0.0036	0.0058	CHF	0.4766 0.5208
NZD/AUD	0.9153	0.0004	0.0013	0.0023	0.0034	CNY	4.2857 4.6818
NZD/JPY	88.005	-0.23	-0.63	-1.23	-2.29	DKK	3.8116 4.1648
NZD/EUR	0.5108	-0.0006	-0.0016	-0.0031	-0.0062	FJD	1.3270 1.4500
NZD/GBP	0.4429	0.0003	0.0010	0.0020	0.0037	HKD	4.6856 5.1197
						KRW	824.78 901.19
AU TWI	60.40					MYR	2.5267 2.7608
AUD/USD	0.6522	0.0003	0.0011	0.0023	0.0038	NOK	6.0677 6.6299
AUD/NZD	1.0923	-0.0006	-0.0016	-0.0029	-0.0047	SEK	5.7187 6.2485
AUD/JPY	96.81	-0.31	-0.83	-1.59	-2.88	SGD	0.7642 0.8350
AUD/EUR	0.5579	-0.0010	-0.0025	-0.0048	-0.0091	TWD	17.52 19.14
AUD/GBP	0.4836	0.0001	0.0004	0.0010	0.0019	ZAR	10.51 11.49
USD Index	97.85					EQUITIES	
EUR/USD	1.1689	0.0025	0.0072	0.0142	0.0263		Index
USD/JPY	147.38	-0.54	-1.51	-2.93	-5.26	NZX50	12,962
GBP/USD	1.3481	0.0004	0.0011	0.0019	0.0023	ASX200	8,668
EUR/GBP	0.8668	0.0017	0.0046	0.0093	0.0178	Dow Jones	44,323
USD/CNY	7.176	-0.0179	-0.0479	-0.0918	-0.1820	S&P 500	6,308
						FTSE100	9,013
						DAX 30	24,308
						Nikkei	39,819
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.35%		3.79%		Brent Crude	68.98
90 day bank bills		3.24%		3.73%		Gold	3,398.31
1 year swap		3.09%		3.33%		Silver	38.89
2 year swap		3.14%		3.26%		Iron Ore	97.22
3 year swap		3.27%		3.30%		CRB Index	375.35
5 year swap		3.56%		3.72%			
10 year swap		4.12%		4.20%			
3 year Govt bond		3.54%		3.40%			
5 year Govt bond		3.94%		3.69%			
10 year Govt bond		4.65%		4.43%		NZ Carbon	58.00

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