

Research Markets Today

31 March 2025

Events Round-Up

NZ: ANZ Consumer Conf, Mar: 93.2 vs. 96.6 prev.
 NZ: Filled Jobs (m/m%), Feb: 0.1 vs. 0.3 prev.
 JN: Tokyo CPI (y/y%), Mar: 2.9 vs. 2.7 exp.
 JN: Tokyo core CPI (y/y%), Mar: 2.2 vs. 1.9 exp.
 GE: GfK Consumer Confidence, Apr: -24.5 vs. -22.5 exp.
 UK: Retail Sales Ex Auto Fuel (m/m%), Feb: 1.0 vs. -0.5 exp.
 GE: Unemployment Change (k), Mar: 26 vs. 10 exp.
 EC: Economic Confidence, Mar: 95.2 vs. 96.7 exp.
 CA: GDP (m/m%), Jan: 0.4 vs. 0.3 exp.
 US: Personal Income, Feb: 0.8 vs. 0.4 exp.
 US: Real Personal Spending, Feb: 0.1 vs. 0.3 exp.
 US: Core PCE Price Index (m/m%), Feb: 0.4 vs. 0.3 exp.
 US: Core PCE Price Index (y/y%), Feb: 2.8 vs. 2.7 exp.
 US: U. of Mich. Sentiment, Mar F: 57.0 vs. 57.9 exp.
 US: U. of Mich. 5-10 Yr Inflation, Mar F: 4.1 vs. 3.8 exp.

Good morning

Weak risk sentiment contributed to a large fall in US equities and an outperformance of safe haven assets into the end of last week. Concerns about the widening trade war and US economic data, which pointed to slowing consumption and higher inflation, also weighed on sentiment. The S&P closed 2% lower while treasury yields dropped sharply across the curve. The yen outperformed within G10 currencies and gold prices have hit a new record high above US\$3080 per troy ounce.

US consumer spending was weaker than expected in February. Real consumption edged 0.1% higher in the month, after the previous sharp fall in January, related to bad weather. The pace of consumption has slowed and weak sentiment points to further headwinds ahead. The 0.4% m/m increase in the core PCE deflator was above the consensus estimate, and lifted the annual rate to 2.8%, from 2.6% in January.

University of Michigan consumer sentiment fell to 57.0 which is the lowest reading since November 2022. Consumers are becoming increasingly concerned about economic policy developments, and the proportion expecting unemployment to increase, is the highest since 2009. There was a further rise in the consumers' five-to-ten-year inflation expectations which increased to 4.1%, the highest level since 1993.

The treasury market looked past the adverse inflation data and took its direction from weaker activity and the risk off tone. 10-year notes closed 11bp lower at 4.25%, having threatened to break out through the top side of the trading range, the previous day. The scale of the rally, despite the upside surprise to core PCE inflation, suggests the market is more concerned about growth and the risks posed by tariffs.

The market priced additional easing by the Federal Reserve. There is now 75bp of rate cuts priced by the December FOMC. This compares with 63bp before the weakness in equity markets took hold.

The US dollar was weaker on the major crosses despite the deterioration in risk sentiment. The yen was the best performing G10 currency supported by its defensive properties, and an upside surprise to inflation, which keeps the Bank of Japan on track for gradual interest rate hikes. The euro rebounded after Bloomberg reported European Union officials are identifying concessions it could take to secure the partial removal of the US tariffs.

Absolute changes in currencies outside of the yen and euro were small despite the large moves in asset markets. An initial NZD/USD rally faded, and the pairing was unchanged from the local close overnight Friday.

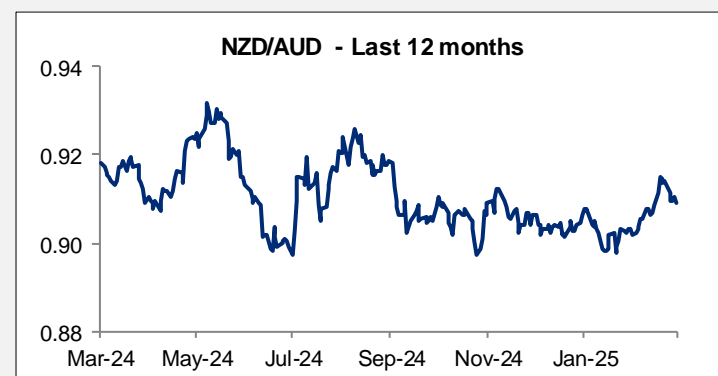
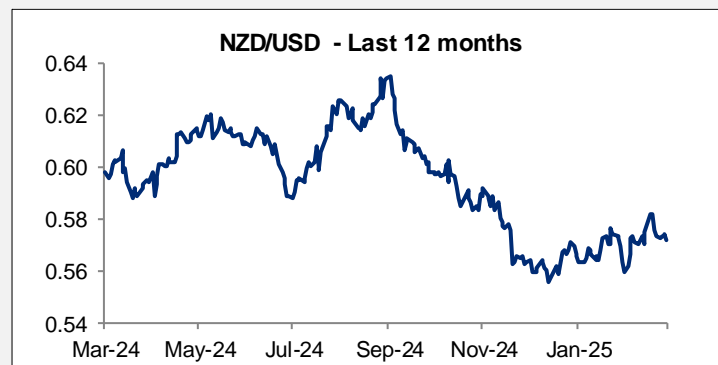
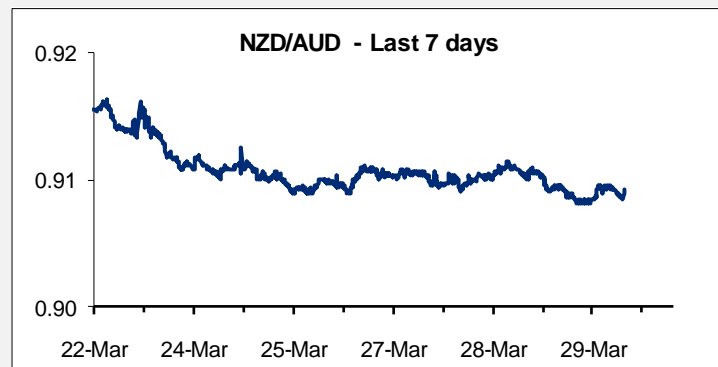
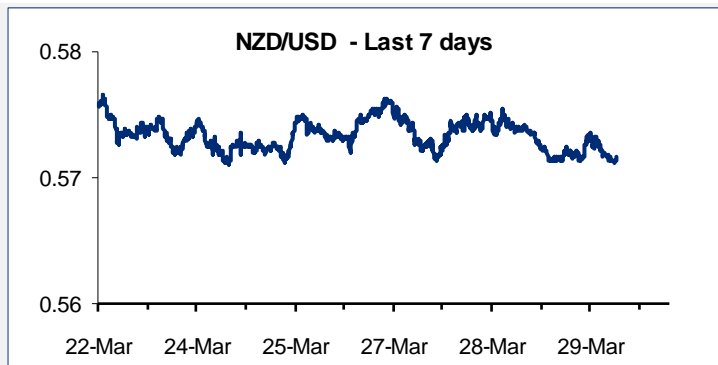
Domestic data was lacklustre. ANZ consumer confidence fell to 93.2 in March from 96.6 in February. Confidence needs to recover meaningfully to be consistent with our forecasts of household spending. Separately, filled jobs rose 0.1% in February and the previous month was revised lower from 0.3% to 0.1%. When combined with expanding labour force, this is consistent with the unemployment rate continuing to edge higher.

NZ fixed income moved lower in yield in the local session on Friday largely reflecting the repricing in offshore markets. Swap rates moved 2-3bp lower across the curve with a similar move seen in government bonds. The market looks ahead to the likely tap syndication of the May-2032 nominal line this week.

Australian 10-year government bond futures are 6bp lower in yield terms since the local close on Friday, and combined with the move in US treasuries, suggest a downward bias for NZ yields on the open.

NZD exchange rates

29/03/2025	NY close	Prev. NY close
USD	0.5717	0.5740
GBP	0.4417	0.4433
AUD	0.9091	0.9104
EUR	0.5278	0.5314
JPY	85.65	86.70
CAD	0.8184	0.8211
CHF	0.5035	0.5061
DKK	3.9390	3.9653
FJD	1.3284	1.3201
HKD	4.4463	4.4632
INR	48.85	49.24
NOK	5.9895	6.0154
PKR	160.14	160.82
PHP	32.80	32.94
PGK	2.3417	2.3286
SEK	5.7234	5.7410
SGD	0.7667	0.7690
CNY	4.1511	4.1685
THB	19.42	19.48
TOP	1.3652	1.3696
VUV	70.65	70.93
WST	1.5900	1.6017
XPF	63.23	63.32
ZAR	10.5350	10.4665



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	3.93	4.24
3 Months	12.57	13.13
6 Months	24.80	25.80
9 Months	33.95	38.10
1 Year	40.98	44.43

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.02	4.74
3 Months	13.14	14.45
6 Months	25.83	28.69
9 Months	35.16	43.36
1 Year	43.21	51.77

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