

Market Alert

Monday 13 January 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5557	0.0020
NZD/AUD	0.9037	0.0024
NZD/JPY	87.640	-1.48
NZD/EUR	0.5424	-0.0030
NZD/GBP	0.4556	0.0020
NZD/CNH	4.1003	-0.0187
AUD/USD	0.6141	0.0005
AUD/EUR	0.5993	-0.0050
EUR/USD	1.0244	0.0092
USD/CNH	7.3622	-0.0600
GBP/USD	1.2191	-0.0013
EUR/GBP	0.8388	0.0084

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.12%	4.40%
2 year swap	3.35%	3.96%
10 year Govt	4.67%	4.65%

Merry New Year...

... and all the best for 2025 ... but first of all where did my vacation go? It seems like it was only yesterday when we broke up for Christmas and now, according to the calendar, it's already the 13th of January! While I was off, I managed to eat a lot, drink even more, and as a result, the suit feels a little 'tight' this morning! I also managed to spend some time sailing, and a big shout out to K1 and K2 for the time on the boat, it's good to know that I've been upgraded from 'Tom the Cabin Boy' to 'Willy'. Another 20-years of this and I'll be 'Captain Pugwash'!

The summer reading was also a challenge, ranging from Margaret Thatcher's 'Downing Street Diaries' (a real struggle with lots of acronyms) to Argentine President, Javier Milei's economic policies (different, but interesting), to

James Blunt's 'Loosely based on a made up story' (a brilliant read ... and I'll never look at a trumpet the same way again). Oh well ... back to the day job to pay for it all!

If it's your first week back in the office ...

... strap yourself in for some fireworks! Friday's December non-farm payrolls saw the US economy add 256k jobs, which was way above November's 212k and market expectations at 160k. This saw the unemployment rate ease back from 4.2% to 4.1%, with annual wage inflation falling from 4.2% to 4.1%!

The University of Michigan consumer sentiment index fell from 74.0 to 73.2 with the expectations sub-index dropping to 70.2 from 73.3, the current conditions gauge increasing to 73.2 from 74.0, with the long-term inflation expectations jumping to its highest level since 2008.

The strong labour report makes it less likely that the Federal Reserve will lower interest rates at its meeting later this month, with the market now only pricing in a full 25bps rate cut by September this year! This saw US treasury yields gap higher with the 2-years surging 12bps to 4.39%, while the 10-years gained 8bps to reach a 14-month high to close at 4.77%, after peaking at 4.79% during the session. The USD jumped to its highest since July against the JPY, before pulling back during the session, although it held on to its gains against the EUR to be at the 1.0250 level, which will heighten

talk of parity. The NZD and AUD fell to their lowest levels against the USD since October 2022.

Equity markets were a sea of red with the US bourses down 1.6%, oil prices jumped 3.6% after the US imposed further sanctions against the Russian oil industry, while gold prices rebounded as uncertainty surrounding the incoming Trump administration's policies lifted its safe-haven appeal.

The week ahead!

After Friday's payrolls release, this week's focus will be on the US CPI and PPI reports for insights into the Fed's directional bias, while we also have retail sales, industrial production, the Philadelphia Fed manufacturing index's, export and import prices, NFIB business optimism, and consumer inflation expectations. In addition, it's also the start of the US Q4 reporting season.

Looking further afield, it's also going to be a busy week in China with Q4 GDP, December import and export numbers, industrial production, and retail sales. The UK will provide updates on inflation, monthly GDP, and retail sales, while the ECB will publish the minutes from its most recent meeting with the final December inflation and industrial production numbers also due. Germany will also release its 2024 GDP numbers. Finally, Australia will update its employment data, which are a key piece of the puzzle to when the RBA will initiate its cutting cycle.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 13 January 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.50					CAD	0.8016	0.8860
NZD/USD	0.5557	0.0001	0.0007	0.0020	0.0053	CHF	0.5088	0.5620
NZD/AUD	0.9037	0.0001	0.0007	0.0024	0.0060	CNY	4.0739	4.5051
NZD/JPY	87.640	-0.33	-0.81	-1.48	-2.68	DKK	4.0455	4.4715
NZD/EUR	0.5424	-0.0006	-0.0016	-0.0030	-0.0057	FJD	1.2790	1.4137
NZD/GBP	0.4556	0.0002	0.0008	0.0020	0.0049	HKD	4.3266	4.7822
						KRW	818.44	904.62
AU TWI	59.80					MYR	2.4963	2.7592
AUD/USD	0.6141	0.0000	0.0002	0.0005	0.0014	NOK	6.3686	7.0391
AUD/NZD	1.1058	-0.0002	-0.0011	-0.0034	-0.0091	SEK	6.2238	6.8791
AUD/JPY	96.90	-0.38	-0.98	-1.90	-3.62	SGD	0.7619	0.8421
AUD/EUR	0.5993	-0.0007	-0.0023	-0.0050	-0.0104	TWD	18.39	20.32
AUD/GBP	0.5034	0.0001	0.0004	0.0008	0.0019	ZAR	10.61	11.73
USD Index	109.64					EQUITIES		
EUR/USD	1.0244	0.0013	0.0042	0.0092	0.0200		Index	
USD/JPY	157.72	-0.63	-1.65	-3.23	-6.25	NZX50	12,896	
GBP/USD	1.2191	-0.0004	-0.0007	-0.0013	-0.0021	ASX200	8,294	
EUR/GBP	0.8388	0.0013	0.0039	0.0084	0.0178	Dow Jones	41,938	
USD/CNY	7.3326	-0.0185	-0.0532	-0.1120	-0.2370	S&P 500	5,827	
						FTSE100	8,248	
						DAX 30	20,215	
						Nikkei	39,190	
INTEREST RATES			New Zealand		Australia			
			Mid		Mid			
30 day bank bills			4.37%		4.37%			
90 day bank bills			4.12%		4.40%			
1 year swap			3.59%		4.08%			
2 year swap			3.37%		3.97%			
3 year swap			3.41%		3.89%			
5 year swap			3.61%		4.19%			
10 year swap			4.08%		4.53%			
3 year Govt bond			3.69%		3.96%			
5 year Govt bond			3.99%		4.15%			
10 year Govt bond			4.67%		4.65%			
						COMMODITIES		
							USD	
						Brent Crude	79.76	
						Gold	2,689.79	
						Silver	30.40	
						Iron Ore	98.09	
						CRB Index	368.36	
							NZD	
						NZ Carbon	62.65	

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED