

Market Alert

Monday 10 February 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5664	0.0023
NZD/AUD	0.9034	0.0023
NZD/JPY	85.680	-1.37
NZD/EUR	0.5484	-0.0033
NZD/GBP	0.4566	0.0018
NZD/CNH	4.1448	-0.0205
AUD/USD	0.6262	0.0009
AUD/EUR	0.6063	-0.0053
EUR/USD	1.0327	0.0102
USD/CNH	7.3033	-0.0658
GBP/USD	1.2399	-0.0001
EUR/GBP	0.8325	0.0082

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	3.88%	4.26%
2 year swap	3.44%	3.77%
10 year Govt	4.58%	4.46%

OMG ... what do you mean I have to work 5-days this week?

Unfortunately, it's true ... although I'm not sure how I'm going to survive ... especially given the great weather we've currently got! The Six Nations produced some interesting results with England beating France, while it was good to see Liverpool finally lose a game of football ... to Plymouth of all teams! Unsurprisingly, Australia smashed Sri Lanka in the cricket while, ahead of the ICC Champions Trophy, it was a bit worrying to see Black Caps' sensation Rachin Ravindra take one to the head! Now, it's the countdown to the Super Bowl!

Friday saw the usual slew of US releases ...

... as is usual on the first Friday of the month. Breaking it down, it was a mixed bag with non-farm job growth slowing

from December's upwardly revised 307k to 143k in January, which was below expectations at 170k. But while this was disappointing, there were 100k of upward revisions over the prior 2-months, while the benchmark revisions were not as severe as initially proposed either with the 2024 average monthly payrolls gains now at 166k versus previously reported 186k. Furthermore, the unemployment rate dropped from 4.1% to 4.0%, while average hourly earnings rose 0.5% on-the-month.

In the other main headline from Friday, the University of Michigan consumer sentiment index fell to a 7-month low at 67.8 in February from January's 71.1 due on a spike in inflation expectations related to concern about tariffs.

There was good news ... of sorts ... out of China after inflation 'surged' to 0.5% in the year to January. It was the highest level in 5-months and higher than the expected 0.4%. The rise in CPI was largely driven by seasonal factors with the earlier than usual Lunar New Year, with 1-month inflation jumping to 0.7% from the prior months 0.0%. Core inflation also firmed, 0.6% up from December's 0.4%, although deflationary pressures persist after the producer price index (PPI) fell 2.3% in January. The prolonged factory-gate deflation highlights the ongoing weak demand dynamics with PPIs falling for 28 consecutive months and the challenges for domestic manufacturers.

Looking at the other economic headlines:

- The Canadian economy added 76k jobs in January, bringing the jobless rate down to 6.6%.

- German industrial production fell a worse-than-expected 2.4% in December.
- An ECB paper said the neutral rate is probably between 1.75% and 2.25%.

The overall strong US releases saw US treasury yields rally into the close with the 2-yrs 8bps higher at 4.29%, while the 10-yrs firmed 6bps to close at 4.49%. The USD-index was also a touch firmer at the 108.00 level with the NZD and AUD largely unchanged. The surge in wage inflation, and concerns about tariffs, weighed on equity markets with most bourses 0.8% to 1.3% lower, while commodities prices were largely unchanged.

The week ahead ...

... will mainly focus on Trump's comments about reciprocal trade, the latest US CPI report and Fed Chair Jerome Powell's semi-annual monetary policy report before Congress. We also have the US economic releases for producer prices, retail sales, and industrial production, which should provide a solid update on the US economy. Beyond the US, markets will await the latest GDP updates from the Eurozone and the UK, while we also have Eurozone industrial output, German wholesale prices, the UK's BRC retail sales, France's jobless rate, and Switzerland's inflation update. From Australia we have consumer confidence, business confidence, and Q4 home credit data. Finally, from NZ, we have card spending, manufacturing PMIs, food prices, and the RBNZ's inflation expectations survey.



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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	67.90					CAD	0.8096 0.8961
NZD/USD	0.5664	0.0002	0.0009	0.0023	0.0053	CHF	0.5150 0.5686
NZD/AUD	0.9034	0.0001	0.0010	0.0023	0.0050	CNY	4.1309 4.5678
NZD/JPY	85.680	-0.25	-0.73	-1.37	-2.49	DKK	4.0895 4.5220
NZD/EUR	0.5484	-0.0005	-0.0017	-0.0033	-0.0067	FJD	1.2897 1.4261
NZD/GBP	0.4566	0.0002	0.0008	0.0018	0.0038	HKD	4.4118 4.8784
						KRW	823.08 910.14
AU TWI	60.10					MYR	2.5127 2.7784
AUD/USD	0.6262	0.0001	0.0003	0.0009	0.0023	NOK	6.3551 7.0273
AUD/NZD	1.1053	-0.0004	-0.0014	-0.0032	-0.0070	SEK	6.1984 6.8540
AUD/JPY	94.94	-0.30	-0.90	-1.75	-3.34	SGD	0.7670 0.8481
AUD/EUR	0.6063	-0.0007	-0.0025	-0.0053	-0.0110	TWD	18.55 20.51
AUD/GBP	0.5047	0.0001	0.0004	0.0007	0.0015	ZAR	10.42 11.53
USD Index	108.10					EQUITIES	
EUR/USD	1.0327	0.0013	0.0047	0.0102	0.0222		Index
USD/JPY	151.28	-0.48	-1.53	-3.02	-5.79	NZX50	12,902
GBP/USD	1.2399	-0.0001	-0.0003	-0.0001	0.0007	ASX200	8,511
EUR/GBP	0.8325	0.0011	0.0039	0.0082	0.0173	Dow Jones	44,303
USD/CNY	7.2882	-0.0148	-0.0497	-0.1085	-0.2323	S&P 500	6,026
						FTSE100	8,701
INTEREST			New Zealand		Australia	DAX 30	21,787
RATES			Mid		Mid	Nikkei	38,787
30 day bank bills			4.10%		4.27%	COMMODITIES	
90 day bank bills			3.88%		4.26%		USD
1 year swap			3.44%		3.89%	Brent Crude	74.66
2 year swap			3.46%		3.78%	Gold	2,861.05
3 year swap			3.51%		3.76%	Silver	31.82
5 year swap			3.67%		4.05%	Iron Ore	106.37
10 year swap			4.06%		4.35%	CRB Index	371.44
3 year Govt bond			3.77%		3.81%		NZD
5 year Govt bond			4.04%		3.98%	NZ Carbon	63.50
10 year Govt bond			4.58%		4.46%		

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