

Market Alert

Thursday 06 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5713	0.0023
NZD/AUD	0.9032	0.0024
NZD/JPY	85.155	-1.36
NZD/EUR	0.5304	-0.0031
NZD/GBP	0.4433	0.0020
NZD/CNH	4.1374	-0.0292
AUD/USD	0.6323	0.0008
AUD/EUR	0.5870	-0.0050
EUR/USD	1.0771	0.0105
USD/CNH	7.2423	-0.0806
GBP/USD	1.2883	-0.0007
EUR/GBP	0.8356	0.0085

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.72%	4.17%
2 year swap	3.40%	3.72%
10 year Govt	4.65%	4.46%

Goodbye Guv'nor

RBNZ Governor Adrian Orr has resigned, in a surprise move announced yesterday. Despite not providing much clarity for the reasons behind the departure, Orr stated that *"I leave the role with consumer price inflation at target, and an economy in a cyclical recovery following the long period of COVID-related disruption. The financial system remains sound. However, there is much work left to do on the major multi-year strategies RBNZ is following. Ongoing focus and funding will be critical to these projects' success."* Deputy Governor Christian Hawkesby will be Acting Governor until 31 March, with a temporary Governor being appointed from 1 April for a period of up to 6 months. Hawkesby will also chair the Monetary Policy Committee,

although an OCR cut at each of the next couple of meetings has already been well signalled.

Australian economy ends 2024 strong

Australian GDP rose by 0.6% in the December quarter last year, and by 1.3% over the year, surpassing market expectations of 0.5% and 1.2%. Household consumption is slowly recovering, supported by a strong labour market, population growth, cost-of-living subsidies and tax cuts, while public spending hit a record 27.7% of GDP. Business investment saw modest gains, but dwelling investment fell, and labour productivity continued to decline. Net exports provided a small boost to growth, while annual unit labour costs rose 4.7%, indicating ongoing cost pressures.

Plenty of moving parts

Last night started with Canada being happy to play tough with the US, with rumours that Canada is not open to lifting Tariffs until the US lifts all of its own. Since that comment Trump and Trudeau have spoken about trade and fentanyl. However, there was no resolution in sight, with Trump not convinced that Canada has done enough to stop fentanyl coming across US borders. As Trump's tariffs are everchanging, it has been confirmed that any auto-makers associated with US Mexico Canada Trade Agreement (USMCA) will be given a

1-month exemption until 2 April, while Trump is also open to hearing about further exemptions.

Markets continued their sell down overnight, most notably the USD Index is down over 1¼ big figures to 104.48. This propelled the NZD/USD and AUD/USD above the 0.5700 and 0.6300 levels. US Treasury yields moved in the opposite direction, with the 10-year yield up 2bp to 4.27%. This was likely helped by both a New York Fed report and the US ISM Services PMI, which highlighted increasing inflation expectations - unsurprisingly due to concerns about cost increases from tariffs.

Oil prices continued to ease overnight, falling to their lowest level in over three years following OPEC+'s signal earlier this week that it would increase supply, and concerns trade wars will reduce global demand.

European financial markets were also in a tizz overnight, impacted by Germany's plan to massively ramp up spending across transportation, energy and housing. Yields on the benchmark 10-year bund soared 30bps, the most since the collapse of the Berlin Wall, while the Euro and German equity markets both strengthened.



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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	67.40					CAD	0.8196 0.8982
NZD/USD	0.5713	0.0003	0.0011	0.0023	0.0040	CHF	0.5087 0.5635
NZD/AUD	0.9032	0.0002	0.0010	0.0024	0.0043	CNY	4.1316 4.5751
NZD/JPY	85.155	-0.26	-0.74	-1.36	-2.53	DKK	3.9540 4.3777
NZD/EUR	0.5304	-0.0006	-0.0017	-0.0031	-0.0063	FJD	1.2994 1.4387
NZD/GBP	0.4433	0.0003	0.0009	0.0020	0.0037	HKD	4.4382 4.9139
						KRW	825.36 913.81
AU TWI	59.50					MYR	2.5283 2.7992
AUD/USD	0.6323	0.0002	0.0004	0.0008	0.0012	NOK	6.2376 6.9060
AUD/NZD	1.1062	-0.0003	-0.0014	-0.0033	-0.0074	SEK	5.8310 6.4558
AUD/JPY	93.72	-0.32	-0.95	-1.77	-3.26	SGD	0.7600 0.8415
AUD/EUR	0.5870	-0.0008	-0.0026	-0.0050	-0.0098	TWD	18.76 20.78
AUD/GBP	0.4905	0.0001	0.0004	0.0008	0.0016	ZAR	10.47 11.59
USD Index	104.46					EQUITIES	
EUR/USD	1.0771	0.0017	0.0053	0.0105	0.0200		Index
USD/JPY	149.02	-0.53	-1.58	-2.99	-5.43	NZX50	12,412
GBP/USD	1.2883	-0.0001	-0.0002	-0.0007	-0.0023	ASX200	8,141
EUR/GBP	0.8356	0.0014	0.0043	0.0085	0.0168	Dow Jones	43,006
USD/CNY	7.2506	-0.0157	-0.0480	-0.0989	-0.2015	S&P 500	5,814
						FTSE100	8,756
INTEREST		New Zealand		Australia		DAX 30	23,081
RATES		Mid		Mid		Nikkei	37,418
30 day bank bills		3.86%		4.14%		COMMODITIES	
90 day bank bills		3.72%		4.17%			USD
1 year swap		3.40%		3.85%		Brent Crude	69.37
2 year swap		3.45%		3.73%		Gold	2,917.25
3 year swap		3.53%		3.77%		Silver	32.56
5 year swap		3.71%		4.07%		Iron Ore	101.61
10 year swap		4.12%		4.40%		CRB Index	364.93
3 year Govt bond		3.79%		3.80%			NZD
5 year Govt bond		4.10%		3.96%		NZ Carbon	62.75
10 year Govt bond		4.65%		4.46%			

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