

Market Alert

Wednesday 12 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5723	0.0024
NZD/AUD	0.9073	0.0025
NZD/JPY	84.595	-1.35
NZD/EUR	0.5236	-0.0031
NZD/GBP	0.4416	0.0020
NZD/CNH	4.1397	-0.0328
AUD/USD	0.6306	0.0008
AUD/EUR	0.5770	-0.0051
EUR/USD	1.0928	0.0106
USD/CNH	7.2270	-0.0871
GBP/USD	1.2957	-0.0007
EUR/GBP	0.8431	0.0086

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.70%	4.16%
2 year swap	3.33%	3.69%
10 year Govt	4.66%	4.49%

"To tariff, or not to tariff ... that is the question:

Whether 'tis nobler in the mind to suffer

The slings and arrows of outrageous fortune"

Yes, I think Shakespear said it best, although a certain TOM, or President Trump, as he is otherwise known, has yet again threatened Canada, this time, with higher tariffs stating that levies on steel and aluminium will rise to 50% effective Wednesday, and that measures on automobile parts would be raised come 2nd April if Canada doesn't drop its tariffs on US dairy and other goods. But while Canada are attempting to not make it all about TOM, and after previously talking a tough game stating that he will not hesitate to cut off power supplies to the US if needs be, Ontario Premier, Doug Ford, has now quivered

and capitulated into suspending the 25% tariff on exports of electricity to the US, pending a meeting with officials on Thursday. It appears that Trump is better at playing 'chicken' to get what he wants.

Meanwhile, recession talk is starting to gain further traction in the US, with American economist, Larry Summers saying "the US has almost a 50-50 chance of a recession this year". Markets tend to agree, with three 25bp cuts now priced in this year, a stark difference from the singular cut priced in January. The recent US economic data has been soft, and with an update on US CPI tomorrow morning, as well as the Fed meeting next week where Fed officials will update their 'dot plots' projections, markets are hopefully we will get more insight as to what the FOMC members are actually thinking.

Although the suspension of the electricity tariff saw a slight boost to markets, the ongoing 'risk off' sentiment saw the USD index fall further, with it currently sitting at the 103.00 level. The NZD/USD saw some strength, going from a low of 0.5681 yesterday to currently sit at 0.5723, while the AUD/USD pair following a similar pattern, dropping to a low of 0.6266 before climbing to currently sit at 0.6306. The US 2-year bond saw a rise to 3.93%, while the 10-year bond rose to 4.29%.

Australian outlook mixed

Australian business confidence took a large hit, dropping by 6 points to -1 in February, from the previous reading of 5, with one economist stating, "Lingering

cost pressures continues to put pressure on business profits, with profitability conditions remaining well below the long-run average. This is likely flowing through to weaker conditions and confidence measures."

But on the other side of the coin, consumer sentiment firmed to 4.0%, from its previous print of 0.1%, to reach its highest level since March 2022. The press release stated that "The RBA's decision to cut interest rates in February and a further easing in cost-of-living pressures have provided a clear lift. The survey detail shows a broad-based improvement with a notable rise in confidence around the labour market outlook."

Japanese GDP downgraded

Japan's GDP rose by an annualised 2.2% in Q4 last year, lower than the initially reported figure of 2.8%. This translated to a 0.6% increase on the quarter, slightly lower than estimates of 0.7%. Japanese household spending fell by -4.5% in the January month, far lower than expectations of a drop of -1.9%, with household spending rising by a meagre 0.8% over the January year, compared to forecasts of 3.7%. Japanese government officials have also expressed concerns about risks from President Trump's threats of tariffs and soft consumption affected by higher prices.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Wednesday 12 March 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.50					CAD	0.8231 0.8982
NZD/USD	0.5723	0.0003	0.0011	0.0024	0.0043	CHF	0.5046 0.5564
NZD/AUD	0.9073	0.0002	0.0011	0.0025	0.0048	CNY	4.1357 4.5593
NZD/JPY	84.595	-0.27	-0.71	-1.35	-2.42	DKK	3.9045 4.3038
NZD/EUR	0.5236	-0.0006	-0.0016	-0.0031	-0.0058	FJD	1.2920 1.4241
NZD/GBP	0.4416	0.0003	0.0009	0.0020	0.0039	HKD	4.4456 4.9002
						KRW	830.30 915.20
AU TWI	59.50					MYR	2.5230 2.7809
AUD/USD	0.6306	0.0002	0.0004	0.0008	0.0012	NOK	6.0729 6.6939
AUD/NZD	1.1019	-0.0004	-0.0014	-0.0033	-0.0065	SEK	5.7129 6.2971
AUD/JPY	92.63	-0.32	-0.90	-1.74	-3.16	SGD	0.7607 0.8384
AUD/EUR	0.5770	-0.0008	-0.0024	-0.0051	-0.0096	TWD	18.80 20.72
AUD/GBP	0.4865	0.0002	0.0004	0.0008	0.0016	ZAR	10.42 11.48
USD Index	103.29					EQUITIES	
EUR/USD	1.0928	0.0018	0.0053	0.0106	0.0201		Index
USD/JPY	147.81	-0.55	-1.53	-2.96	-5.32	NZX50	12,411
GBP/USD	1.2957	-0.0001	-0.0003	-0.0007	-0.0023	ASX200	7,890
EUR/GBP	0.8431	0.0015	0.0042	0.0086	0.0165	Dow Jones	41,754
USD/CNY	7.2278	-0.0167	-0.0484	-0.0976	-0.1942	S&P 500	5,630
						FTSE100	8,496
INTEREST		New Zealand		Australia		DAX 30	22,329
RATES		Mid		Mid		Nikkei	36,793
30 day bank bills		3.86%		4.14%		COMMODITIES	
90 day bank bills		3.70%		4.16%			USD
1 year swap		3.35%		3.81%		Brent Crude	69.76
2 year swap		3.38%		3.70%		Gold	2,918.91
3 year swap		3.47%		3.72%		Silver	32.88
5 year swap		3.67%		4.04%		Iron Ore	100.99
10 year swap		4.10%		4.40%		CRB Index	367.31
3 year Govt bond		3.74%		3.78%			NZD
5 year Govt bond		4.07%		3.96%		NZ Carbon	61.90
10 year Govt bond		4.66%		4.49%			

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