

Market Alert

Thursday 17 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5929	0.0032
NZD/AUD	0.9311	0.0027
NZD/JPY	84.275	-1.21
NZD/EUR	0.5208	-0.0029
NZD/GBP	0.4479	0.0023
NZD/CNH	4.3287	-0.0376
AUD/USD	0.6366	0.0016
AUD/EUR	0.5592	-0.0048
EUR/USD	1.1384	0.0124
USD/CNH	7.2991	-0.1025
GBP/USD	1.3236	0.0002
EUR/GBP	0.8599	0.0092

INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.48%	4.06%
2 year swap	3.11%	3.17%
10 year Govt	4.63%	4.44%

"Life moves pretty fast. If you don't stop and look around once in a while..."

In true "Bueller...? Bueller...? Bueller...?" form, Fed Chair Jerome Powell referenced Ferris Bueller's Day Off while giving a speech in Chicago. Way to go, Big J!

But in terms of the speech, and the Q&A, it didn't really tell us anything we didn't know. He stated that the "Households and businesses have reported a sharp decline in sentiment and elevated uncertainty about the outlook. The tariffs are highly likely to generate at least a temporary rise in inflation. The inflationary effects could also be more persistent. Unemployment is also likely to go up as the economy slows." Referencing the Fed's dual mandate of fostering maximum employment and stable prices, he added, "Keeping in mind that, without price stability, we cannot achieve the long periods of strong labour market conditions

that benefit all Americans," while also raising the spectre of stagflation stating, "We may find ourselves in the challenging scenario in which our dual-mandate goals are in tension. If that were to occur, we would consider how far the economy is from each goal, and the potentially different time horizons over which those respective gaps would be anticipated to close."

If nothing else, at least he's given us a good movie to watch over what could be a stormy bank holiday weekend!

Looking at the latest releases ...

The BoC left their overnight cash rate unchanged at 2.75%. Governor Tiff Macklem also added, "We did consider cutting rates, but the lack of clarity on US tariffs was a reason to holding our interest rate settings."

US retail sales grew at their fastest pace in 2-years, firming 1.4% on the month, slightly ahead of expectations at 1.3%. Unfortunately, US industrial production fell -0.3% in March. Adding to the uncertainty, Trump announced new 245.0% tariff on some Chinese goods.

Cleveland Fed President Beth Hammack sees, "A strong case to hold policy steady for now. Being slow and reacting correctly is better than going too fast. If the job market holds and inflation rises, a more restrictive path is needed. If growth falters and inflation eases, Fed could cut even more quickly."

Chinese GDP grew at 5.4% year-on-year in Q1, the same pace as in Q4 and exceeding market expectations at 5.1%. Fixed asset investment grew 4.2% year-on-year in the January-March period, industrial production rose 7.7%

in the year to March, while exports recorded their strongest growth since October ahead of looming tariffs. The unemployment rate also fell to 5.2% in March, easing from February's 2-year high at 5.4%.

The number of cancelled sailings of freight vessels out of China is picking up after container bookings plummeted between 30.0%-60.0%, although bookings from the rest of Asia are holding up, having fallen 'just' 10.0%-20.0%.

US Customs has reported they have collected more than USD500m under Trump's latest tariffs, although it is somewhat short of Trump's USD2bn per day!

Which means that ...

... yes, once again, equity markets reached 'melt-down' territory after Jerome Powell's cautious remarks, while Nvidia plunged -6.9% after the chipmaker disclosed it would take a USD5.5bn charge due to new US export restrictions on its AI chips bound for China. This saw the S&P fall -2.25%, while the Nasdaq plummeted -2.75%. Commodity markets were a touch more resolute, rallying strongly with crude oil firming 2.0%, while copper recovered 1.3%, while Treasury buying saw the 2 and 10-year yields fall -8bps and -5bps to yield 3.79% and 4.29%, respectively. The USD-index was also under pressure, falling -0.8% as it approached the 99.00 level, with the CHF, EUR, and JPY the biggest beneficiaries. This saw the NZD and AUD continue to consolidate above the 0.5900 and 0.6350 handles.



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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	69.40					CAD	0.8216	0.8982
NZD/USD	0.5929	0.0005	0.0015	0.0032	0.0052	CHF	0.4822	0.5181
NZD/AUD	0.9311	0.0005	0.0015	0.0027	0.0039	CNY	4.3255	4.6459
NZD/JPY	84.275	-0.23	-0.65	-1.21	-2.29	DKK	3.8872	4.1751
NZD/EUR	0.5208	-0.0005	-0.0015	-0.0029	-0.0061	FJD	1.3446	1.4442
NZD/GBP	0.4479	0.0003	0.0011	0.0023	0.0043	HKD	4.5996	4.9403
						KRW	838.65	900.77
AU TWI	59.50					MYR	2.6126	2.8061
AUD/USD	0.6366	0.0001	0.0006	0.0016	0.0030	NOK	6.2635	6.7274
AUD/NZD	1.0737	-0.0007	-0.0019	-0.0034	-0.0061	SEK	5.7792	6.2072
AUD/JPY	90.76	-0.29	-0.84	-1.56	-2.86	SGD	0.7773	0.8348
AUD/EUR	0.5592	-0.0009	-0.0026	-0.0048	-0.0091	TWD	19.19	20.61
AUD/GBP	0.4809	0.0001	0.0003	0.0010	0.0022	ZAR	11.15	11.98
USD Index	99.33					EQUITIES		
EUR/USD	1.1384	0.0020	0.0062	0.0124	0.0236		Index	
USD/JPY	142.15	-0.50	-1.45	-2.81	-5.12	NZX50	12,068	
GBP/USD	1.3236	0.0000	0.0002	0.0002	-0.0011	ASX200	7,759	
EUR/GBP	0.8599	0.0015	0.0045	0.0092	0.0179	Dow Jones	39,669	
USD/CNY	7.3053	-0.0173	-0.0505	-0.1060	-0.2134	S&P 500	5,247	
						FTSE100	8,276	
						DAX 30	21,311	
						Nikkei	33,920	
INTEREST RATES			New Zealand	Australia			COMMODITIES	
			Mid	Mid			USD	
30 day bank bills			3.62%	4.12%		Brent Crude	66.08	
90 day bank bills			3.48%	4.06%		Gold	3,336.39	
1 year swap			3.10%	3.38%		Silver	32.71	
2 year swap			3.13%	3.22%		Iron Ore	97.95	
3 year swap			3.25%	3.25%		CRB Index	356.39	
5 year swap			3.52%	3.69%				
10 year swap			4.08%	4.17%				
3 year Govt bond			3.50%	3.38%				
5 year Govt bond			3.90%	3.68%				
10 year Govt bond			4.63%	4.44%		NZD		
						NZ Carbon	51.50	

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