

Market Alert

Tuesday 29 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5976	0.0033
NZD/AUD	0.9291	0.0028
NZD/JPY	84.915	-1.20
NZD/EUR	0.5232	-0.0031
NZD/GBP	0.4449	0.0022
NZD/CNH	4.3529	-0.0348
AUD/USD	0.6430	0.0015
AUD/EUR	0.5629	-0.0052
EUR/USD	1.1421	0.0128
USD/CNH	7.2839	-0.0977
GBP/USD	1.3428	0.0007
EUR/GBP	0.8500	0.0092

INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.43%	3.97%
2 year swap	3.02%	3.17%
10 year Govt	4.50%	4.26%

It's a black-out!

A huge power outage brought parts of Spain and Portugal to a standstill, with up to 50 million people impacted across the Iberian Peninsula. Naturally, getting information without any power is difficult, but one of the UK papers summed it up best with the headline, "No beer in Benidorm ... as Brits caught in blackouts!"

But let's be honest ...

... there's only one game in town, and that's the US vs. China game!

Starting with China, the VP of State Planning confirmed China remains confident in achieving its 2025 5.0% economic growth target, adding that authorities plan to introduce new policies in Q2 to strengthen the foundation of China's economic recovery. Deputy

PBoC Governor Zou Lan also spoke and confirmed the central bank will focus its financial support on stabilising the jobs market and supporting economic growth. They will also 'guide' financial institutions to guarantee the financing demands of foreign trading firms (i.e. exporters from China). Zou emphasized that China's foreign assets were minimally affected by the volatility in US bond markets, and that the PBoC would continue to actively manage market expectations for the yuan.

This wait-and-see approach saw the China Securities Daily predict the PBoC will cut the reserve requirement ratio and interest rates in Q2.

Overnight, US Treasury Secretary Scott Bessent suggested, "All aspects of our government are in contact with China," adding "I believe that it's up to China to de-escalate, because they sell 5X more to us than we sell to them, so these 120.0%, 145.0% tariffs are unsustainable." Bessent then claimed the European nations are likely "in a panic" over the strength of the euro given its 10.0% rally, stating, "You're going to see the ECB start cutting rates to try to get the EUR back down. The Europeans don't want a strong EUR, while we have a strong-dollar policy."

ECB member Olli Rehn suggested, "If inflation is projected to fall below our 2.0% inflation target over the medium term, then the right reaction is to cut rates further. I think it is important that we do not let any thresholds, such as the estimated neutral rate, constrain us. This is a time for agile and active monetary policy (although) the EUR's strength is adding complexity to the price outlook."

The tariff war is having an impact, with the Port of Los Angeles expecting scheduled imports for the week starting 4 May to be a third lower than a year ago, while container bookings from China to the US were 45.0% lower than a year earlier in mid-April. Airfreight handlers have also reported sharp falls in bookings.

On the periphery,

- The Dallas Fed's general business activity index for manufacturing plummeted 19.5 pips to -35.8 in April, its lowest level since May 2020.

- UK retail sales rose to -8 in April, its highest level in 6-months, up from March's -41.

Finally, the US Treasury upgraded its Q2 borrowing requirement from USD123bn to USD514bn "primarily due to the lower beginning-of-quarter cash balance."

Equity markets had initially ...

... taken a positive approach to the possibility of a tariff solution, with the European exchanges up 0.25%-0.75%, although the recent price action from the US bourses has seen them revert into towards neutral territory. Bond markets, despite the funding announcement, were relatively quiet with the 2-years -5bps lower at 3.70%, while the 10-years eased -2bps to 4.22%. The USD-index fell -0.5%, with the AUD the strongest performer, while the NZD had a more modest session which saw NZD/AUD dip below the 0.9300 level. Crude oil continues to trade around the USD62 level, while gold rallied a further 1.0%.



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Daily Rates

Tuesday 29 April 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.80					CAD	0.8260	0.8982
NZD/USD	0.5976	0.0005	0.0017	0.0033	0.0055	CHF	0.4900	0.5278
NZD/AUD	0.9291	0.0006	0.0016	0.0028	0.0043	CNY	4.3521	4.6843
NZD/JPY	84.915	-0.23	-0.63	-1.20	-2.19	DKK	3.9042	4.2022
NZD/EUR	0.5232	-0.0005	-0.0016	-0.0031	-0.0062	FJD	1.3249	1.4260
NZD/GBP	0.4449	0.0004	0.0011	0.0022	0.0040	HKD	4.6337	4.9874
						KRW	858.42	923.95
AU TWI	60.00					MYR	2.6047	2.8035
AUD/USD	0.6430	0.0002	0.0007	0.0015	0.0028	NOK	6.1735	6.6447
AUD/NZD	1.0758	-0.0007	-0.0019	-0.0036	-0.0055	SEK	5.7211	6.1578
AUD/JPY	91.53	-0.30	-0.84	-1.57	-2.79	SGD	0.7814	0.8410
AUD/EUR	0.5629	-0.0009	-0.0027	-0.0052	-0.0093	TWD	19.37	20.85
AUD/GBP	0.4786	0.0001	0.0003	0.0008	0.0020	ZAR	11.05	11.89
USD Index	98.94					EQUITIES		
EUR/USD	1.1421	0.0021	0.0066	0.0128	0.0239		Index	
USD/JPY	142.09	-0.51	-1.45	-2.80	-4.93	NZX50	12,099	
GBP/USD	1.3428	0.0001	0.0004	0.0007	-0.0003	ASX200	7,997	
EUR/GBP	0.8500	0.0015	0.0046	0.0092	0.0178	Dow Jones	40,238	
USD/CNY	7.2942	-0.0163	-0.0486	-0.0995	-0.1970	S&P 500	5,525	
						FTSE100	8,417	
						DAX 30	22,272	
						Nikkei	35,840	
INTEREST RATES			New Zealand		Australia			
			Mid		Mid			
30 day bank bills			3.62%		4.06%			
90 day bank bills			3.43%		3.97%			
1 year swap			3.07%		3.35%			
2 year swap			3.07%		3.18%			
3 year swap			3.19%		3.22%			
5 year swap			3.45%		3.61%			
10 year swap			3.97%		4.09%			
3 year Govt bond			3.46%		3.32%			
5 year Govt bond			3.82%		3.58%			
10 year Govt bond			4.50%		4.26%			
						COMMODITIES		
							USD	
						Brent Crude	65.75	
						Gold	3,349.39	
						Silver	33.14	
						Iron Ore	99.92	
						CRB Index	363.21	
							NZD	
						NZ Carbon	48.90	

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