

Market Alert

Thursday 01 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5946	0.0033
NZD/AUD	0.9274	0.0029
NZD/JPY	84.955	-1.19
NZD/EUR	0.5245	-0.0031
NZD/GBP	0.4457	0.0022
NZD/CNH	4.3205	-0.0346
AUD/USD	0.6411	0.0014
AUD/EUR	0.5655	-0.0051
EUR/USD	1.1336	0.0126
USD/CNH	7.2670	-0.0975
GBP/USD	1.3340	0.0006
EUR/GBP	0.8498	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.43%	3.94%
2 year swap	3.01%	3.17%
10 year Govt	4.49%	4.25%

Hold on to your wig ...

... its going to be a bit windy out there today!

It's not my fault ...

... said a certain TOM, it's all Biden's fault!

Ultimately, the impact of the tariffs, even though they haven't actually been implemented in earnest. This saw Q1 US GDP fall -0.3% at an annualized pace, largely pushed by a surge in imports, which soared 41.3%, ahead of the tariffs. Expectations had been for a 0.4% gain given Q4's print was at 2.4%. Consumer spending slowed during the quarter, although it remained in positive territory, rising 1.8%, which was its weakest level since mid-2023, while federal government outlays fell -5.1%, the most since Q1 2022.

But, while growth is plummeting, US

inflation remains 'sticky' after headline PCE inflation rose by 0.7% in March following on from February's upwardly revised 0.5% gain and ahead of expectations for a 0.5% increase. There was better news with core inflation printing at 0.0% on the month against expectations for a 0.1% gain, while on an annualized basis the headline printed at 2.3% with core at 2.6%.

The other headlines saw the US employment cost index flatline at 0.9%, Chicago PMI falls below expectations at 44.6, and ADP employment growth plummet from 147k to 62k.

The poor US data releases weighed on financial markets, while the pressure was compounded in equity markets after a series of pessimistic earnings results, as corporate giants across all sectors abandoned their guidance due to the economic uncertainty. The positive was that US bourses staged a recovery into the close to finish the session 0.5% higher, but markets are struggling to build momentum. The USD-index also booked a modest gain, although this was at the expense of the EUR, CHF and JPY, with the NZD and AUD also rallying. Global bond yields were lower, with the 2 and 10-year Treasury falling -5bps and -2bps to reach 3.61% and 4.16%, respectively.

Eurozone GDP expanded 0.4% in Q1 and 1.2% annualised.

Germany inflation eased for a second consecutive month at 0.4% and 2.1% in April, its lowest level since October 2024, though it remained slightly above forecasts at 2.0%.

After the Q1 surge to front-run the tariffs, Chinese manufacturing PMIs

took a pummeling in April, falling to a 16-month low at 49.0 from 50.5. Non-manufacturing also contracted, from 50.6 to 50.4, which saw the composite crumble from 51.4 to 50.6. The only bit of good news was that the alternative index, the Caixin manufacturing PMI index, while also lower than the March print, falling from 51.2 to 50.4, was better than expected at 49.9.

Australian annual Q1 headline inflation flatlined at 2.4% against expectations for a contraction to 2.2%, as did the trim mean, while the weighted median firmed to 3.0%. On a quarterly basis, headline firmed from 0.2% to 0.9%, while the trim and weighted squeezed from 0.5% to 0.7%. While these prints were a touch firmer, it probably won't be enough to stop the RBA from cutting its cash rate in 3 weeks' time.

And jumping on the bandwagon, and ahead of Saturday's election, Australian Treasurer Jim Chalmers announced, *"The market expects more RBA interest rate cuts after today's inflation figures, and I don't see anything in the data to substantially alter market expectations."*

New Zealand business confidence fell from 57.5 to 49.3, while the own activity index fell from 47.8 to 47.7.

President Donald Trump's top economic adviser ...

... Stephen Miran was 'out of his depth' at a hedge fund Q&A. Two people describing Miran's comments around tariffs and markets as *"incoherent"* and *"incomplete"* with a further attendee adding Miran was *"out of his depth."*



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Thursday 01 May 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.40					CAD	0.8187 0.8982
NZD/USD	0.5946	0.0005	0.0017	0.0033	0.0050	CHF	0.4900 0.5286
NZD/AUD	0.9274	0.0005	0.0016	0.0029	0.0045	CNY	4.3064 4.6459
NZD/JPY	84.955	-0.24	-0.65	-1.19	-2.22	DKK	3.9149 4.2207
NZD/EUR	0.5245	-0.0006	-0.0016	-0.0031	-0.0062	FJD	1.3220 1.4256
NZD/GBP	0.4457	0.0003	0.0011	0.0022	0.0040	HKD	4.6107 4.9721
						KRW	846.26 912.59
AU TWI	59.90					MYR	2.5635 2.7644
AUD/USD	0.6411	0.0002	0.0007	0.0014	0.0023	NOK	6.1792 6.6635
AUD/NZD	1.0779	-0.0007	-0.0020	-0.0036	-0.0057	SEK	5.7442 6.1944
AUD/JPY	91.28	-0.29	-0.87	-1.58	-2.87	SGD	0.7759 0.8368
AUD/EUR	0.5655	-0.0009	-0.0027	-0.0051	-0.0095	TWD	19.04 20.53
AUD/GBP	0.4805	0.0001	0.0003	0.0008	0.0018	ZAR	11.05 11.92
USD Index	99.55					EQUITIES	
EUR/USD	1.1336	0.0021	0.0064	0.0126	0.0231		Index
USD/JPY	142.88	-0.50	-1.49	-2.79	-4.93	NZX50	11,903
GBP/USD	1.3340	0.0001	0.0004	0.0006	-0.0005	ASX200	8,126
EUR/GBP	0.8498	0.0014	0.0045	0.0089	0.0175	Dow Jones	40,711
USD/CNY	7.2706	-0.0180	-0.0492	-0.0980	-0.1970	S&P 500	5,516
						FTSE100	8,495
						DAX 30	22,497
						Nikkei	36,045
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.61%		4.02%		Brent Crude	63.12
90 day bank bills		3.43%		3.94%		Gold	3,292.90
1 year swap		3.04%		3.35%		Silver	32.56
2 year swap		3.06%		3.18%		Iron Ore	99.86
3 year swap		3.17%		3.21%		CRB Index	352.18
5 year swap		3.41%		3.58%			NZD
10 year swap		3.93%		4.03%		NZ Carbon	49.25
3 year Govt bond		3.47%		3.34%			
5 year Govt bond		3.83%		3.59%			
10 year Govt bond		4.49%		4.25%			

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