

Market Alert

Friday 02 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5909	0.0033
NZD/AUD	0.9255	0.0030
NZD/JPY	85.985	-1.20
NZD/EUR	0.5234	-0.0032
NZD/GBP	0.4449	0.0021
NZD/CNH	4.3006	-0.0342
AUD/USD	0.6382	0.0015
AUD/EUR	0.5652	-0.0051
EUR/USD	1.1290	0.0126
USD/CNH	7.2771	-0.0975
GBP/USD	1.3277	0.0008
EUR/GBP	0.8501	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.42%	3.92%
2 year swap	3.01%	3.21%
10 year Govt	4.52%	4.28%

Last night I was ferrying a child about ...

... as one is required to do as per the 'I-Had-a-Child' Act of 2008, but after dropping them off and looking at the traffic, it quickly became apparent that it was going to be easier to go shopping for an hour to wait for the traffic to die down. But what do you get for the man who has everything ... or nothing ... depending on who you ask? Well, a pair of football boots, some Simpsons socks, and a quilt cover apparently, but the good news is that with a new pair of football boots I could soon be an All Black ... because they've just launched an under 85kg All Black team. Now ... if I can stop eating for a month, get fit, and start running ... I've a chance!

Last night was a strange one ...

... simply put ... the data wasn't good!

US initial claims surged 18k to reach 241k, which was well above expectations at 225k, while continuing claims increased by 83k to 1.92m. US based employers also announced 105k of job cuts in April, and while this was down sharply on March's 275k, it was still 63.0% higher than in April 2024 and the highest April print since 2020. Finally, US ISM manufacturing PMIs recorded their 2nd consecutive month of contraction to reach a 5-month low, slipping from 49.0 to 48.7. Expectations had been at 48.0.

But despite the poor data, US assets had a strong session due to ... US earnings! Strong results yesterday from the likes of Microsoft and Meta provided a strong belief that it will be replicated by today's after-the-bell releases by Apple and Amazon. European equity markets posted modest gains in the 0.0%-0.50% range, while, as I type, the US bourses are 0.50%-1.25% higher. This positivity supported commodity markets, with most products booking gains in the 0.25%-1.25% range, with oil rallying 1.4%, although gold prices fell -1.35%. The USD-index also had a good session, firming 0.5%, which saw NZD/USD fall to 0.5900 and AUD/USD ease just below 0.6400, although both pairs remain firmly within their ranges. Treasury yields advanced with the 2-years 9bps higher at 3.71% and the 10-years 6bps higher at 4.22% ... which means we should expect local swap rates to open higher this morning.

Treasury Secretary Scott Bessent announced, "With 2-year yields below the Fed Funds rate, it's a market signal that they think the Fed should be cutting," although ex-FOMC member Larry Summers countered that it would be a "very serious error" for policymakers to ease next week.

The US Chamber of Commerce has asked the Trump administration to implement a "tariff exclusion process" to reduced tariffs on all products that "cannot be produced in the US" in order to stop the economy from falling into a recession.

The BoJ left their key short-term cash rate unchanged at 0.5%, a unanimous decision that was in line with expectations. The board signalled they would raise rates when their economic and price forecasts materialize, although they pushed back the timing of when they expect inflation to reach their target amid the tariff and trade uncertainty. The central bank trimmed its core inflation forecast for FY25 to 2.2% from 2.7%, with headline inflation projected to hover around the 2.0% level until FY28. They also lowered their GDP forecast from 1.0% to 0.5%, with 0.7% projected for FY26.

Weekly container bookings from China to the US in the week of April 21 have plummeted -48.6% to 90,831 TEUs from a year ago. The positive news is that it reversed 3 weeks of falling shipments from the prior weeks' low at 81,239.



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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	0.8176 0.8982
NZD/USD	0.5909	0.0005	0.0017	0.0033	0.0055	CHF	0.4897 0.5294
NZD/AUD	0.9255	0.0005	0.0016	0.0030	0.0041	CNY	4.2969 4.6430
NZD/JPY	85.985	-0.24	-0.63	-1.20	-2.28	DKK	3.9042 4.2182
NZD/EUR	0.5234	-0.0005	-0.0015	-0.0032	-0.0067	FJD	1.3176 1.4236
NZD/GBP	0.4449	0.0003	0.0011	0.0021	0.0038	HKD	4.5821 4.9506
						KRW	848.37 916.59
AU TWI	59.80					MYR	2.5471 2.7519
AUD/USD	0.6382	0.0002	0.0007	0.0015	0.0026	NOK	6.1662 6.6620
AUD/NZD	1.0804	-0.0007	-0.0020	-0.0038	-0.0063	SEK	5.7531 6.2157
AUD/JPY	92.07	-0.32	-0.85	-1.59	-2.90	SGD	0.7743 0.8366
AUD/EUR	0.5652	-0.0009	-0.0027	-0.0051	-0.0102	TWD	18.96 20.49
AUD/GBP	0.4804	0.0001	0.0003	0.0007	0.0016	ZAR	10.96 11.84
USD Index	100.22					EQUITIES	
EUR/USD	1.1290	0.0021	0.0065	0.0126	0.0239		Index
USD/JPY	145.52	-0.54	-1.48	-2.84	-5.11	NZX50	12,149
GBP/USD	1.3277	0.0002	0.0005	0.0008	0.0005	ASX200	8,146
EUR/GBP	0.8501	0.0015	0.0046	0.0089	0.0174	Dow Jones	40,777
USD/CNY	7.2706	-0.0179	-0.0493	-0.0980	-0.1987	S&P 500	5,629
						FTSE100	8,497
						DAX 30	22,497
						Nikkei	36,452
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.58%		4.01%		Brent Crude	61.97
90 day bank bills		3.42%		3.92%		Gold	3,228.82
1 year swap		3.07%		3.38%		Silver	32.35
2 year swap		3.06%		3.22%		Iron Ore	97.48
3 year swap		3.17%		3.25%		CRB Index	353.10
5 year swap		3.43%		3.62%			
10 year swap		3.95%		4.10%			
3 year Govt bond		3.48%		3.33%			
5 year Govt bond		3.84%		3.59%			
10 year Govt bond		4.52%		4.28%		NZ Carbon	50.90

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