

Market Alert

Monday 05 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5939	0.0035
NZD/AUD	0.9215	0.0030
NZD/JPY	86.020	-1.23
NZD/EUR	0.5257	-0.0031
NZD/GBP	0.4474	0.0022
NZD/CNH	4.2943	-0.0343
AUD/USD	0.6444	0.0017
AUD/EUR	0.5702	-0.0053
EUR/USD	1.1293	0.0131
USD/CNH	7.2094	-0.0996
GBP/USD	1.3264	0.0012
EUR/GBP	0.8515	0.0090

INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.40%	3.93%
2 year swap	3.05%	3.22%
10 year Govt	4.50%	4.31%

US non-farm payrolls ...

... exceeded expectations with 177k added in April, exceeding forecasts at 130k to be just below March's downwardly revised 185k. This saw the unemployment rate remain steady at 4.2%, as expected, while wage growth eased slightly to 0.2% on the month to be at 3.8% for the year.

While Friday's US data exceeded expectations, last week's Q1 GDP contraction, the sharp rise in weekly jobless claims, and the contraction in manufacturing is providing plenty of contradictory messages to the Federal Reserve as it evaluates whether to cut interest rates later in the week. US treasury yields saw a major bounce, with the 2-years yield firming 12bps to 3.83% while the 10-years jumped 9bps to 4.31%.

The USD-index weakened but trimmed some of its losses against the EUR and JPY, while the NZD lifted back above the 0.5935 level with the AUD closed in on the 0.6450 handle. Equity markets also reacted strongly with most exchanges 1.50% to 2.50% higher, with the S&P 500 recording its ninth consecutive gain and its longest winning streak in two decades! Commodity prices were mixed, with oil prices easing another -1.5%.

Looking at the other headlines ...

New orders for US manufactured goods surged 4.3% in March to reach USD618.8bn.

Eurozone inflation remained steady at 2.2% in April, which was slightly ahead of expectations at 2.1% and just above the ECB's 2.0% target. This saw ECB member Luis de Guindos announce, "*The ECB can be optimistic on inflation (although) the economic risks highlighted in March are now materializing. The ECB doesn't target the exchange rate, but we watch it closely. I don't think the Eurozone will fall into a recession.*"

China announced it is considering trade talks with the US after repeated outreach from the US.

When asked if he has to uphold the constitution, President Trump stated, "*I don't know, I'm not a lawyer!*" He then repeated his wish that Fed Chair Jerome Powell cut the Fed funds rate at this week's meeting, adding he wouldn't replace Powell before his term ends in 2026.

Australian PM Anthony Albanese defied the so-called 'incumbency curse' to be re-elected Australia's prime minister in a landslide victory.

Time to wave good-bye to a legend ... Warren Buffett announced he will soon ask the board of Berkshire Hathaway to have Greg Abel replace him as CEO at year end!

The week ahead ...

This week the focus will be on the possible start of tariff negotiations between the US and China, while the Federal Reserve's interest rate decision on Thursday will also hold trader's attention (no change expected), as will the central bank announcements in the UK and Norway.

The key data releases include, from the US: ISM Services PMI and foreign trade, with additional trade data due from Canada, France, Germany, and China. Meanwhile, Germany will publish factory orders and industrial production numbers, and China will report on services PMIs and new yuan loans. In Australia, the spotlight will be on PMIs, the Melbourne Institutes inflation forecasts, household spending, and building permits, while the New Zealand unemployment numbers are expected to show a higher jobless rate, while we also have house values, building permits and the commodity price index numbers.



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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	69.30					CAD	0.8189 0.8982
NZD/USD	0.5939	0.0005	0.0017	0.0035	0.0059	CHF	0.4882 0.5309
NZD/AUD	0.9215	0.0005	0.0016	0.0030	0.0045	CNY	4.3282 4.6852
NZD/JPY	86.020	-0.23	-0.64	-1.23	-2.31	DKK	3.9207 4.2569
NZD/EUR	0.5257	-0.0005	-0.0016	-0.0031	-0.0064	FJD	1.3189 1.4320
NZD/GBP	0.4474	0.0004	0.0011	0.0022	0.0038	HKD	4.5999 4.9944
						KRW	829.65 900.81
AU TWI	59.90					MYR	2.5271 2.7439
AUD/USD	0.6444	0.0002	0.0007	0.0017	0.0031	NOK	6.1674 6.6963
AUD/NZD	1.0836	-0.0006	-0.0020	-0.0039	-0.0065	SEK	5.7304 6.2218
AUD/JPY	92.93	-0.32	-0.86	-1.65	-2.99	SGD	0.7698 0.8359
AUD/EUR	0.5702	-0.0009	-0.0027	-0.0053	-0.0098	TWD	18.22 19.79
AUD/GBP	0.4851	0.0001	0.0003	0.0007	0.0016	ZAR	10.91 11.84
USD Index	100.04					EQUITIES	
EUR/USD	1.1293	0.0021	0.0066	0.0131	0.0246		Index
USD/JPY	144.77	-0.52	-1.49	-2.90	-5.25	NZX50	12,328
GBP/USD	1.3264	0.0002	0.0006	0.0012	0.0015	ASX200	8,238
EUR/GBP	0.8515	0.0016	0.0045	0.0090	0.0173	Dow Jones	41,317
USD/CNY	7.2706	-0.0179	-0.0493	-0.0980	-0.1987	S&P 500	5,687
						FTSE100	8,596
INTEREST			New Zealand	Australia		DAX 30	23,087
RATES			Mid	Mid		Nikkei	36,831
30 day bank bills			3.58%	4.00%		COMMODITIES	
90 day bank bills			3.40%	3.93%			USD
1 year swap			3.06%	3.42%		Brent Crude	61.29
2 year swap			3.07%	3.23%		Gold	3,240.08
3 year swap			3.18%	3.25%		Silver	31.98
5 year swap			3.43%	3.63%		Iron Ore	98.19
10 year swap			3.94%	4.09%		CRB Index	354.13
3 year Govt bond			3.47%	3.36%			NZD
5 year Govt bond			3.83%	3.62%		NZ Carbon	50.10
10 year Govt bond			4.50%	4.31%			

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