

# Market Alert

Friday 16 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5875	0.0038
NZD/AUD	0.9174	0.0034
NZD/JPY	85.540	-1.18
NZD/EUR	0.5253	-0.0029
NZD/GBP	0.4415	0.0025
NZD/CNH	4.3248	-0.0359
AUD/USD	0.6402	0.0017
AUD/EUR	0.5724	-0.0053
EUR/USD	1.1184	0.0135
USD/CNH	7.2041	-0.1070
GBP/USD	1.3304	0.0011
EUR/GBP	0.8404	0.0093
INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.36%	3.85%
2 year swap	3.12%	3.47%
10 year Govt	4.70%	4.63%

## Ryan Fox? The man is on fire!

After the first day of the year's 2nd major ... yes, that does make sense ... young Ryan is tied for 2nd place! Only another 3 rounds to go!

## Whereas 24-hours ago ...

... there were very few data releases, last night made up for it! Starting with the US...

- Producer prices unexpectedly fell 0.5% in April. It was the first decline since October 2023 largely driven by a 1.6% fall in margins, suggesting that companies may be absorbing some of the impact from increased tariffs.
- US retail sales rose by 0.1% in April following on from March's upwardly revised 1.7% surge. The modest gain suggests consumers scaled back spending in response to the tariff announcements.
- US industrial production printed flat at 0.0% in April against expectations of a

0.2% increase.

- US business inventories grew by 0.1% against expectations of a 0.2% increase.

- The NY empire state manufacturing index eased from -8.1 in April to -9.2 in May, although it was better than the forecast -10.0.

- The Atlanta Fed GDPNow indicator for Q2 firmed from 2.3% to 2.5%.

- The Eurozone economy grew by 0.3% in Q1, slightly below the preliminary estimate of 0.4%, although it did mark the 5th consecutive quarter of expansion.

- Eurozone March industrial production jumped 2.6% on the month against an expected increase of 1.8%.

- The number of employed persons in the Euro area rose by 0.3% in Q1 to 171.8m workers, an increase over the previous period's 0.1%.

- Germany wholesale prices recorded their 5th straight month of annual gains, gaining 0.8% in the year to April, although it was slower than March's 1.3% increase and it was the slowest pace since December.

- The UK economy grew by an annualised 1.3% in Q1, slightly below Q4's 1.5% expansion. On the quarter the economy expanded 0.7% against expectations at 0.6%.

- Australian employment surged by 89.0k in April, adding 59.5k full-time workers and 29.5k part-time workers. This saw the unemployment rate flatline at 4.1%, while the participation rate increased from 66.8% to 67.1%.

- Australian inflation expectations survey eased from 4.2% to 4.1% in May.

- Finally, New Zealand food inflation increased 0.8% April to reach 3.7% on the year. This was an increase on March's 0.5% and 3.5% gains.

Fed Chair Jerome Powell suggested that longer-term interest rates are likely to remain higher as the economy changes, stating, "We may be entering a period of more frequent, and potentially more persistent, supply shocks – a difficult challenge for the economy and for central banks. Higher real rates may also reflect the possibility that inflation could be more volatile going forward than in the inter-crisis period of the 2010s."

Walmart announced it still plans to raise prices despite the US-China trade deal.

The unofficial mouthpiece for the Chinese Politburo, the China Securities Journal, has an article suggesting there is further room for loosening of China's Reserve Requirement Ratio (RRR) this year, potentially by as much as 100bps to 200bps.

Despite the weaker than expected US releases, equity markets had their 4th consecutive 'up' session, locking in gains in the 0.3%-0.8% range, following on similar gains from the European bourses. Commodity markets had an interesting session with energy markets falling 1.0% to 2.0%, with most other product groups locking in gains. US Treasury yields gave up some of their recent gains with the 2-years falling 9bps to 3.97%, while the 10-year yield, after reaching its highest in a month at 4.55%, fell 10bps to 4.44%. Currency markets were volatile with the CHF and JPY continuing their recent recoveries rallying 0.8%, while the USD-index, NZD and AUD posted losses in the 0.3% region.



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# Daily Rates

Friday 16 May 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.90					CAD	0.8199 0.8937
NZD/USD	0.5875	0.0006	0.0018	0.0038	0.0065	CHF	0.4905 0.5350
NZD/AUD	0.9174	0.0006	0.0017	0.0034	0.0054	CNY	4.2333 4.6139
NZD/JPY	85.540	-0.25	-0.62	-1.18	-2.26	DKK	3.9171 4.2699
NZD/EUR	0.5253	-0.0006	-0.0015	-0.0029	-0.0062	FJD	1.3186 1.4374
NZD/GBP	0.4415	0.0004	0.0012	0.0025	0.0043	HKD	4.5843 4.9972
						KRW	820.85 894.79
AU TWI	59.90					MYR	2.5136 2.7401
AUD/USD	0.6402	0.0003	0.0008	0.0017	0.0028	NOK	6.1137 6.6644
AUD/NZD	1.0899	-0.0007	-0.0021	-0.0043	-0.0080	SEK	5.7140 6.2286
AUD/JPY	93.54	-0.30	-0.85	-1.64	-3.06	SGD	0.7613 0.8299
AUD/EUR	0.5724	-0.0009	-0.0027	-0.0053	-0.0105	TWD	17.70 19.29
AUD/GBP	0.4811	0.0001	0.0004	0.0008	0.0016	ZAR	10.58 11.53
USD Index	100.83					EQUITIES	
EUR/USD	1.1184	0.0022	0.0067	0.0135	0.0255		Index
USD/JPY	145.59	-0.52	-1.51	-2.92	-5.41	NZX50	12,881
GBP/USD	1.3304	0.0002	0.0005	0.0011	0.0013	ASX200	8,298
EUR/GBP	0.8404	0.0015	0.0047	0.0093	0.0182	Dow Jones	42,286
USD/CNY	7.2067	-0.0195	-0.0528	-0.1044	-0.2140	S&P 500	5,908
						FTSE100	8,634
INTEREST		New Zealand		Australia		DAX 30	23,696
RATES		Mid		Mid		Nikkei	37,756
30 day bank bills			3.47%		3.85%	COMMODITIES	
90 day bank bills			3.36%		3.85%		USD
1 year swap			3.13%		3.57%	Brent Crude	64.63
2 year swap			3.17%		3.48%	Gold	3,232.04
3 year swap			3.31%		3.52%	Silver	32.55
5 year swap			3.59%		3.89%	Iron Ore	100.75
10 year swap			4.14%		4.33%	CRB Index	361.47
3 year Govt bond			3.57%		3.68%		
5 year Govt bond			3.99%		3.94%		NZD
10 year Govt bond			4.70%		4.63%	NZ Carbon	55.75

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