

Market Alert

Monday 19 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5884	0.0038
NZD/AUD	0.9196	0.0033
NZD/JPY	85.500	-1.19
NZD/EUR	0.5260	-0.0030
NZD/GBP	0.4430	0.0025
NZD/CNH	4.3248	-0.0358
AUD/USD	0.6395	0.0017
AUD/EUR	0.5716	-0.0054
EUR/USD	1.1184	0.0136
USD/CNH	7.2077	-0.1069
GBP/USD	1.3275	0.0011
EUR/GBP	0.8406	0.0093

INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.34%	3.85%
2 year swap	3.15%	3.51%
10 year Govt	4.67%	4.55%

What a fantastic weekend that was ...

... if we don't include my football game! Ardie Savea was on fire, Liam Lawson is starting to get his confidence back, Chris Wood still has a shot at champions league football next season, Crystal Palace won its first ever major trophy, and AFC Auckland are just one good result away from the A-League final ... but ... do you know the best result of them all? The Shrimpers ... are into the National League semi-finals, and just one game away from a Wembley final! Common on you Crustaceans!

But that still wasn't the biggest news of the weekend

... perhaps the biggest news was that Moody's has cut the United States credit rating from triple AAA to double

A at AA1, citing the "growing burden of financing the federal government's budget deficit and the rising cost of rolling over existing debt amid high interest rates." While concerns around US debt levels are nothing new, the downgrade aligns Moody's rating with those of S&P and Fitch. The decision will, at the margin, lift the yield that investors demand in order to buy Treasury debt to reflect more risk, and it could dampen sentiment toward owning US assets.

The other headlines saw:

- The University of Michigan consumer sentiment index fall sharply in May, from 52.2 to 50.8. It was below expectations at 53.4 and the 2nd lowest reading on record, as inflation fears and tariff concerns weighed on sentiment.
- US import prices inched 0.1% higher in April, following March's revised -0.4% decrease.
- The Eurozone recorded a EUR36.9bn trade surplus. Exports climbed 13.6%, while imports gained 8.8%.
- Japanese Q1 GDP disappointed at -0.2% on the quarter, and at -0.7% on an annualised basis. -0.1% and -0.2% had been expected.

Ahead of this week's RBA meeting, 42 out of 43 economists are expecting a 25bps cut to 3.85%, with most expecting the cash rate to be at 3.35% by year end.

The RBNZ's has seen its inflation expectations grind higher with its 2-years firming from 2.06% to 2.29%.

Saturday saw a flattish close to the week. Equity markets posted mild gains in the

0.25%-0.75% range, commodities were predominately lower with copper falling -2.3% and gold dipping -1.0%, although oil prices firmed 1.4%. US Treasury yields were flat with the 2 and 10-years closing at 4.01% and 4.48%, while the USD-index firmed 0.3%. The NZD/USD continues to trade in a tight 0.5875-0.5935 range, the AUD/USD between 0.6385-0.6450, with NZD/AUD flatlining at 0.9185.

The week ahead ...

... will be a little 'lite' from the US, with manufacturing and services PMIs, along with new and existing home sales, and several speeches by Fed members. Covering everyone else, we also have PMI updates from Australia, Japan, Germany, the Eurozone, and the UK. In Europe, Germany will provide its latest IFO business confidence update, while the UK will report on retail sales, and inflation. Canada will issue updates on retail sales, inflation, and house prices.

In our part of the world, China will provide another data dump with industrial production, retail sales, house prices, fixed asset investment, foreign direct investment, and an interest rate update on Tuesday on its 1 and 5-year loan-prime rates. Japan will release its latest inflation and trade numbers while the RBA will announce its latest interest rate decision on Tuesday. Finally, in NZ, we have PSIs, PPIs, trade and retail sales data.



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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	68.40					CAD	0.8217 0.8932
NZD/USD	0.5884	0.0006	0.0018	0.0038	0.0064	CHF	0.4914 0.5340
NZD/AUD	0.9196	0.0006	0.0017	0.0033	0.0055	CNY	4.2418 4.6110
NZD/JPY	85.500	-0.24	-0.62	-1.19	-2.30	DKK	3.9315 4.2737
NZD/EUR	0.5260	-0.0006	-0.0016	-0.0030	-0.0066	FJD	1.3208 1.4358
NZD/GBP	0.4430	0.0004	0.0012	0.0025	0.0042	HKD	4.5972 4.9972
						KRW	822.51 894.10
AU TWI	59.90					MYR	2.5250 2.7447
AUD/USD	0.6395	0.0002	0.0008	0.0017	0.0029	NOK	6.0760 6.6048
AUD/NZD	1.0879	-0.0007	-0.0021	-0.0043	-0.0076	SEK	5.7372 6.2365
AUD/JPY	93.31	-0.29	-0.85	-1.64	-3.08	SGD	0.7644 0.8310
AUD/EUR	0.5716	-0.0009	-0.0028	-0.0054	-0.0107	TWD	17.77 19.32
AUD/GBP	0.4813	0.0001	0.0004	0.0008	0.0016	ZAR	10.61 11.53
USD Index	100.98					EQUITIES	
EUR/USD	1.1184	0.0022	0.0067	0.0136	0.0254		Index
USD/JPY	145.30	-0.51	-1.51	-2.94	-5.45	NZX50	12,787
GBP/USD	1.3275	0.0001	0.0005	0.0011	0.0012	ASX200	8,344
EUR/GBP	0.8406	0.0015	0.0046	0.0093	0.0180	Dow Jones	42,655
USD/CNY	7.209	-0.0176	-0.0506	-0.1009	-0.2075	S&P 500	5,958
						FTSE100	8,685
INTEREST		New Zealand		Australia		DAX 30	23,767
RATES		Mid		Mid		Nikkei	37,754
30 day bank bills			3.46%		3.84%	COMMODITIES	
90 day bank bills			3.34%		3.85%		USD
1 year swap			3.14%		3.60%	Brent Crude	65.41
2 year swap			3.17%		3.53%	Gold	3,202.28
3 year swap			3.31%		3.58%	Silver	32.26
5 year swap			3.59%		3.89%	Iron Ore	100.08
10 year swap			4.14%		4.38%	CRB Index	361.77
3 year Govt bond			3.57%		3.63%		
5 year Govt bond			3.97%		3.87%		NZD
10 year Govt bond			4.67%		4.55%	NZ Carbon	56.00

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