

Market Alert

Friday 13 June 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6066	0.0035
NZD/AUD	0.9289	0.0019
NZD/JPY	87.085	-1.24
NZD/EUR	0.5239	-0.0033
NZD/GBP	0.4459	0.0021
NZD/CNH	4.3430	-0.0356
AUD/USD	0.6530	0.0023
AUD/EUR	0.5638	-0.0048
EUR/USD	1.1578	0.0140
USD/CNH	7.1738	-0.0998
GBP/USD	1.3603	0.0015
EUR/GBP	0.8509	0.0092

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.31%	3.78%
2 year swap	3.24%	3.21%
10 year Govt	4.64%	4.33%

It's Friday ...

... the 13th ... what could go wrong? Let's hope the weather remains miserable and we can spend the weekend indoors watching the rugby, the F1, and the US Open ... with a solid start from the nation's favourite son, young Ryan who's currently sitting tied for 10th!

But don't go swimming this weekend ... weighing in at 750kgs, and at 13.8 feet long, the largest documented great white shark has been discovered in the Atlantic ... heading towards a favourite US vacation spot ... as sharks are going into their peak feeding phase. Seriously ... they should make a movie about this!

Is the US hard data starting to soften?

Well, there are definitely a few warning signs ...

- Despite US initial jobless claims remaining flat at 248k, claims remain at their highest level since early October 2024 suggesting a softening in the labour market. This was evidenced by continuing claims which jumped 54k to 1,956k, the highest since mid-November 2021 and well above forecasts at 1,910k.

- But there was also some good news with US producer prices remaining muted at 0.1% in April, against forecasts for a 0.2% increase. Annualised, producer prices increased 2.6%, which was in line with expectations, while the annual core rate slowed to 3.0% from 3.2%.

- UK April monthly GDP fell -0.3%, against expectations at -0.1%, although the 3-month average was at 0.7%.

- Australian consumer inflation expectations rose to 5.0%, up from May's 4.1%.

- New Zealand retail sales fell from 0.0% to -0.2% in April but firmed 0.9% on the year.

Following last week's ECB rate cut, we had few speeches from council members highlighting their 'pause.' Policymaker Isabel Schnabel stated *"The monetary policy cycle is coming to an end. Medium-term inflation is stabilising at target while financing conditions are no longer restrictive. Eurozone core inflation still elevated, but on a good path. The strong EUR is driven by a positive confidence shock in the EU, not interest rate differentials."* Madis Muller added, *"Inflation is likely to stay around 2.0% in the near future,"* Gediminas Simkus confirmed, *"It is important to take a pause on rates. The ECB has arrived at neutral, although rates may still have to come down*

as the risk has increased that inflation will be below projections." Francois Villeroy de Galhau also stressed, *"The ECB has no fixed position on future rate decisions."*

The IFO institute updated its German growth forecasts with the 2025 GDP forecast firming from 0.2% to 0.3% and the 2026 forecast updated from 0.8% to 1.5%.

Following on from the latest US-China trade agreement, China announced it has already issued some rare earth export licenses to the US, but only for 6 months.

Japanese PM Shigeru Ishiba still sees distance with the US in the trade talks.

Looking at the price action...

... we have seen a pick-up in volatility. The weak claims data saw Treasury yields ease as traders adjusted pricing to reflect two further Fed rate cuts in 2025. This saw the 2 and 10-years drop -4bps and -7bps to yield 3.91% and 4.36%, respectively, while the USD-index fell -0.7% with the CHF, EUR, JPY and NZD the biggest gainers ... in that order. The AUD under-performed, which saw the NZD/AUD firm towards the 0.9300 level.

With the US-Iran nuclear talks breaking down, it's been reported that Israel is considering taking military action against Iran while Tehran has countered with plans for a new uranium-enrichment facility. This contributed to yesterday's spike in oil prices, which entered a consolidation phase overnight just below the USD70.00 level. Equity markets were broadly flat with small losses in Europe and small gains in North America.



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Daily Rates

Friday 13 June 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.50					CAD	0.8252 0.8881
NZD/USD	0.6066	0.0006	0.0019	0.0035	0.0056	CHF	0.4917 0.5294
NZD/AUD	0.9289	0.0005	0.0012	0.0019	0.0022	CNY	4.3466 4.6789
NZD/JPY	87.085	-0.21	-0.63	-1.24	-2.37	DKK	3.9072 4.2055
NZD/EUR	0.5239	-0.0005	-0.0016	-0.0033	-0.0070	FJD	1.3420 1.4445
NZD/GBP	0.4459	0.0004	0.0011	0.0021	0.0034	HKD	4.7614 5.1249
						KRW	822.29 885.06
AU TWI	59.90					MYR	2.5580 2.7533
AUD/USD	0.6530	0.0003	0.0011	0.0023	0.0043	NOK	6.0283 6.4884
AUD/NZD	1.0760	-0.0006	-0.0016	-0.0026	-0.0040	SEK	5.7327 6.1703
AUD/JPY	93.43	-0.28	-0.81	-1.53	-2.84	SGD	0.7756 0.8348
AUD/EUR	0.5638	-0.0009	-0.0025	-0.0048	-0.0092	TWD	17.88 19.24
AUD/GBP	0.4798	0.0001	0.0005	0.0011	0.0022	ZAR	10.77 11.59
USD Index	97.91					EQUITIES	
EUR/USD	1.1578	0.0023	0.0071	0.0140	0.0265		Index
USD/JPY	143.54	-0.49	-1.48	-2.84	-5.26	NZX50	12,649
GBP/USD	1.3603	0.0002	0.0008	0.0015	0.0023	ASX200	8,565
EUR/GBP	0.8509	0.0016	0.0047	0.0092	0.0176	Dow Jones	42,967
USD/CNY	7.1726	-0.0164	-0.0503	-0.0999	-0.2075	S&P 500	6,045
						FTSE100	8,885
INTEREST		New Zealand		Australia		DAX 30	23,771
RATES		Mid		Mid		Nikkei	38,173
30 day bank bills			3.35%		3.80%	COMMODITIES	
90 day bank bills			3.31%		3.78%		USD
1 year swap			3.21%		3.32%	Brent Crude	69.72
2 year swap			3.28%		3.22%	Gold	3,387.35
3 year swap			3.40%		3.22%	Silver	36.35
5 year swap			3.63%		3.62%	Iron Ore	95.78
10 year swap			4.11%		4.11%	CRB Index	371.14
3 year Govt bond			3.66%		3.38%		
5 year Govt bond			4.01%		3.64%		NZD
10 year Govt bond			4.64%		4.33%	NZ Carbon	57.15

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