

Market Alert

Monday 20 January 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5593	0.0018
NZD/AUD	0.9028	0.0022
NZD/JPY	87.410	-1.48
NZD/EUR	0.5445	-0.0033
NZD/GBP	0.4597	0.0018
NZD/CNH	4.1137	-0.0209
AUD/USD	0.6194	0.0005
AUD/EUR	0.6030	-0.0052
EUR/USD	1.0271	0.0095
USD/CNH	7.3406	-0.0613
GBP/USD	1.2163	-0.0010
EUR/GBP	0.8441	0.0082

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.08%	4.38%
2 year swap	3.59%	3.92%
10 year Govt	4.78%	4.60%

Now I know why I'm not going to Oasis!

Yes, I went to a festival over the weekend! There were a couple of bands from the 80's and 90's who were big in their day, but ... it didn't full me with enthusiasm to rush to another festival. Admittedly it was hot, super-hot, and not in a good way. The sound was rubbish and, by no means least, everyone was old ... and I mean very old! And let's not mention the toilets ... as someone said, "We paid how much for this torture?"

Next time, I think I'll go to the sailing instead, which looked amazing, and there should be a big shout out to AFC Auckland as well for actually scoring 3 goals in a game! Alas, the Premier league was more of the same, congratulations to NZ'er Daniel Hillier after finishing runner-up at the Dubai Desert Classic,

with its NZD1.8m cheque, while the tennis in Melbourne is shaping up to be another good week, although Novak Djokovic ... he loves a headline in Australia, doesn't he!

It's inauguration day!

So that will make up most of the headlines, with the 'soon-to-be' President Trump expected to sign off on up to 100 executive orders and directives on his first day, with the new directives bypassing Congress to undo many of President Joe Biden's policies ranging from climate to diversity and inclusion, while also supporting his campaign promises to secure the southern border and expand domestic energy production. Apparently, Joe Biden 'only' signed 25 executive orders on his first day in the hot seat!

US starts soared 15.8% to an annualized rate of 1.499m in December, in what was the index's biggest surge since March 2021. Although issued building permits decreased 0.7% to 1.483m.

Chinese GDP expanded by 5.0% in 2024 following Q4's strong 5.4% print, which was an impressive gain on Q3's 4.6%. Retail sales jumped 3.7% in the 12 months to December, which was ahead of forecasts at 3.5%, while industrial output surged 6.2% from a year earlier against expectations at 5.4%.

NZ PMIs remained in contractionary territory despite improving from 45.2 to 45.9. It was the first time in the survey's history that all 12 months were in contractionary territory, with the survey

now recording 22 consecutive months of contractions.

The IMF firmed its 2025 global growth forecast from 3.2% to 3.3% after revising up its US outlook. Growth for 2026 was unchanged at 3.3%.

Despite the strong Chinese releases, Friday saw a subdued close to the week. Treasury yields firmed, with the 2-years 6bps higher at 4.29% while the 10-years was 'quieter,' firming 1bp to 4.63%. The USD-index was a touch firmer, which saw the NZD/USD and AUD/USD dip below the 0.5600 and 0.62100 levels, respectively. Equities firmed while commodities weakened.

Following the inauguration ...

... the rest of the US week is pretty lite, with PMIs, home sales, Michigan Consumer sentiment, and a continuation of the corporate earnings season. We also have Eurozone, German, French, and UK PMIs, as well as German PPIs and the ZEW Economic Sentiment index. In the UK the focus will be on unemployment and wage growth, while we have central bank meetings from the BoJ and the Norwegian central bank. We also have the latest inflation prints, trade numbers, PMIs and machinery orders from Japan, while the markets will also be looking for any from the Chinese authorities regarding any potential stimulus measures ahead of the Chinese New Year. Australia will also provide their latest PMI numbers alongside clues as to their domestic outlook via their composite leading index. Finally, Stats NZ will release Q4 inflation 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	67.60					CAD	0.8087	0.8967
NZD/USD	0.5593	0.0001	0.0007	0.0018	0.0041	CHF	0.5110	0.5646
NZD/AUD	0.9028	0.0001	0.0008	0.0022	0.0045	CNY	4.0917	4.5341
NZD/JPY	87.410	-0.32	-0.80	-1.48	-2.73	DKK	4.0576	4.5000
NZD/EUR	0.5445	-0.0007	-0.0017	-0.0033	-0.0066	FJD	1.2816	1.4213
NZD/GBP	0.4597	0.0002	0.0007	0.0018	0.0040	HKD	4.3482	4.8223
						KRW	813.19	901.86
AU TWI	59.80					MYR	2.5155	2.7898
AUD/USD	0.6194	0.0000	0.0002	0.0005	0.0009	NOK	6.3924	7.0895
AUD/NZD	1.1083	-0.0003	-0.0012	-0.0031	-0.0082	SEK	6.2465	6.9277
AUD/JPY	96.74	-0.35	-0.99	-1.90	-3.67	SGD	0.7648	0.8482
AUD/EUR	0.6030	-0.0008	-0.0024	-0.0052	-0.0114	TWD	18.37	20.37
AUD/GBP	0.5089	0.0001	0.0003	0.0007	0.0009	ZAR	10.47	11.61
USD Index	109.41					EQUITIES		
EUR/USD	1.0271	0.0013	0.0043	0.0095	0.0205		Index	
USD/JPY	156.30	-0.56	-1.60	-3.15	-6.06	NZX50	13,130	
GBP/USD	1.2163	-0.0003	-0.0006	-0.0010	-0.0012	ASX200	8,310	
EUR/GBP	0.8441	0.0012	0.0039	0.0082	0.0173	Dow Jones	43,848	
USD/CNY	7.3249	-0.0162	-0.0497	-0.1068	-0.2331	S&P 500	5,997	
						FTSE100	8,505	
INTEREST		New Zealand		Australia		DAX 30	20,903	
RATES		Mid		Mid		Nikkei	38,451	
30 day bank bills		4.36%		4.37%		COMMODITIES		
90 day bank bills		4.08%		4.38%			USD	
1 year swap		3.65%		4.04%		Brent Crude	80.79	
2 year swap		3.61%		3.93%		Gold	2,701.55	
3 year swap		3.66%		3.93%		Silver	30.34	
5 year swap		3.83%		4.22%		Iron Ore	101.21	
10 year swap		4.22%		4.51%		CRB Index	374.82	
3 year Govt bond		3.91%		3.99%			NZD	
5 year Govt bond		4.20%		4.15%		NZ Carbon	63.90	
10 year Govt bond		4.78%		4.60%				

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