

# Market Alert

Tuesday 21 January 2025

| CURRENCIES | Spot   | 6mths   |
|------------|--------|---------|
| NZD/USD    | 0.5655 | 0.0018  |
| NZD/AUD    | 0.9042 | 0.0022  |
| NZD/JPY    | 88.145 | -1.50   |
| NZD/EUR    | 0.5445 | -0.0033 |
| NZD/GBP    | 0.4603 | 0.0018  |
| NZD/CNH    | 4.1175 | -0.0273 |
| AUD/USD    | 0.6253 | 0.0004  |
| AUD/EUR    | 0.6021 | -0.0051 |
| EUR/USD    | 1.0384 | 0.0095  |
| USD/CNH    | 7.2789 | -0.0710 |
| GBP/USD    | 1.2282 | -0.0011 |
| EUR/GBP    | 0.8450 | 0.0083  |

  

| INT RATES    | NZ    | Australia |
|--------------|-------|-----------|
| OCR/Cash     | 4.25% | 4.35%     |
| 90 day bills | 4.08% | 4.38%     |
| 2 year swap  | 3.56% | 3.93%     |
| 10 year Govt | 4.78% | 4.59%     |

## The Golden Age begins now ... apparently!

It was an interesting speech and, if nothing else, at least we know what to expect over the next 4-years. But while US markets were closed for the inauguration and for the Martin Luther King holiday, the USD-dollar index fell 1.0% ahead of the inauguration after reports indicated his economics' team would study the impact of trade restrictions.

In President Trump's acceptance speech, the President refrained from confirming immediate tariffs would be passed as previously pledged although he did state, "We will tariff and tax foreign countries to enrich our citizens. There will be massive amounts of money pouring into our treasury coming from foreign sources," which saw the USD recover some of its prior losses.

## Could it be a classic case of, "Buy the rumour, sell the fact?"

It's possibly a little early to be casting that line, but the USD-index does appear to be following its 2016-2017 trajectory.

Ahead of the inauguration the Chinese VP, Han Zheng, had met with US VP, JD Vance, and colleague Elon Musk, with no mention of tariffs, while last night's rumour was that the President would declare a National Energy Emergency enabling him to expand his powers to increase drill and fracking ... "Drill, baby, drill!" I guess we'll soon know as he is expected to sign over 100 executive orders and directives this evening/today.

Oh yes, he also stated, "I was saved by God to Make America Great Again," while he also vowed to take back the Panama Canal, expand US territory, plant a US flag on Mars, and to re-name the Gulf of Mexico to the Gulf of America.

Ex-President was also busy earlier in the day pardoning family members and members of the 6-January enquiry ... all except Hillary Clinton which raised a few eyebrows!

While the US markets were closed, the Asian and European markets were open. Equity markets in those parts of the world made incremental gains firming 0.25%, while commodity markets were predominately lower with oil and energy products 1.0% to 3.0% lower. Gold and silver posted modest rallies while bitcoin rallied to the USD108k level.

Looking at some of the other headlines:

- The PBoC left its key lending rates unchanged for the third consecutive month with the 1-year loan prime rate (LPR) at 3.10%, and the 5-year LPR at 3.60%.
- Japan's core machinery orders rose 3.4% on the month and 10.3% on the year, against expectations at -0.4% and 5.6%, which will support those calling for a BoJ hike later this week.
- German producer price inflation firmed 0.8% in the year to December, which was higher the prior month 0.1% gain but below the expected 1.1%.

ECB member, Boris Vujcic, announced, "There has been a repricing recently from four to five (rate cuts this year) to three to four cuts and I think it's reasonable. I don't feel uncomfortable with the current market pricing."

## Meanwhile, in my world ...

... after one of the young bucks in the office did a triathlon last weekend, I decide to go for a run last night. I'm not sure why, but I did hear that Manchester United are after a new wing-back, and I wouldn't mind a crack at Kelvin Kiptum's marathon record time of 2 hours and 35 seconds, but the positive news is that I have now fulfilled my 2025 training goals ... and the Negroni tasted even nicer than usual afterwards!



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# Daily Rates

Tuesday 21 January 2025

| FX                | Spot   | FECs (mid)         |         |                  |         | Spot Mid           |               |
|-------------------|--------|--------------------|---------|------------------|---------|--------------------|---------------|
|                   | Mid    | 1mth               | 3mths   | 6mths            | 12mths  | NZD/...            | AUD/...       |
| NZ TWI            | 67.60  |                    |         |                  |         | CAD                | 0.8105 0.8969 |
| NZD/USD           | 0.5655 | 0.0001             | 0.0007  | 0.0018           | 0.0043  | CHF                | 0.5135 0.5681 |
| NZD/AUD           | 0.9042 | 0.0001             | 0.0008  | 0.0022           | 0.0046  | CNY                | 4.1079 4.5432 |
| NZD/JPY           | 88.145 | -0.33              | -0.80   | -1.50            | -2.81   | DKK                | 4.0605 4.4922 |
| NZD/EUR           | 0.5445 | -0.0007            | -0.0017 | -0.0033          | -0.0069 | FJD                | 1.2892 1.4263 |
| NZD/GBP           | 0.4603 | 0.0002             | 0.0007  | 0.0018           | 0.0036  | HKD                | 4.3974 4.8650 |
|                   |        |                    |         |                  |         | KRW                | 813.09 899.54 |
| AU TWI            | 59.90  |                    |         |                  |         | MYR                | 2.5377 2.8076 |
| AUD/USD           | 0.6253 | 0.0000             | 0.0002  | 0.0004           | 0.0009  | NOK                | 6.4042 7.0851 |
| AUD/NZD           | 1.1056 | -0.0003            | -0.0011 | -0.0030          | -0.0073 | SEK                | 6.2479 6.9123 |
| AUD/JPY           | 97.45  | -0.38              | -0.98   | -1.90            | -3.62   | SGD                | 0.7673 0.8489 |
| AUD/EUR           | 0.6021 | -0.0009            | -0.0024 | -0.0051          | -0.0111 | TWD                | 18.50 20.47   |
| AUD/GBP           | 0.5088 | 0.0001             | 0.0003  | 0.0007           | 0.0013  | ZAR                | 10.50 11.62   |
| USD Index         | 108.34 |                    |         |                  |         | <b>EQUITIES</b>    |               |
| EUR/USD           | 1.0384 | 0.0015             | 0.0042  | 0.0095           | 0.0202  |                    | <b>Index</b>  |
| USD/JPY           | 155.88 | -0.62              | -1.60   | -3.13            | -6.03   | NZX50              | 13,088        |
| GBP/USD           | 1.2282 | -0.0003            | -0.0006 | -0.0011          | -0.0015 | ASX200             | 8,347         |
| EUR/GBP           | 0.8450 | 0.0013             | 0.0038  | 0.0083           | 0.0171  | Dow Jones          | 43,488        |
| USD/CNY           | 7.301  | -0.0170            | -0.0495 | -0.1063          | -0.2317 | S&P 500            | 5,997         |
|                   |        |                    |         |                  |         | FTSE100            | 8,521         |
| <b>INTEREST</b>   |        | <b>New Zealand</b> |         | <b>Australia</b> |         | DAX 30             | 20,990        |
| <b>RATES</b>      |        | Mid                |         | Mid              |         | Nikkei             | 38,903        |
| 30 day bank bills |        | 4.36%              |         | 4.37%            |         | <b>COMMODITIES</b> |               |
| 90 day bank bills |        | 4.08%              |         | 4.38%            |         |                    | <b>USD</b>    |
| 1 year swap       |        | 3.65%              |         | 4.05%            |         | Brent Crude        | 80.05         |
| 2 year swap       |        | 3.60%              |         | 3.94%            |         | Gold               | 2,707.35      |
| 3 year swap       |        | 3.65%              |         | 3.92%            |         | Silver             | 30.45         |
| 5 year swap       |        | 3.82%              |         | 4.19%            |         | Iron Ore           | 101.21        |
| 10 year swap      |        | 4.21%              |         | 4.49%            |         | CRB Index          | 374.82        |
| 3 year Govt bond  |        | 3.91%              |         | 3.97%            |         |                    | <b>NZD</b>    |
| 5 year Govt bond  |        | 4.20%              |         | 4.13%            |         | NZ Carbon          | 63.60         |
| 10 year Govt bond |        | 4.78%              |         | 4.59%            |         |                    |               |

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