

# Market Alert

Friday 24 January 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5678	0.0020
NZD/AUD	0.9027	0.0024
NZD/JPY	88.550	-1.47
NZD/EUR	0.5446	-0.0032
NZD/GBP	0.4593	0.0019
NZD/CNH	4.1354	-0.0262
AUD/USD	0.6289	0.0004
AUD/EUR	0.6032	-0.0051
EUR/USD	1.0425	0.0096
USD/CNH	7.2848	-0.0764
GBP/USD	1.2359	-0.0008
EUR/GBP	0.8432	0.0083

  

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.02%	4.38%
2 year swap	3.51%	3.91%
10 year Govt	4.69%	4.57%

## Let's combine our two favourite things ...

... President Trump and the 'Rich and Famous' at Davos! In a video link, President Trump spoke to the main hall, and I'll be honest here, there was a lot of kissing on a certain part of the President's anatomy!

In a Q&A session, The Donald announced, "Congress will pass the largest tax cut in American history. We will cut corporate tax to 21%, but we're going to bring corporate taxes down to 15% if you make your product in the USA. If you don't make your product in America, which is your prerogative, you will pay a tariff. I'm going to ask Saudi Arabia and OPEC to bring down the price of oil. If the price of oil came down, the Russia-Ukraine war will end immediately. With oil prices going down, I'll demand that interest rates drop immediately, and likewise, they

*should be dropping all over the world."*

The Art of the Deal ... has seen Saudi Crown Prince, Mohammed bin Salman, commit to increasing Saudi investments and trade relations with the US by at least USD600bn over the next 4-years following a phone call with President Trump. Since the call, Trump has asked to 'round out' the investment pledge to USD1trn.

NZ net immigration inflows continue to track lower after a record 127.8k individuals departed NZ in the year to November. Overall, we saw an annual net migration gain of 30.6k, its lowest in 2-years, but given the trend, the question we should be asking ourselves is ... with so many NZ'ers leaving, will we have negative migration at some stage this year?

But you can't blame a man for trying ... in his 'State of the Nation' address, PM Luxon outlined plans to establish a new initiative to provide a 'one-stop shop' for foreign investors called 'Invest New Zealand'. The initiative aims to increase capital inflows across key sectors to foster more start-ups, IPOs, and innovation, while also ensuring NZ benefits from top-tier investment. The model is inspired by "successful models in Ireland and Singapore, that streamline investment processes and offer tailored support to overseas investors."

The Chinese authorities have been out with further stimulus measures, this time in support of its equity markets. Authorities will encourage both state-owned and commercial insurers to allocate 30% of new annual premiums

into A-shares. Mutual funds will also be urged to boost their tradable A-share holdings by at least 10% annually over the next three years. The aim is to raise investments into A-shares and to push listed companies to conduct more share buybacks in a manner that is similar to Japan's pension fund-driven equity strategy under Abenomics in 2014.

## Looking at the inconsequential stuff ...

... like the actual data releases:

- US initial claims rose for a second week to 223k, which saw continuing claims reach 1.899m, its highest level since November 2021.
- Eurozone consumer confidence improved ... slightly ... from -14.5 to -14.2.
- The BoJ will be making its interest rate decision later today.

There is no doubt about it ... financial markets are liking the new administration! Equity markets are a sea of green with most exchanges up between 0.3% and 1.0%. Commodities are mixed, although energy products are lower with oil down 1.3%. The USD-index has weakened a touch, but the 107.80 support level remains in play, which has left the NZD and AUD a touch firmer. Interestingly, we are starting to see a few of the banks lifting their NZD and AUD forecasts. Bitcoin has jumped another 1.4%, although treasury yields are trading water with the 2-years 1bps lower at 4.29% while the 10-years firmed 3bps to 4.65%.



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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	67.80					CAD	0.8146	0.9027
NZD/USD	0.5678	0.0001	0.0008	0.0020	0.0046	CHF	0.5145	0.5703
NZD/AUD	0.9027	0.0002	0.0010	0.0024	0.0050	CNY	4.1347	4.5813
NZD/JPY	88.550	-0.29	-0.79	-1.47	-2.75	DKK	4.0610	4.5003
NZD/EUR	0.5446	-0.0006	-0.0016	-0.0032	-0.0064	FJD	1.2909	1.4306
NZD/GBP	0.4593	0.0002	0.0008	0.0019	0.0039	HKD	4.4205	4.8988
						KRW	814.25	902.35
AU TWI	60.20					MYR	2.5208	2.7936
AUD/USD	0.6289	0.0000	0.0002	0.0004	0.0011	NOK	6.3905	7.0819
AUD/NZD	1.1078	-0.0003	-0.0014	-0.0033	-0.0076	SEK	6.2440	6.9196
AUD/JPY	98.10	-0.35	-0.98	-1.89	-3.61	SGD	0.7683	0.8515
AUD/EUR	0.6032	-0.0008	-0.0025	-0.0051	-0.0107	TWD	18.56	20.56
AUD/GBP	0.5088	0.0001	0.0003	0.0007	0.0012	ZAR	10.48	11.61
USD Index	108.00					<b>EQUITIES</b>		
EUR/USD	1.0425	0.0014	0.0045	0.0096	0.0206		<b>Index</b>	
USD/JPY	155.96	-0.56	-1.61	-3.13	-6.04	NZX50	13,060	
GBP/USD	1.2359	-0.0002	-0.0005	-0.0008	-0.0010	ASX200	8,379	
EUR/GBP	0.8432	0.0013	0.0040	0.0083	0.0169	Dow Jones	44,498	
USD/CNY	7.288	-0.0160	-0.0509	-0.1054	-0.2278	S&P 500	6,103	
						FTSE100	8,565	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	21,412	
<b>RATES</b>		Mid		Mid		Nikkei	39,959	
30 day bank bills		4.30%		4.37%		<b>COMMODITIES</b>		
90 day bank bills		4.02%		4.38%			<b>USD</b>	
1 year swap		3.60%		4.03%		Brent Crude	78.43	
2 year swap		3.53%		3.92%		Gold	2,757.57	
3 year swap		3.58%		3.90%		Silver	30.47	
5 year swap		3.75%		4.19%		Iron Ore	101.40	
10 year swap		4.16%		4.51%		CRB Index	373.00	
3 year Govt bond		3.82%		3.95%			<b>NZD</b>	
5 year Govt bond		4.10%		4.10%		NZ Carbon	65.00	
10 year Govt bond		4.69%		4.57%				

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