

Market Alert

Wednesday 29 January 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5665	0.0020
NZD/AUD	0.9066	0.0023
NZD/JPY	88.180	-1.46
NZD/EUR	0.5433	-0.0031
NZD/GBP	0.4558	0.0018
NZD/CNH	4.1235	-0.0276
AUD/USD	0.6246	0.0005
AUD/EUR	0.5990	-0.0049
EUR/USD	1.0426	0.0094
USD/CNH	7.2801	-0.0748
GBP/USD	1.2426	-0.0009
EUR/GBP	0.8386	0.0081

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	4.01%	4.34%
2 year swap	3.44%	3.83%
10 year Govt	4.59%	4.52%

Don't eat cheese ...

... before you go to bed they used to say. Well, I didn't have a negroni before I went to bed last night and wow ... I had some strange dreams! For some reasons they all seemed to revolve around stag-do's ... which even stranger still as I have no interest in ever going on a stag event ever again, but at least there is a moral to this story ... always have a negroni night-cap and you sleep like a baby!

While the USD-index fleetingly broke ...

... below the 107.00 level a little over 24-hours ago to trade at a 6-week low at 106.97, since then it has recovered well after President Trump ramped up his tariff threats announcing plans to impose tariffs on imported computer chips, pharmaceuticals, and steel, in his bid to

encourage the domestic production of these goods. After reaching a 108.05 peak mid-afternoon yesterday, the index has since flatlined at around the 107.90 level.

Part of the rationale for this was a Financial Times article that reported US Treasury Secretary, Scott Bessent, has been pushing a programme of gradually increasing universal US tariffs, suggesting, "New universal tariffs on imports to the US would start at 2.5% and would then rise gradually. They will move higher by the same amount each month reasoning it will give business time to adjust and could rise as high as 20%."

Ultimately the NZD and AUD are broadly unchanged against the USD having cemented back into last week's ranges, while treasury yields recovered with the 2-years 1bps higher at 4.22% while the 10-years firmed 2bps to 4.56%. Equity markets also recovered firming 0.75%-1.25%, while commodities were 0.25%-0.75% higher although natural gas prices fell 5.0% to a 3-week low due to warmer-than-expected weather forecasts for February.

Breaking the data releases down:

- While US consumer confidence was revised higher to 109.5 in December, January's print fell 5.4pips to 104.1.
- US new orders for manufactured durable goods fell 2.2% in December following November's downwardly revised 2.0% drop. Forecasts had been for a 0.6% increase.
- The US S&P CoreLogic Case-Shiller 20-city home price index firmed 4.3%

in November, which was inline with expectations and above Octobers 4.2%.

- According to the BDI industrial lobby group, the Germany economy is in a deep economic crisis with growth expected to contract -0.1% in 2025. They are also forecasting the Eurozone will grow by 1.1% and the global economy by 3.2%.

- Australian December business confidence increased slightly, from -3.0 to -2.0 while business conditions increased from 2.0 to 6.0.

- Japanese service-sector inflation, or PPI, eased back from 3.0% to 2.9% in December driven by rising accommodation and transportation prices.

That didn't take long ...

... the White House is looking at the national security implications of China's DeepSeek!

Google announced it will change the 'Gulf of Mexico' to the 'Gulf of America' for American users!

Ahead of next weeks Super Bowl, the most expensive tickets are selling for over USD56,000 ... with the cheapest a bargain at USD7,500!

The White House has just finished its first press conference under the new administration. Karoline Leavitt, the youngest White House press secretary, made her debut in the 'hot seat' and performed admirably. Going forward, podcasters and social media influencers could apply to participate in White House briefings.



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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	67.70					CAD	0.8157 0.8998
NZD/USD	0.5665	0.0001	0.0008	0.0020	0.0043	CHF	0.5124 0.5652
NZD/AUD	0.9066	0.0002	0.0009	0.0023	0.0047	CNY	4.1153 4.5472
NZD/JPY	88.180	-0.27	-0.78	-1.46	-2.75	DKK	4.0536 4.4701
NZD/EUR	0.5433	-0.0006	-0.0016	-0.0031	-0.0063	FJD	1.2914 1.4241
NZD/GBP	0.4558	0.0002	0.0008	0.0018	0.0037	HKD	4.4120 4.8653
						KRW	820.37 904.66
AU TWI	59.80					MYR	2.4854 2.7407
AUD/USD	0.6246	0.0000	0.0002	0.0005	0.0009	NOK	6.3915 7.0483
AUD/NZD	1.1028	-0.0003	-0.0013	-0.0031	-0.0072	SEK	6.2306 6.8708
AUD/JPY	97.22	-0.33	-0.97	-1.88	-3.59	SGD	0.7659 0.8446
AUD/EUR	0.5990	-0.0007	-0.0024	-0.0049	-0.0104	TWD	18.61 20.52
AUD/GBP	0.5024	0.0001	0.0003	0.0007	0.0012	ZAR	10.59 11.68
USD Index	107.96					EQUITIES	
EUR/USD	1.0426	0.0013	0.0045	0.0094	0.0198		Index
USD/JPY	155.66	-0.53	-1.60	-3.12	-5.99	NZX50	12,957
GBP/USD	1.2426	-0.0002	-0.0005	-0.0009	-0.0017	ASX200	8,399
EUR/GBP	0.8386	0.0012	0.0039	0.0081	0.0166	Dow Jones	44,829
USD/CNY	7.2507	-0.0145	-0.0493	-0.1056	-0.2320	S&P 500	6,059
						FTSE100	8,534
INTEREST		New Zealand		Australia		DAX 30	21,431
RATES		Mid		Mid		Nikkei	39,017
30 day bank bills		4.30%		4.35%		COMMODITIES	
90 day bank bills		4.01%		4.34%			USD
1 year swap		3.57%		3.97%		Brent Crude	77.31
2 year swap		3.48%		3.84%		Gold	2,762.09
3 year swap		3.52%		3.82%		Silver	30.47
5 year swap		3.68%		4.11%		Iron Ore	101.34
10 year swap		4.08%		4.42%		CRB Index	368.34
3 year Govt bond		3.77%		3.88%			NZD
5 year Govt bond		4.02%		4.05%		NZ Carbon	64.00
10 year Govt bond		4.59%		4.52%			

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