

Market Alert

Monday 17 February 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5727	0.0023
NZD/AUD	0.9012	0.0023
NZD/JPY	87.240	-1.38
NZD/EUR	0.5458	-0.0032
NZD/GBP	0.4551	0.0018
NZD/CNH	4.1442	-0.0242
AUD/USD	0.6354	0.0009
AUD/EUR	0.6054	-0.0052
EUR/USD	1.0491	0.0104
USD/CNH	7.2572	-0.0721
GBP/USD	1.2580	-0.0002
EUR/GBP	0.8334	0.0081

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	3.82%	4.23%
2 year swap	3.49%	3.81%
10 year Govt	4.64%	4.53%

Today's lesson is ...

... never have a white bedsheet in summer! I know it looks good, but given it's so hot in summer, it's inevitable that the odd bug might wander into the bedroom. Personally, bugs don't tend to bother me too much, although I can't say that's the situation for everyone in my household ... as was evidenced at 6:30am this morning when a cup of black coffee went flying through the air and ... you guessed it ... landed on a crisp, clean, white bedsheet!

Wrapping up the weekend's data releases ...

... the most interesting release was the US retail sales numbers which highlighted a significant slowdown in US consumer spending. The numbers were notably weaker than expected with headline

retail sales falling 0.9% in the month of January against expectations of a 0.2% fall. It was a similar story for the retail sales control group, which fell 0.8% in the month of January against expectations of a 0.3% increase. These figures are directly incorporated into the GDP calculation, and as a result of the weaker than expected sales data the Atlanta Fed GDPNow figure, which is a projection of the Q1 GDP headline number, fell from 2.9% to 2.3%.

Financial markets also reacted to the weaker than expected release. Notably, the USD index fell through the 107.00 level to be currently trading around the 106.70 handle. This helped the Antipodean currencies with as the NZD/USD spiking to the 0.5725 level, while the AUD/USD has firmed to 0.6350. US Treasury yields fell across the board with the 2-year and 10-year yields -5bp lower at 4.26% and 4.48%, which will see local swap rates open lower this morning. Equity and commodity markets were mixed.

The other headlines saw China record a record current account surplus of USD180.7bn in Q4 2024, the Russian central bank held its equivalent of their cash rate at 21.0%, Eurozone December quarter GDP improved from their initial preliminary 0.0% reading to 0.1%, while the EU announced reciprocal tariffs are "a step in the wrong direction".

Finally, there's nothing like a small punt ... Abu Dhabi's Sovereign Wealth fund acquired USD436m of Bitcoin in Q1!

The week ahead.

It's going to be a big one in our little part of the world, with the RBA on Tuesday, the RBNZ on Wednesday, and the PBoC on Thursday, but there are some impactful events from the other corners of the world as well ... and I'm not just talking about some off-the-cuff comments from the President. We also have various speeches from some of the FOMC members, US housing and PMI releases, as well as updates from the NY Empire State manufacturing and Philadelphia Fed manufacturing indexes. We also have the latest inflation updates from the UK, Canada, and Japan, as well as PMI updates from Australia, Japan, the UK, the Eurozone and Germany. We also have the latest retail sales numbers from the UK and Canada, while Germany will release its latest ZEW economic outlook and PPIs. As well as the central bank announcements, we also have the latest Australian employment numbers and, from NZ, updates on housing, manufacturing PMIs, PPIs, and trade.



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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	0.8107 0.9008
NZD/USD	0.5727	0.0003	0.0010	0.0023	0.0047	CHF	0.5141 0.5702
NZD/AUD	0.9012	0.0002	0.0010	0.0023	0.0047	CNY	4.1587 4.6100
NZD/JPY	87.240	-0.24	-0.74	-1.38	-2.62	DKK	4.0660 4.5182
NZD/EUR	0.5458	-0.0005	-0.0017	-0.0032	-0.0067	FJD	1.2934 1.4372
NZD/GBP	0.4551	0.0002	0.0009	0.0018	0.0034	HKD	4.4511 4.9461
						KRW	823.07 914.61
AU TWI	60.40					MYR	2.5342 2.8161
AUD/USD	0.6354	0.0001	0.0004	0.0009	0.0020	NOK	6.3460 7.0519
AUD/NZD	1.1105	-0.0003	-0.0014	-0.0032	-0.0072	SEK	6.1087 6.7881
AUD/JPY	96.79	-0.29	-0.93	-1.79	-3.41	SGD	0.7656 0.8508
AUD/EUR	0.6054	-0.0007	-0.0026	-0.0052	-0.0107	TWD	18.68 20.76
AUD/GBP	0.5047	0.0001	0.0004	0.0007	0.0012	ZAR	10.48 11.65
USD Index	106.79					EQUITIES	
EUR/USD	1.0491	0.0014	0.0048	0.0104	0.0219		Index
USD/JPY	152.33	-0.48	-1.55	-3.02	-5.78	NZX50	12,989
GBP/USD	1.2580	-0.0001	-0.0003	-0.0002	0.0006	ASX200	8,556
EUR/GBP	0.8334	0.0012	0.0039	0.0081	0.0163	Dow Jones	44,546
USD/CNY	7.253	-0.0144	-0.0485	-0.1055	-0.2286	S&P 500	6,114
						FTSE100	8,732
						DAX 30	22,513
						Nikkei	39,149
INTEREST RATES			New Zealand		Australia		
			Mid		Mid		
30 day bank bills			3.98%		4.23%		
90 day bank bills			3.82%		4.23%		
1 year swap			3.52%		3.91%		
2 year swap			3.51%		3.82%		
3 year swap			3.58%		3.82%		
5 year swap			3.75%		4.11%		
10 year swap			4.15%		4.43%		
3 year Govt bond			3.81%		3.88%		
5 year Govt bond			4.10%		4.05%		
10 year Govt bond			4.64%		4.53%		
						COMMODITIES	
							USD
						Brent Crude	74.74
						Gold	2,883.26
						Silver	32.14
						Iron Ore	106.83
						CRB Index	377.26
							NZD
						NZ Carbon	63.40

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