

# Market Alert

Thursday 20 February 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5702	0.0024
NZD/AUD	0.8987	0.0025
NZD/JPY	86.475	-1.36
NZD/EUR	0.5472	-0.0031
NZD/GBP	0.4534	0.0019
NZD/CNH	4.1538	-0.0264
AUD/USD	0.6342	0.0009
AUD/EUR	0.6086	-0.0053
EUR/USD	1.0419	0.0103
USD/CNH	7.2848	-0.0776
GBP/USD	1.2574	-0.0001
EUR/GBP	0.8283	0.0082

  

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.77%	4.20%
2 year swap	3.49%	3.88%
10 year Govt	4.72%	4.63%

## First of all, let me apologise to ...

... my neighbours and the local dog walkers! It was so hot and humid this morning, I had to finish getting dressed by the car ... it's just a shame the car was parked on the road!

But ultimately none of this really matters as NASA has just upgraded the likelihood of a comet colliding with planet earth. The comet is due to pass by earth in about 2032 with the possibility of it hitting reaching an all-time record high at 3.1%! Apparently, NASA are looking at firing some missiles to deflect it ... but I know some guys that are oil drillers who could do the job, and I've got a cracking soundtrack to go with it. We just need to get Billy Bob Thorton from NASA on the phone ...

## Breaking the RBNZ Q&A session down ...

... it was a jolly occasion, and I suspect someone had been at the sherry! The highlights included ...

*"A rate cut in April and then May sounds about right, two 25bps steps lower (although) among the near term risks is slower economic growth. We could see faster GDP growth in New Zealand if confidence returns (but) among the near term risks is slower growth. The longer term risks include US tariffs, which would slow global growth. 3.75% is at the high end of the range of neutral rates."*

On the NZD, the Governor stated, "We see the NZ dollar around fair value" which I don't think anyone really believes. When asked whether the cost of living crisis is over, he added, "Prices may not be increasing but they are still high. That's also a message that RBA Governor Michele Bullock has been keen to deliver: Slowing inflation doesn't mean prices drop, they remain at their elevated level."

Assistant Governor, Karen Silk, added, "Having the CPI sitting in the midpoint of the target is the best defence for any external shocks, such as tariffs" ... yes, it is currently at 2.2% but the central bank is forecasting it will rise to 2.7% by Q3 which doesn't help. And finally, "we only hiked last year because StatsNZ got it wrong!" That sounds like a classic case of ... it's not my fault Governor!

But to some extent ...the RBNZ is correct to increase its inflation forecasts to

2.7% given the global recent uptrend, which was further evidenced in the UK overnight where inflation jumped from 2.5% to 3.0%!

After all the RBNZ chit-chat, there was some volatility, but once it was all said and done the NZD/USD is right back to where it started yesterday, sitting around the 0.5700 level, while local swaps are marginally lower across the curve.

BoJ policy board member Takata announced, "We must adjust degree of monetary support further if economy moves in line with BoJ's forecasts. BoJ must gradually shift policy, even after January's rate hike, to avoid upside price risks from materialising."

## In the latest round of ... "now I tariff, now I don't" ...

... a certain gentleman in Washington is suggesting 25% tariffs on imported automobiles, pharmaceuticals and semiconductor chips, while he also called the Ukrainian President a dictator.

China's new home prices showed no change in January compared to the previous month, highlighting the ongoing difficulties in the country's property sector despite government intervention.

S&P ratings revised Australian state Queensland's rating outlook to negative due to the newly elected government's plans to increase spending "outlined the potential for significant fiscal deterioration."



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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	67.90					CAD	0.8118	0.9032
NZD/USD	0.5702	0.0003	0.0011	0.0024	0.0048	CHF	0.5154	0.5735
NZD/AUD	0.8987	0.0002	0.0011	0.0025	0.0053	CNY	4.1482	4.6161
NZD/JPY	86.475	-0.23	-0.71	-1.36	-2.59	DKK	4.0801	4.5388
NZD/EUR	0.5472	-0.0005	-0.0015	-0.0031	-0.0067	FJD	1.2916	1.4368
NZD/GBP	0.4534	0.0002	0.0009	0.0019	0.0036	HKD	4.4340	4.9326
						KRW	820.92	913.22
AU TWI	60.80					MYR	2.5301	2.8146
AUD/USD	0.6342	0.0001	0.0004	0.0009	0.0019	NOK	6.3469	7.0605
AUD/NZD	1.1126	-0.0003	-0.0014	-0.0034	-0.0073	SEK	6.1161	6.8038
AUD/JPY	96.21	-0.29	-0.91	-1.78	-3.44	SGD	0.7655	0.8515
AUD/EUR	0.6086	-0.0007	-0.0024	-0.0053	-0.0111	TWD	18.65	20.75
AUD/GBP	0.5042	0.0001	0.0004	0.0007	0.0010	ZAR	10.58	11.77
USD Index	107.24					<b>EQUITIES</b>		
EUR/USD	1.0419	0.0014	0.0048	0.0103	0.0218		<b>Index</b>	
USD/JPY	151.66	-0.49	-1.52	-3.01	-5.82	NZX50	13,033	
GBP/USD	1.2574	-0.0001	-0.0002	-0.0001	0.0006	ASX200	8,419	
EUR/GBP	0.8283	0.0012	0.0040	0.0082	0.0167	Dow Jones	44,421	
USD/CNY	7.2833	-0.0145	-0.0471	-0.1010	-0.2195	S&P 500	6,136	
						FTSE100	8,713	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	22,434	
<b>RATES</b>		Mid		Mid		Nikkei	39,165	
30 day bank bills		3.89%		4.14%		<b>COMMODITIES</b>		
90 day bank bills		3.77%		4.20%			<b>USD</b>	
1 year swap		3.48%		3.96%		Brent Crude	75.98	
2 year swap		3.54%		3.89%		Gold	2,925.45	
3 year swap		3.63%		3.92%		Silver	32.64	
5 year swap		3.81%		4.21%		Iron Ore	106.74	
10 year swap		4.22%		4.52%		CRB Index	381.62	
3 year Govt bond		3.86%		3.97%			<b>NZD</b>	
5 year Govt bond		4.17%		4.15%		NZ Carbon	62.75	
10 year Govt bond		4.72%		4.63%				

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