

Market Alert

Friday 21 February 2025

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.5766 | 0.0024 |
| NZD/AUD | 0.9005 | 0.0025 |
| NZD/JPY | 86.275 | -1.35 |
| NZD/EUR | 0.5492 | -0.0032 |
| NZD/GBP | 0.4554 | 0.0019 |
| NZD/CNH | 4.1702 | -0.0289 |
| AUD/USD | 0.6401 | 0.0009 |
| AUD/EUR | 0.6097 | -0.0053 |
| EUR/USD | 1.0498 | 0.0105 |
| USD/CNH | 7.2324 | -0.0804 |
| GBP/USD | 1.2660 | -0.0002 |
| EUR/GBP | 0.8289 | 0.0084 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 3.75% | 4.10% |
| 90 day bills | 3.77% | 4.20% |
| 2 year swap | 3.52% | 3.88% |
| 10 year Govt | 4.70% | 4.64% |

Seriously ... you couldn't make this up!

There is a professional footballer in Peru whose name is Osama Vin Laden ... which is pronounced as Osama bin Laden as the V pronounced as a B in Spanish. Furthermore, his brother is called Sadam Husein ... which is pronounced as Saddam Hussein in Spanish. By all accounts, their father considered naming his third son George Bush, but this child turned out to be a girl and the idea was dropped. I can imagine that Dad at the parent-teacher evenings!

But getting back to the real stuff

...

... the NZD/USD has spiked to a 2-month high on USD-related weakness, with the index testing key level support at 106.35. But, noticeably, the biggest move

has been in USD/JPY, which has broken through the 150.00 level to be at 149.60 level. This JPY related strength hasn't fully filtered through to the NZD/JPY nor AUD/JPY, but I suspect it's just a matter of time.

- US initial jobless claims rose by 5k to 219k, which was above expectations of 215k, while continuing claims rose to 1,869k, which was above the prior week's 1845k.
- The Philly Fed's manufacturing index decreased from its 3-year high at 44.3 to 18.1 in February, which was below forecasts at 20.
- Eurozone consumer confidence by 0.6pips to -13.6, its highest level in 4 months, and a touch better than forecasts at -14.
- The UK's CBI industrial trends survey saw the monthly net balance of new orders increased from -34 to -28.
- Canadian industrial producer prices increased 1.6% in January.

• Australian net employment rose 44.3k in January following December's 60k gain and forecasts at 20k. All of the gains came in full-time employment, which climbed by 54.1k, which saw annual job growth accelerated at a blistering 3.5%. The participation rate rose to a record high of 67.3%, although the jobless rate nudged up from 4.0% to 4.1% amid an expanding workforce.

US Treasury Secretary Scott Bessent, in an interview announced, "The Biden team shortened Treasuries duration in sales. We have seen revenue's increase and costs decrease under Trump's policies. Terming out

the debt is a long way off. A big contributor to massive US inflation was regulation." On a side note, he added, "Zelenskiy told me he'd sign minerals deal in Munich. We haven't seen Europe offer to cut auto tariffs."

We also had a couple of Fed speakers on the newswires, with Austin Goolsbee announcing, "The January PCE inflation data will likely not be as sobering as the CPI release. Before the new uncertainties, the path to 2.0% looked good. If tariffs raise prices, the Fed has to think about it." Atlanta Fed President, Raphael Bostic added, "Inflation has been bumpy and that is likely to continue. I see 2 cuts this year with a lot of uncertainty." St. Louis Fed member, Alberto Musalem added, "Inflation expectations have moved higher. We need assurance inflation is returning to our 2.0% target before further policy changes."

Finally, the US objected to calling out "Russian aggression" in a G7 statement on Ukraine, while the US national Security Advisor Waltz announced, "Zelenskyy needs to come back to the table on critical minerals."

Summing it up ...

... with the USD-index weaker, the 10-year treasury yield was also lower, falling -4bps to 4.50%, while the 2-years was flat at 4.27%. Equity markets initially opened their sessions with upside momentum, although that was soon lost with most bourses -0.25% to -1.50% lower after retail giant Walmart issued a lacklustre forecast. Bank stocks have also come under heavy selling pressure in the US, Australia and Japan. Conversely, commodities closed slightly higher.



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Daily Rates

Friday 21 February 2025

| FX | Spot | FECs (mid) | | | | Spot Mid | | |
|-------------------|--------|--------------------|---------|------------------|---------|--------------------|--------------|--------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... | |
| NZ TWI | 68.00 | | | | | CAD | 0.8169 | 0.9074 |
| NZD/USD | 0.5766 | 0.0003 | 0.0011 | 0.0024 | 0.0050 | CHF | 0.5174 | 0.5748 |
| NZD/AUD | 0.9005 | 0.0002 | 0.0011 | 0.0025 | 0.0052 | CNY | 4.1726 | 4.6337 |
| NZD/JPY | 86.275 | -0.24 | -0.72 | -1.35 | -2.53 | DKK | 4.0944 | 4.5474 |
| NZD/EUR | 0.5492 | -0.0005 | -0.0016 | -0.0032 | -0.0066 | FJD | 1.2985 | 1.4420 |
| NZD/GBP | 0.4554 | 0.0002 | 0.0009 | 0.0019 | 0.0037 | HKD | 4.4822 | 4.9775 |
| | | | | | | KRW | 825.67 | 916.92 |
| AU TWI | 60.60 | | | | | MYR | 2.5517 | 2.8337 |
| AUD/USD | 0.6401 | 0.0001 | 0.0004 | 0.0009 | 0.0014 | NOK | 6.3937 | 7.1003 |
| AUD/NZD | 1.1103 | -0.0003 | -0.0014 | -0.0034 | -0.0074 | SEK | 6.1284 | 6.8057 |
| AUD/JPY | 95.78 | -0.29 | -0.92 | -1.76 | -3.41 | SGD | 0.7681 | 0.8530 |
| AUD/EUR | 0.6097 | -0.0007 | -0.0026 | -0.0053 | -0.0112 | TWD | 18.84 | 20.92 |
| AUD/GBP | 0.5054 | 0.0001 | 0.0004 | 0.0007 | 0.0009 | ZAR | 10.57 | 11.73 |
| USD Index | 106.38 | | | | | EQUITIES | | |
| EUR/USD | 1.0498 | 0.0014 | 0.0050 | 0.0105 | 0.0217 | | Index | |
| USD/JPY | 149.62 | -0.49 | -1.53 | -2.96 | -5.64 | NZX50 | 12,880 | |
| GBP/USD | 1.2660 | -0.0001 | -0.0003 | -0.0002 | 0.0002 | ASX200 | 8,323 | |
| EUR/GBP | 0.8289 | 0.0012 | 0.0041 | 0.0084 | 0.0168 | Dow Jones | 44,015 | |
| USD/CNY | 7.2555 | -0.0139 | -0.0486 | -0.0995 | -0.2105 | S&P 500 | 6,098 | |
| | | | | | | FTSE100 | 8,663 | |
| INTEREST | | New Zealand | | Australia | | DAX 30 | 22,315 | |
| RATES | | Mid | | Mid | | Nikkei | 38,678 | |
| 30 day bank bills | | 3.87% | | 4.14% | | COMMODITIES | | |
| 90 day bank bills | | 3.77% | | 4.20% | | | USD | |
| 1 year swap | | 3.48% | | 3.95% | | Brent Crude | 76.98 | |
| 2 year swap | | 3.57% | | 3.89% | | Gold | 2,941.19 | |
| 3 year swap | | 3.66% | | 3.90% | | Silver | 33.04 | |
| 5 year swap | | 3.83% | | 4.20% | | Iron Ore | 106.76 | |
| 10 year swap | | 4.23% | | 4.52% | | CRB Index | 382.99 | |
| 3 year Govt bond | | 3.88% | | 3.99% | | | NZD | |
| 5 year Govt bond | | 4.17% | | 4.17% | | NZ Carbon | 62.90 | |
| 10 year Govt bond | | 4.70% | | 4.64% | | | | |

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