

# Market Alert

Monday 24 February 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5739	0.0024
NZD/AUD	0.9020	0.0024
NZD/JPY	85.705	-1.33
NZD/EUR	0.5469	-0.0032
NZD/GBP	0.4536	0.0019
NZD/CNH	4.1779	-0.0296
AUD/USD	0.6355	0.0008
AUD/EUR	0.6055	-0.0053
EUR/USD	1.0493	0.0105
USD/CNH	7.2519	-0.0812
GBP/USD	1.2649	-0.0003
EUR/GBP	0.8282	0.0084

  

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.77%	4.19%
2 year swap	3.57%	3.83%
10 year Govt	4.71%	4.62%

## Viva Las Vegas!

Yes, it was another great weekend for sports fans ... and what a derby! An absolute tonking by Auckland FC as they won 6-1, but for all of those Phoenix fans, don't despair, I predict this time next year those 2 teams will be in opposite positions, with the Phoenix in the top 3 and Auckland FC in the bottom half of the table. Joesph Parker did the business and looked impressive ... which unfortunately could delay a title shot, and what about the Super Rugby ... watch out Blues fans ... next time the Highlanders will play you with 15-players! And next weekend will be just as exciting with the start of the NRL with, yes, the Warriors playing in Las Vegas!

## Speaking of sport, Friday night's session ...

... was a game of 2-halves, US equity markets had their worse day of the year after data releases highlighted concerns of a slowing economy and sticky inflation, while worries a tweet-friendly President could signal further reciprocal tariffs, this time on digital tech taxes, adding to the risk off environment. Having Chinese warships in the Tasman letting off a few live rounds definitely doesn't help the situation either!

With traders diversifying out of equities, bonds found a bid which saw the US 2 and 10-years yields fall 8bps to 4.20% and 4.43%, the USD-index tested, and found support, at the 106.35 level with the NZD and AUD a smidge lower. The German 10-year bond yield fell below 2.50%, falling 7bps to 2.46% after the PMI release suggested the ECB needs to cut rates more aggressively to help the economy, while the election result could potentially weigh on sentiment as well, given it may take time for the new coalition to be formed. Japanese bond yields were also a touch lower after BoJ Governor, Kazuo Ueda, issued a mild warning that the central bank could increase bond buying should "abnormal" market moves trigger a sharp rise in yields.

Breaking Friday's releases down, the University of Michigan consumer sentiment index fell from 71.1 to 64.7 as inflation and tariff worries impacted, with the report highlighting a 5-year inflation forecast at 3.50%, its highest level since 1995. On top of that, existing home sales fell more than expected last

month to 4.1m, while services PMIs also dropped into contraction territory after falling from 52.9 to 49.7. This weighed on the composite index which fell from 52.7 to 50.4.

In a sign of possible things to come, Fed member, Austin Goolsbee, suggested, "Steel tariffs will raise production costs in region."

Eurozone composite PMIs were unchanged on the month at 50.2 in February. Manufacturing showed some signs of bottoming out firming from 47.1 to 48.7, although services PMIs fell from 51.3 to 50.7.

## The week ahead ...

... is all inflation with the release of US PCE, the Fed's preferred inflation measure. Beyond that we also have the latest personal income and spending numbers, durable goods orders, an update on Q4 GDP, and consumer sentiment. Looking further afield, we have the latest inflation updates from the Eurozone, France, Germany, and Australia, GDP from Switzerland, and Canada, and the latest Bank of Korea interest rate decision. This morning we'll start to see the results of the German election, where there has been a swing to the right, while we also have German retail sales, business and consumer confidence later in the week. In Australia, the focus will be on capex and credit aggregates, while we will have an update on business and consumer confidence, and retail sales from New Zealand.



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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	68.40					CAD	0.8154	0.9042
NZD/USD	0.5739	0.0003	0.0010	0.0024	0.0047	CHF	0.5147	0.5695
NZD/AUD	0.9020	0.0002	0.0010	0.0024	0.0046	CNY	4.1612	4.6072
NZD/JPY	85.705	-0.23	-0.73	-1.33	-2.54	DKK	4.0871	4.5305
NZD/EUR	0.5469	-0.0005	-0.0016	-0.0032	-0.0072	FJD	1.2953	1.4358
NZD/GBP	0.4536	0.0002	0.0009	0.0019	0.0035	HKD	4.4543	4.9375
						KRW	821.54	910.38
AU TWI	60.80					MYR	2.5317	2.8064
AUD/USD	0.6355	0.0001	0.0004	0.0008	0.0015	NOK	6.3694	7.0604
AUD/NZD	1.1071	-0.0003	-0.0014	-0.0034	-0.0071	SEK	6.0894	6.7501
AUD/JPY	94.85	-0.28	-0.92	-1.74	-3.30	SGD	0.7659	0.8490
AUD/EUR	0.6055	-0.0007	-0.0025	-0.0053	-0.0111	TWD	18.77	20.81
AUD/GBP	0.5021	0.0001	0.0004	0.0007	0.0013	ZAR	10.53	11.68
USD Index	106.64					<b>EQUITIES</b>		
EUR/USD	1.0493	0.0014	0.0050	0.0105	0.0218		<b>Index</b>	
USD/JPY	149.33	-0.47	-1.51	-2.94	-5.59	NZX50	12,753	
GBP/USD	1.2649	-0.0001	-0.0003	-0.0003	-0.0003	ASX200	8,296	
EUR/GBP	0.8282	0.0012	0.0041	0.0084	0.0169	Dow Jones	43,428	
USD/CNY	7.2501	-0.0145	-0.0478	-0.1030	-0.2090	S&P 500	6,013	
						FTSE100	8,659	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	22,288	
<b>RATES</b>		Mid		Mid		Nikkei	38,777	
30 day bank bills		3.87%		4.14%		<b>COMMODITIES</b>		
90 day bank bills		3.77%		4.19%			<b>USD</b>	
1 year swap		3.49%		3.92%		Brent Crude	74.43	
2 year swap		3.59%		3.84%		Gold	2,936.03	
3 year swap		3.69%		3.90%		Silver	32.54	
5 year swap		3.87%		4.20%		Iron Ore	107.13	
10 year swap		4.27%		4.51%		CRB Index	376.53	
3 year Govt bond		3.90%		3.97%			<b>NZD</b>	
5 year Govt bond		4.19%		4.14%		NZ Carbon	63.60	
10 year Govt bond		4.71%		4.62%				

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