

# Market Alert

Thursday 27 February 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5698	0.0024
NZD/AUD	0.9036	0.0025
NZD/JPY	84.825	-1.34
NZD/EUR	0.5434	-0.0033
NZD/GBP	0.4494	0.0020
NZD/CNH	4.1380	-0.0304
AUD/USD	0.6304	0.0008
AUD/EUR	0.6012	-0.0053
EUR/USD	1.0484	0.0105
USD/CNH	7.2636	-0.0835
GBP/USD	1.2675	-0.0003
EUR/GBP	0.8270	0.0084

  

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.76%	4.17%
2 year swap	3.46%	3.76%
10 year Govt	4.63%	4.49%

## It's 5:00am as I start writing this.

And while some may say that's stupidity, I prefer to think that it's efficiency! But there's a lot to get done today, so let's crack on with it ...

## Actually, this shouldn't take too long ...

... as there's not a great deal to report!

Financial markets are in a holding pattern ahead of this week's US PCE inflation release, and next week's non-farm and employment releases. US treasury yields are 'mixed' with the 2-years 3bps higher at 4.12%, while the 10-years fell 5bps to 4.25%. The USD is unchanged, with the NZD and AUD the worst performers easing 0.3%, the NZD/USD is slightly below the 0.5700 level, while the AUD/USD is still holding above 0.6300. Equity

markets opened the session posting modest gains, boosted by the House passing the Budget Resolution, but have since reversed those gains, while commodity markets are marginally lower with Brent oil 0.3% lower although copper bucked the trend rallying 1.3%.

In the US, sales of new single-family homes dropped 10.5% to a seasonally adjusted annualised rate of 657k in January, just below expectations at 680k. Meanwhile, the 30-year mortgage rate fell to 6.88%, which makes the local 4.99% rate look pretty good!

German consumers remain in full retreat after the GfK consumer index fell to -24.7 it's prior marginally revised -22.6.

The Australia monthly inflation data does not show all components of CPI, for that'll have to wait for the quarterly data release, but the January monthly release saw annual inflation flatline at 2.5% against expectations for a small increase to 2.6%. Despite this, inflation remains at its highest since August amid rising food prices. Meanwhile, the trimmed mean inflation rate firmed from 2.7% to 2.8%. Completed Q4 construction work rose 0.5% against an expected 1.0% increase.

Fed member, Thomas Barkin stated, "US government job cuts won't cause volatility in GDP (given) government workers are just 2.0% of the workforce."

Japan's top FX diplomat Atsushi Mimura suggested, "I don't see any disparity between the recent JPY moves and the recent positive GDP and domestic inflation data."

BoE MPC member Swati Dhingra suggested, "Many of the forces that previously fuelled rapid trade expansion seem to have diminished. Higher US tariffs likely to cause a strengthening of the dollar in the short term, would have some price-increasing effects in UK."

## In the orange corner ....

... a certain president has been making progress on his policies ... and he's just held his first cabinet meeting.

Media reports continue to suggest Ukraine and the US have reached an agreement over access to Kyiv's deposits of rare earth minerals and a joint investment fund for Ukraine's reconstruction, although President Zelenskyy stated, "I want to discuss with Trump the possibility to use Russia's frozen assets for mining resources development, weapons purchase, reconstruction."

In terms of extending his 2017 tax cuts, the President tweeted, "I hope House and Senate are able to agree on making the tax cuts permanent!" And the news is, the odds of those cuts becoming permanent have lifted after the House passed the Budget Resolution, the first step in the process extending the 'Trump tax cuts' into 'permanent tax cuts,' although there is still a long way to go.

President Trump has floated a USD5m 'gold card' as a route to US citizenship for wealthy immigrants. It will be a lot easier than the 'green card' process.

China's Vice Commerce Minister, Wang Shouwe, is in the US meeting with business leaders to discuss tariffs.



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# Daily Rates

Thursday 27 February 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.00					CAD	0.8165	0.9038
NZD/USD	0.5698	0.0003	0.0011	0.0024	0.0046	CHF	0.5091	0.5636
NZD/AUD	0.9036	0.0002	0.0011	0.0025	0.0045	CNY	4.1402	4.5863
NZD/JPY	84.825	-0.25	-0.72	-1.34	-2.48	DKK	4.0516	4.4840
NZD/EUR	0.5434	-0.0006	-0.0016	-0.0033	-0.0067	FJD	1.2916	1.4295
NZD/GBP	0.4494	0.0003	0.0009	0.0020	0.0037	HKD	4.4277	4.9003
						KRW	816.35	903.49
AU TWI	60.20					MYR	2.5210	2.7902
AUD/USD	0.6304	0.0001	0.0004	0.0008	0.0013	NOK	6.3522	7.0303
AUD/NZD	1.1065	-0.0004	-0.0015	-0.0033	-0.0068	SEK	6.0619	6.7090
AUD/JPY	93.85	-0.31	-0.91	-1.75	-3.21	SGD	0.7620	0.8433
AUD/EUR	0.6012	-0.0008	-0.0025	-0.0053	-0.0105	TWD	18.67	20.66
AUD/GBP	0.4972	0.0002	0.0004	0.0007	0.0015	ZAR	10.49	11.60
USD Index	106.47					<b>EQUITIES</b>		
EUR/USD	1.0484	0.0016	0.0050	0.0105	0.0213		<b>Index</b>	
USD/JPY	148.86	-0.52	-1.53	-2.95	-5.51	NZX50	12,452	
GBP/USD	1.2675	-0.0001	-0.0002	-0.0003	-0.0006	ASX200	8,241	
EUR/GBP	0.8270	0.0013	0.0041	0.0084	0.0170	Dow Jones	43,323	
USD/CNY	7.2595	-0.0156	-0.0466	-0.0977	-0.2075	S&P 500	5,942	
						FTSE100	8,731	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	22,794	
<b>RATES</b>		Mid		Mid		Nikkei	38,142	
30 day bank bills		3.87%		4.14%		<b>COMMODITIES</b>		
90 day bank bills		3.76%		4.17%			<b>USD</b>	
1 year swap		3.45%		3.87%		Brent Crude	72.50	
2 year swap		3.51%		3.77%		Gold	2,913.63	
3 year swap		3.59%		3.75%		Silver	31.76	
5 year swap		3.75%		4.02%		Iron Ore	107.17	
10 year swap		4.13%		4.31%		CRB Index	371.00	
3 year Govt bond		3.85%		3.86%			<b>NZD</b>	
5 year Govt bond		4.12%		4.02%		NZ Carbon	63.25	
10 year Govt bond		4.63%		4.49%				

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