

# Market Alert

Monday 03 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5602	0.0023
NZD/AUD	0.9017	0.0023
NZD/JPY	84.380	-1.35
NZD/EUR	0.5391	-0.0033
NZD/GBP	0.4453	0.0019
NZD/CNH	4.0816	-0.0272
AUD/USD	0.6210	0.0008
AUD/EUR	0.5975	-0.0054
EUR/USD	1.0390	0.0104
USD/CNH	7.2906	-0.0776
GBP/USD	1.2575	-0.0006
EUR/GBP	0.8246	0.0084

  

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.76%	4.17%
2 year swap	3.42%	3.73%
10 year Govt	4.54%	4.40%

## Global politics - who needs friends?

With sparks flying at last week's meeting between Donald Trump and Volodymyr Zelensky, markets ended the week on a cautious footing. The benchmark US 10-year Treasury yield continued its downward track, which has seen it fall from a high of 4.80% in January, to 4.20% on Friday. It was down 23bps last week alone. Consistent with the 'risk-off' lurch, the USD strengthened, sending the NZD/USD back down to 0.5600 and the AUD/USD to 0.6200. It will now be left to European leaders to try to salvage any common ground and recobble a path forward.

Also high on the markets risk radar are the implementation of US tariffs, amidst an ever expanding list of potential actions. China has vowed all necessary measures

against an additional 10% tariff on Chinese goods into the US, while the US President last week seemed to confirm he will push ahead this week with 25% tariffs on America's two neighbours - Mexico and Canada.

With the US intent on making enemies of even its allies, markets are rightfully beginning to question just how long the US economic outperformance can last. While the average interested spectator will struggle to keep up with US policy developments, spare a thought for those businesses exposed to these markets, or the US government workers now wondering if their job will still be there tomorrow. Such uncertainty has a way of choking economic momentum, particularly when it is this extensive. Some early US economic indicators are already flashing warning signs. It may not be long before the rest of the data set follows.

## US data disappoints

In terms of the actual data, this appears to be second thought at the moment. PCE inflation in the US, which is the Fed's preferred measure of inflation, did not continue the trend of upside surprises that has been apparent as of late. The PCE Index was unchanged at a 0.3% increase for the month of January, which allowed the annual figure to ease from 2.6% to 2.5%, while the core figure was unchanged at 2.6%. US personal incomes were up a larger than expected 0.9% in January, while personal spending undershot expectations, decreasing by 0.2% in January.

Adding to the growing concerns of the slowing growth in the US was the Atlanta Fed's GDPNow forecast which took a nosedive, falling from forecasting 2.3% growth to now forecast a decline of 1.5% over the first quarter of 2025, citing weaker than expected trade and real personal consumption as the catalyst for the fall.

## Coming up this week!

This week is a bit light in terms of data releases. The highlights of the week include GDP updates from the Eurozone and Australia, whose economies appear to be hanging in the balance of how fast and far the respective central banks will need to cut interest rates, while we also have a CPI update from the Eurozone later today. Finally wrapping up the week, in which will be undoubtedly the most important release are the US non-farm payrolls, which as usual, has the potential to majorly move markets.



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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	67.30					CAD	0.8089	0.8981
NZD/USD	0.5602	0.0003	0.0010	0.0023	0.0041	CHF	0.5050	0.5597
NZD/AUD	0.9017	0.0002	0.0010	0.0023	0.0045	CNY	4.0723	4.5186
NZD/JPY	84.380	-0.26	-0.73	-1.35	-2.48	DKK	4.0246	4.4630
NZD/EUR	0.5391	-0.0006	-0.0017	-0.0033	-0.0069	FJD	1.2809	1.4204
NZD/GBP	0.4453	0.0002	0.0009	0.0019	0.0036	HKD	4.3558	4.8303
						KRW	818.32	907.45
AU TWI	59.50					MYR	2.4976	2.7697
AUD/USD	0.6210	0.0001	0.0004	0.0008	0.0012	NOK	6.2913	6.9766
AUD/NZD	1.1080	-0.0004	-0.0014	-0.0034	-0.0066	SEK	6.0236	6.6797
AUD/JPY	93.47	-0.31	-0.92	-1.76	-3.23	SGD	0.7567	0.8392
AUD/EUR	0.5975	-0.0008	-0.0026	-0.0054	-0.0107	TWD	18.40	20.41
AUD/GBP	0.4935	0.0001	0.0004	0.0007	0.0013	ZAR	10.48	11.62
USD Index	107.56					<b>EQUITIES</b>		
EUR/USD	1.0390	0.0016	0.0051	0.0104	0.0207		<b>Index</b>	
USD/JPY	150.60	-0.53	-1.56	-2.99	-5.49	NZX50	12,601	
GBP/USD	1.2575	-0.0001	-0.0002	-0.0006	-0.0015	ASX200	8,172	
EUR/GBP	0.8246	0.0013	0.0042	0.0084	0.0171	Dow Jones	43,841	
USD/CNY	7.2828	-0.0167	-0.0466	-0.0980	-0.2040	S&P 500	5,955	
						FTSE100	8,810	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	22,551	
<b>RATES</b>		Mid		Mid		Nikkei	37,156	
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		3.41%		3.84%		Brent Crude	72.81	
2 year swap		3.43%		3.74%		Gold	2,858.45	
3 year swap		3.51%		3.71%		Silver	31.15	
5 year swap		3.68%		3.97%		Iron Ore	102.60	
10 year swap		4.06%		4.28%		CRB Index	365.48	
3 year Govt bond		3.72%		3.78%			<b>NZD</b>	
5 year Govt bond		4.01%		3.93%		NZ Carbon	63.25	
10 year Govt bond		4.54%		4.40%				

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