

Market Alert

Monday 10 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5700	0.0023
NZD/AUD	0.9037	0.0024
NZD/JPY	84.295	-1.33
NZD/EUR	0.5262	-0.0030
NZD/GBP	0.4411	0.0019
NZD/CNH	4.1397	-0.0313
AUD/USD	0.6303	0.0009
AUD/EUR	0.5817	-0.0050
EUR/USD	1.0832	0.0105
USD/CNH	7.2417	-0.0833
GBP/USD	1.2920	-0.0006
EUR/GBP	0.8386	0.0084

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.71%	4.16%
2 year swap	3.42%	3.72%
10 year Govt	4.67%	4.50%

Wrapping up the weekend

The end of last week had a selection of delectable data releases with the most notable being the US Non-farm payrolls data which showed the US economy added 151k jobs in February, slightly below market expectations of ~160k which saw the unemployment rate tick up from 4.0% to 4.1%. Importantly to note January's result was revised downwards from 143k to 125k, notably Elon 'Musk's Department of Government Efficiency' ("DOGE") appears to be working as Federal Employment decreased by 10k. Wage growth also softened slightly, with all of the above adding to the feeling of slowing US economy.

Unfortunately, in China, it is not a feeling, it's a fact. The Chinese economy continues to wrestle with deflationary

pressures, CPI declined by 0.7% in the year to February, overshooting expectations of a 0.4% decline, while the Producer Price index which has printed in deflationary territory for more than two years, fell once again, decreasing by 2.2% in the year to February. The Chinese Trade Balance was much stronger than expected. In the year to February, exports increased by a less than expected 2.3%, while imports were much weaker than expectations falling by 8.4%, leading to the Chinese Trade Balance to increase to a CNY1.2 trillion surplus.

Other notable releases included the third update on the Eurozone GDP figure which came in stronger than expected, increasing by 0.2% in the December quarter and 1.2% annually. There was an update on the Canadian labour market which showed a softening as both employment and the participation rate decreased which balanced each other out to keep the unemployment rate at 6.6%.

Tariff action

Although Trump has postponed his tariffs on goods from Canada and Mexico until 2 April, there was still action with the other parties involved. Canada appears to be stuck behind a rock and a hard place, as it placed tariffs on Chinese autos, steel and aluminium to appease the US, China has now retaliated with Tariffs of its own on Canadian goods that will go into effect 20 March. US President Trump appears to be getting what he wants as

Mexican President, Claudia Sheinbaum, has stated that Mexico will review its Chinese Tariffs.

Market over the weekend saw a continuation of last week's trend. The USD index was lower again, now sitting below the 104.00 level, however this weakening did not translate to gains for the NZD/USD and the AUD/USD as they sit mostly unchanged, slightly above the 0.5700 and 0.6300 level respectively. US Treasury yields were slightly higher with the 2-year 4bps up to 4.00%, while the 10-year is also up by 2bps to 4.30%.

Coming this week

Compared to last week, this week is a bit slower in terms of data releases. Internationally, notable releases include an update on US CPI and PPI for February, GDP updates from the UK and Japan and a BoC interest rate decision update. Markets have priced in a 90% chance of a 0.25% cut by the BoC which would take its cash rate to 3.00%, with focus on what it will say about Tariffs and their implications.

Finally, domestically we have net migration for January and electronic card spending for February.



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Daily Rates

Monday 10 March 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.90					CAD	0.8183	0.8982
NZD/USD	0.5700	0.0003	0.0011	0.0023	0.0042	CHF	0.5006	0.5536
NZD/AUD	0.9037	0.0002	0.0011	0.0024	0.0041	CNY	4.1285	4.5653
NZD/JPY	84.295	-0.26	-0.72	-1.33	-2.47	DKK	3.9191	4.3390
NZD/EUR	0.5262	-0.0006	-0.0016	-0.0030	-0.0063	FJD	1.2874	1.4254
NZD/GBP	0.4411	0.0002	0.0009	0.0019	0.0037	HKD	4.4239	4.8979
						KRW	824.92	913.30
AU TWI	59.70					MYR	2.5118	2.7809
AUD/USD	0.6303	0.0002	0.0004	0.0009	0.0014	NOK	6.1683	6.8292
AUD/NZD	1.1037	-0.0004	-0.0015	-0.0035	-0.0073	SEK	5.7456	6.3612
AUD/JPY	93.03	-0.31	-0.92	-1.72	-3.20	SGD	0.7575	0.8387
AUD/EUR	0.5817	-0.0008	-0.0025	-0.0050	-0.0099	TWD	18.69	20.70
AUD/GBP	0.4877	0.0001	0.0004	0.0007	0.0015	ZAR	10.37	11.49
USD Index	103.91					EQUITIES		
EUR/USD	1.0832	0.0018	0.0053	0.0105	0.0201		Index	
USD/JPY	147.87	-0.53	-1.53	-2.91	-5.34	NZX50	12,400	
GBP/USD	1.2920	-0.0002	-0.0002	-0.0006	-0.0020	ASX200	7,948	
EUR/GBP	0.8386	0.0014	0.0042	0.0084	0.0163	Dow Jones	42,802	
USD/CNY	7.234	-0.0160	-0.0476	-0.0979	-0.1990	S&P 500	5,770	
						FTSE100	8,680	
INTEREST		New Zealand		Australia		DAX 30	23,009	
RATES		Mid		Mid		Nikkei	36,887	
30 day bank bills		3.87%		4.13%		COMMODITIES		
90 day bank bills		3.71%		4.16%			USD	
1 year swap		3.41%		3.84%		Brent Crude	70.36	
2 year swap		3.44%		3.73%		Gold	2,911.48	
3 year swap		3.53%		3.72%		Silver	32.53	
5 year swap		3.72%		4.02%		Iron Ore	101.29	
10 year swap		4.16%		4.36%		CRB Index	367.25	
3 year Govt bond		3.77%		3.81%			NZD	
5 year Govt bond		4.09%		3.99%		NZ Carbon	61.90	
10 year Govt bond		4.67%		4.50%				

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