

Market Alert

Monday 17 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5745	0.0024
NZD/AUD	0.9086	0.0025
NZD/JPY	85.350	-1.35
NZD/EUR	0.5281	-0.0031
NZD/GBP	0.4443	0.0020
NZD/CNH	4.1401	-0.0339
AUD/USD	0.6322	0.0008
AUD/EUR	0.5811	-0.0051
EUR/USD	1.0877	0.0108
USD/CNH	7.2350	-0.0890
GBP/USD	1.2928	-0.0005
EUR/GBP	0.8407	0.0087

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.69%	4.17%
2 year swap	3.46%	3.67%
10 year Govt	4.72%	4.53%

Wow!

That was a spectacular weekend full of sunshine ... unlike the weather in Melbourne for the first GP race of the season. Unfortunately it didn't go to plan for poor Liam, neither the race nor any part of the weekend, and it's no coincidence that most of the rookies crashed! Never mind Liam ... it's onwards and upwards from here ... as it is for the Blues, Phoenix, and AFC Auckland ... but let's all take some heart from Newcastle, who won their first bit of silver wear in almost 70-years after they defeated Liverpool in the League, Milk, Carabao or ELF cup final!

And speaking of onwards and upwards ...

... what about that kiwi? Yes, the NZD and AUD finally played a bit of catch up, with

NZD/USD closing at its highest level in a month, which saw NZD/AUD 'pop' to the 0.9090 level. But what was the catalyst I hear you all ask? Ultimately it was more about USD weakness rather than NZD or AUD strength!

The US University of Michigan consumer sentiment index declined for a third straight month to reach its lowest level since November 2022 at 57.9, which was well below last month's 64.7 in February and well below forecasts of 63.1. In amongst the detail, inflation expectations surged with the 1-year forecast rising from 4.3% to 4.9%, while the 5-year projection surged from 3.5% to 3.9%. This saw the benchmark 10-year treasury yield firm 4bps to 4.31% while the 2-years gapped 7bps to 4.02%. The German 10-year bund yield also firmed, reaching its highest level since June 2011, which also boosted the EUR, after the German coalition parties agreed on a fiscal deal that would overhaul its debt and significantly increase state and defence spending in an attempt to revive growth in Europe's largest economy.

US Treasury Secretary Scott Bessent said he's not worried about the recent equity 'adjustment' as the policies that are currently being put in place will boost the market in the long term stating, "Corrections are healthy, they are normal." Meanwhile, the Donald ordered military strikes on Yemen's Houthi militants.

UK growth contracted -0.1% in the month of January, following December's 0.4% gain, although markets aren't expecting a cut at this week's BoE meeting.

Australian Treasurer Jim Chalmers warned that consumer prices may rise after Cyclone Alfred destroyed crops and homes. The immediate hit to GDP could be as much as AUD1.2bn, or 0.25% of GDP.

Local press reports in China have implied the authorities will take steps to revive consumption by boosting incomes, stabilising the stock and property markets, and offering incentives to raise the birth rate ... once again!

The week ahead ...

... this week the focus will be on Thursday mornings Fed announcement, which will include their 'dot plot' interest-rate projections. The other US releases will include retail sales, industrial production, housing starts, building permits, and existing home sales.

There are also interest rate decisions from Japan, China, the UK, and Sweden while we will also get inflation updates from Canada and Japan. In Europe, the UK will provide updates on their unemployment rate and consumer confidence, Germany will update their ZEW economic sentiment index, while the markets will also be watching for the Eurozone consumer confidence numbers. China will report on retail sales, industrial production, house price index, and fixed asset investments. Finally, we also have Australian employment with NZ GDP and trade.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 17 March 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.60					CAD	0.8254	0.8982
NZD/USD	0.5745	0.0004	0.0011	0.0024	0.0040	CHF	0.5080	0.5588
NZD/AUD	0.9086	0.0003	0.0011	0.0025	0.0044	CNY	4.1562	4.5752
NZD/JPY	85.350	-0.29	-0.73	-1.35	-2.53	DKK	3.9391	4.3355
NZD/EUR	0.5281	-0.0006	-0.0016	-0.0031	-0.0063	FJD	1.2960	1.4264
NZD/GBP	0.4443	0.0003	0.0009	0.0020	0.0038	HKD	4.4644	4.9136
						KRW	833.24	917.08
AU TWI	59.70					MYR	2.5521	2.8089
AUD/USD	0.6322	0.0001	0.0004	0.0008	0.0015	NOK	6.0816	6.6936
AUD/NZD	1.0995	-0.0006	-0.0015	-0.0033	-0.0061	SEK	5.8107	6.3954
AUD/JPY	93.91	-0.37	-0.92	-1.75	-3.25	SGD	0.7660	0.8430
AUD/EUR	0.5811	-0.0010	-0.0025	-0.0051	-0.0098	TWD	18.92	20.82
AUD/GBP	0.4888	0.0001	0.0004	0.0008	0.0016	ZAR	10.46	11.51
USD Index	103.74					EQUITIES		
EUR/USD	1.0877	0.0020	0.0055	0.0108	0.0208		Index	
USD/JPY	148.57	-0.53	-1.55	-2.93	-5.42	NZX50	12,266	
GBP/USD	1.2928	-0.0001	-0.0002	-0.0005	-0.0015	ASX200	7,790	
EUR/GBP	0.8407	0.0016	0.0043	0.0087	0.0170	Dow Jones	41,488	
USD/CNY	7.2377	-0.0181	-0.0512	-0.1031	-0.2050	S&P 500	5,639	
						FTSE100	8,632	
INTEREST		New Zealand		Australia		DAX 30	22,987	
RATES		Mid		Mid		Nikkei	37,053	
30 day bank bills		3.84%		4.14%		COMMODITIES		
90 day bank bills		3.69%		4.17%			USD	
1 year swap		3.41%		3.79%		Brent Crude	70.58	
2 year swap		3.48%		3.68%		Gold	2,984.42	
3 year swap		3.56%		3.69%		Silver	33.78	
5 year swap		3.75%		4.00%		Iron Ore	102.85	
10 year swap		4.17%		4.35%		CRB Index	367.10	
3 year Govt bond		3.82%		3.81%			NZD	
5 year Govt bond		4.14%		3.99%		NZ Carbon	60.00	
10 year Govt bond		4.72%		4.53%				

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.

