

Market Alert

Friday 21 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5757	0.0025
NZD/AUD	0.9136	0.0024
NZD/JPY	85.665	-1.33
NZD/EUR	0.5307	-0.0032
NZD/GBP	0.4442	0.0021
NZD/CNH	4.1751	-0.0349
AUD/USD	0.6300	0.0009
AUD/EUR	0.5808	-0.0051
EUR/USD	1.0847	0.0109
USD/CNH	7.2526	-0.0917
GBP/USD	1.2959	-0.0007
EUR/GBP	0.8368	0.0088

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.65%	4.17%
2 year swap	3.39%	3.67%
10 year Govt	4.65%	4.49%

What is it about breakfast TV?

Normally I don't watch it because I'm usually in the office at the crack of dawn ... but due to travel arrangements, I actually got to see it over the course of the week but, after watching it, when did New Zealanders become a country of whiners?

Let's 'Party like it's 1999' because

New Zealand is not in a recession anymore! Having entered its worse six-month recessionary period since 1991 (outside of the pandemic) after Q2 and Q3 2024 releases showed a combined -2.2% contraction, Q4 GDP growth surpassed expectations, surging 0.7% on the quarter to reach -1.1% on the year, against forecasts at 0.4% and -1.4%.

But the while the NZ releases painted a rosy picture, the Australian releases were poor, after the latest employment report saw the number of employed

Australians fall by -52,800, although the unemployment rate flatlined at 4.1%. Full-time workers fell by -35,700, part-time workers contracted by -17,000, and the participation rate fell from 67.3% to 66.8%.

The BoE kept rates on hold at 4.50% and was pretty vague about what comes next amid nervousness around the inflation outlook. The biggest shock came from MPC member, Catherine Mann, who, having voted for a 50bps rate cut in February, voted to hold at 4.50% this time. After the meeting, BoE Governor, Andrew Bailey, announced, "We will have to wait and see evidence of falling inflation. We have to be quite careful. I am watching quite closely for any signs of an increase in redundancies." Markets are now pricing in a 60% possibility of a 25bps rate cut in May. Prior to the announcement, UK unemployment printed in line with expectations at 4.4%, while a recent report on inflation expectations for the year ahead suggested inflation will firm to 3.9% from the prior 3.5% forecasted.

The Swiss National Bank has cut its key rate by 25bp to 0.25%, as was expected, after annual inflation fell to 0.3% in February, down from January's 0.4% and November's 0.7%. The SNB now has the lowest interest rates in the developed world!

The Swedish Riksbank kept its policy rate at 2.25% in March, which was in line with expectations, citing a largely unchanged outlook for inflation and economic growth.

Looking at the headline releases ...

- US initial jobless claims were at 223k against estimates at 224k, while continuing claims were slightly higher at

1.892m against forecasts at 1.887m.

- US existing home sales jumped 4.2% to a seasonally adjusted annualised rate of 4.3m against the 4.0m expected.
- March Philly Fed index firmed to 12.5 versus the expected 8.5.
- Germany February PPI reached -0.2% whereas economists had been predicting 0.1%.

BoC Governor, and the man with the coolest name ever, Tiff Macklem, confirmed, "We're not in a situation where there is a single most-likely outcome. We're not talking about double-digit unemployment and inflation. The February data has fundamentally changed our view. I'm expecting March CPI to be around 2.5%."

The impact!

Equity markets got a bounce from a surprisingly stronger than expected home sales report, while the USD-index rose after ECB President, Christine Lagarde, cautioned that 25% US tariffs would lower Eurozone growth by 0.3%, while counter-tariffs would deepen the hit to 0.5%. This saw the EUR/USD fall from its recent 5-month high at 1.0954 to the 1.0850 level, which saw the NZD/USD and AUD/USD fall to test support levels. Bond markets were quiet with US Treasury yields slightly lower ... the 2-yrs fell 3bps to 3.96%, while the 10-yrs was flat at 4.24%.

Following the sale of the NZ Breakers, the NBA's Boston Celtics have also been sold, but they were a tad more expensive at USD6.1bn.

RIP: Formula 1 legend Eddie Jordan.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Friday 21 March 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.60					CAD	0.8245	0.8982
NZD/USD	0.5757	0.0004	0.0012	0.0025	0.0043	CHF	0.5075	0.5558
NZD/AUD	0.9136	0.0003	0.0012	0.0024	0.0043	CNY	4.1717	4.5675
NZD/JPY	85.665	-0.25	-0.71	-1.33	-2.47	DKK	3.9567	4.3314
NZD/EUR	0.5307	-0.0005	-0.0016	-0.0032	-0.0063	FJD	1.3047	1.4282
NZD/GBP	0.4442	0.0003	0.0010	0.0021	0.0040	HKD	4.4731	4.8967
						KRW	843.95	923.87
AU TWI	60.00					MYR	2.5460	2.7871
AUD/USD	0.6300	0.0002	0.0005	0.0009	0.0012	NOK	6.0722	6.6472
AUD/NZD	1.0942	-0.0005	-0.0016	-0.0032	-0.0059	SEK	5.8317	6.3842
AUD/JPY	94.64	-0.31	-0.90	-1.71	-3.15	SGD	0.7682	0.8409
AUD/EUR	0.5808	-0.0008	-0.0025	-0.0051	-0.0097	TWD	19.00	20.79
AUD/GBP	0.4861	0.0002	0.0004	0.0009	0.0019	ZAR	10.44	11.43
USD Index	103.87					EQUITIES		
EUR/USD	1.0847	0.0018	0.0054	0.0109	0.0208		Index	
USD/JPY	148.79	-0.53	-1.53	-2.92	-5.36	NZX50	12,055	
GBP/USD	1.2959	-0.0001	-0.0002	-0.0007	-0.0025	ASX200	7,919	
EUR/GBP	0.8368	0.0014	0.0043	0.0088	0.0174	Dow Jones	41,904	
USD/CNY	7.2477	-0.0153	-0.0477	-0.0983	-0.1983	S&P 500	5,647	
						FTSE100	8,702	
INTEREST		New Zealand		Australia		DAX 30	22,999	
RATES		Mid		Mid		Nikkei	37,752	
30 day bank bills		3.78%		4.14%		COMMODITIES		
90 day bank bills		3.65%		4.17%			USD	
1 year swap		3.40%		3.80%		Brent Crude	72.03	
2 year swap		3.44%		3.68%		Gold	3,043.46	
3 year swap		3.53%		3.67%		Silver	33.46	
5 year swap		3.72%		3.98%		Iron Ore	102.11	
10 year swap		4.13%		4.32%		CRB Index	371.74	
3 year Govt bond		3.77%		3.78%			NZD	
5 year Govt bond		4.07%		3.96%		NZ Carbon	60.05	
10 year Govt bond		4.65%		4.49%				

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.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED