

Market Alert

Tuesday 25 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5725	0.0025
NZD/AUD	0.9109	0.0026
NZD/JPY	86.195	-1.31
NZD/EUR	0.5300	-0.0031
NZD/GBP	0.4430	0.0022
NZD/CNH	4.1590	-0.0325
AUD/USD	0.6284	0.0009
AUD/EUR	0.5817	-0.0051
EUR/USD	1.0801	0.0112
USD/CNH	7.2631	-0.0890
GBP/USD	1.2921	-0.0006
EUR/GBP	0.8356	0.0090

INTR RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.63%	4.17%
2 year swap	3.37%	3.67%
10 year Govt	4.67%	4.53%

Que sera, sera ...

Whatever will be, will be ...

We're going to ... America, Canada or Mexico ... Somehow it doesn't quite have the same ring to it ... but the good news is that the All Whites qualified for the 2026 World Cup last night ... and, as is our football tradition, we had a few beers before the game, a few after the game, and we gate crashed the team hotel afterwards. We also had time to catch up with a few mates ... Cookie, Lozza, and Jonesy ... and now the planning starts in earnest to spend a whole lot of money to watch 3 games of football before we get knocked out!

Tariff Liberation Day ...

... is what its being called by TOM, but a WSJ article suggests the White House

will adjust its tariff strategy ahead of its 2nd April rollout. Instead of implementing broad, industry-specific tariffs, the focus is likely shift to targeted reciprocal tariffs aimed at countries with significant trade ties to the US. Tariff Liberation Day is intended to match the tariffs other countries impose on the US, although sector-specific tariffs are unlikely to be revealed that day.

US composite PMIs increased from 51.6 to 53.5 in March, which was the strongest growth in private sector activity in 3 months. A strong increase from 51.0 to 54.3 in the service sector offset a 52.7 to 49.8 fall in manufacturing. Meanwhile, input price inflation accelerated sharply, mainly due to the impact of tariffs.

Eurozone composite PMIs firmed from 50.2 to 50.4, falling short of market expectations of 50.8.

Japanese manufacturing PMIs slipped from 49.0 to 48.3, falling its quickest pace for a year, while services fell from 53.7 to 49.5, recording its steepest drop in 9 months. This saw the composite rate plummet from 52.0 to 48.5 On the inflation front, cost pressures remained elevated with overall input costs rising sharply.

Australia's Manufacturing PMI increased from 50.4 to 52.6, which was the strongest growth in the manufacturing sector since October 2022. Services jumped from 50.8 to 51.2, which meant the composite improved from 50.6 to 51.3!

US equity markets rallied 1.0%-2.0% on signs Donald Trump's next round

of tariffs may be more measured than previously threatened, although European and Asian markets were flat. Bond yields spiked higher on the stronger PMIs with the 2 and 10-yr rallying 8bps to reach 4.04% and 4.33%, respectively, which saw the USD-index consolidate at slightly higher levels. The NZD and AUD were both a touch weaker.

All of the gossip

BoE governor Andrew Bailey confirmed, "There are strong headwinds against growth. We must facilitate AI as the most likely general-purpose tech that can move the needle on growth in the economy. We have been forcefully reminded that trade policy has to include a national security dimension."

Atlanta Fed President Raphael Bostic stated, "I don't see inflation returning to target until sometime in 2027. I moved my 'dots' to 1 rate cut this year from 2. I'm hearing more concerns about the path of the economy, but it hasn't shown up in the data yet. Business leaders think prices will go higher but they're also bullish on sales. We hear from businesses that employment is not a stress for them. I worry about rising medium-and-long term inflation expectations. Most businesses I speak to don't see the kind of slowdown that's in the GDPNow forecast."

BoJ Governor Ueda confirmed, "We believe confidence in the currency can be maintained by appropriate monetary policy aimed at achieving stable prices." Deputy governor Uchida then added, "It is essential for FX to move in a stable way."



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Daily Rates

Tuesday 25 March 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.20					CAD	0.8190	0.8982
NZD/USD	0.5725	0.0004	0.0012	0.0025	0.0046	CHF	0.5054	0.5551
NZD/AUD	0.9109	0.0004	0.0013	0.0026	0.0045	CNY	4.1552	4.5625
NZD/JPY	86.195	-0.27	-0.70	-1.31	-2.46	DKK	3.9525	4.3399
NZD/EUR	0.5300	-0.0006	-0.0016	-0.0031	-0.0064	FJD	1.2954	1.4224
NZD/GBP	0.4430	0.0003	0.0010	0.0022	0.0041	HKD	4.4492	4.8854
						KRW	839.69	922.00
AU TWI	59.60					MYR	2.5353	2.7838
AUD/USD	0.6284	0.0002	0.0005	0.0009	0.0018	NOK	6.0136	6.6031
AUD/NZD	1.0971	-0.0005	-0.0016	-0.0035	-0.0057	SEK	5.7750	6.3411
AUD/JPY	94.11	-0.34	-0.90	-1.70	-3.16	SGD	0.7660	0.8411
AUD/EUR	0.5817	-0.0009	-0.0026	-0.0051	-0.0100	TWD	18.90	20.75
AUD/GBP	0.4862	0.0002	0.0004	0.0009	0.0020	ZAR	10.43	11.46
USD Index	104.27					EQUITIES		
EUR/USD	1.0801	0.0019	0.0055	0.0112	0.0217		Index	
USD/JPY	150.54	-0.57	-1.54	-2.93	-5.46	NZX50	12,128	
GBP/USD	1.2921	-0.0001	-0.0002	-0.0006	-0.0021	ASX200	7,937	
EUR/GBP	0.8356	0.0015	0.0044	0.0090	0.0178	Dow Jones	42,553	
USD/CNY	7.2531	-0.0165	-0.0459	-0.0975	-0.2006	S&P 500	5,757	
						FTSE100	8,638	
						DAX 30	22,853	
						Nikkei	37,608	
INTEREST		New Zealand		Australia		COMMODITIES		
RATES		Mid		Mid			USD	
30 day bank bills		3.76%		4.14%		Brent Crude	73.06	
90 day bank bills		3.63%		4.17%		Gold	3,007.07	
1 year swap		3.39%		3.81%		Silver	32.96	
2 year swap		3.42%		3.68%		Iron Ore	102.00	
3 year swap		3.52%		3.69%		CRB Index	372.03	
5 year swap		3.72%		4.00%			NZD	
10 year swap		4.16%		4.36%		NZ Carbon	56.05	
3 year Govt bond		3.80%		3.78%				
5 year Govt bond		4.11%		3.97%				
10 year Govt bond		4.67%		4.53%				

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