

Market Alert

Thursday 27 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5726	0.0026
NZD/AUD	0.9106	0.0027
NZD/JPY	86.160	-1.33
NZD/EUR	0.5324	-0.0032
NZD/GBP	0.4444	0.0021
NZD/CNH	4.1692	-0.0329
AUD/USD	0.6287	0.0009
AUD/EUR	0.5846	-0.0053
EUR/USD	1.0754	0.0113
USD/CNH	7.2808	-0.0891
GBP/USD	1.2882	-0.0005
EUR/GBP	0.8345	0.0089

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.63%	4.16%
2 year swap	3.39%	3.65%
10 year Govt	4.67%	4.60%

OMG ...

... it was the first football game of the season last night and someone, in their wisdom, thought it would be a good idea to 'boost' our striker's confidence by giving him to the opposition. Well, that worked, he smashed a hat-trick past us as we lost!

But don't feel bad for us ... and don't feel bad for young Liam either ... I think the swap back to Racing Bulls will be the best thing that happens to him and in two years' time he'll be the lead driver at one of the other teams. And while we're handing out the well done's ... a hearty well done to the Black caps.

There weren't any major releases overnight ...

... with the highlights being ...

- US durable goods orders rose 0.9% in February, way better than forecasts for a -1.0% decline, but not as strong as January's 3.3% increase.

- Australian monthly inflation eased from 2.5% to 2.4%, while the trimmed mean slipped from 2.8% to 2.7%.

- UK inflation fell to 2.8% in February, below forecasts at 2.9% and January's 3.0% print. Despite this, the UK's Office for Budget Responsibility has cut the country's growth and productivity projections for 2025, while also hiking its inflation and debt projections.

- Japan services PPIs eased from January's revised 3.2% to 3.0%.

The Bank of Canada minutes from its March meeting, where it cut rates 25bps to 2.75%, highlighted the members, "Generally agreed that new data had shifted the balance, with somewhat less risk of lower inflation outcomes. Would probably have left rates unchanged if not for tariff risks. The cut would provide some help to Canadians to manage the uncertainty around tariffs."

Minneapolis Fed President, Neel Kashkari, outlined his thoughts overnight, stating "There's kind of a wash between the forces on interest rates from tariffs, so we should sit where we are. This is the most dramatic shift in confidence in the last decade, save for the COVID era. A lot of the uncertainty shift is about tariffs. In the next year or two, we ought to be able to reduce interest rates further."

BoJ Governor Ueda announced, "If price risks overshoot our expectations, we will take stronger steps to adjust the degree of monetary support. Japan's economy is

in a state of inflation. In judging whether underlying inflation hits 2.0%, one factor we are looking at is whether wage hikes of around 3.0% are sustained."

Moody's Ratings has noted that rising interest payments and widening deficits are eroding the US's debt affordability, warning US fiscal strength has "deteriorated further" since the sovereign outlook was cut to negative in late 2023. Debt sustainability remains significantly weaker while a sharp rise in interest payments (from 9% of federal revenue in 2021 to a projected 30% by 2035), is the most critical threat to fiscal flexibility.

Trump has announced he will hold a news conference at 9:00am NZ time to announce auto tariffs!

Summing it all up ...

Equity markets are a 'sea of red' as renewed tariff concerns and fading tech momentum rattled markets. Most exchanges are -0.75% to -1.25% lower. Commodity markets were also volatile with copper futures soaring past the USD5.20 level to reach fresh all-time highs amid reports of copper tariffs, while crude oil futures climbed to a four week high above USD69.50 on concerns over tightening global supply after the US threatened 25% tariffs on countries buying Venezuelan crude. US Treasury yields were mixed overnight, with the 2-years -1bps lower at 4.02%, the 10-years firming 2bps to 4.34%, while the USD-Index booked modest gains with EUR/USD falling to 1.0750 while USD/JPY firmed back above the 150.00 level.



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Daily Rates

Thursday 27 March 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.00					CAD	0.8178	0.8982
NZD/USD	0.5726	0.0004	0.0013	0.0026	0.0045	CHF	0.5064	0.5563
NZD/AUD	0.9106	0.0004	0.0014	0.0027	0.0047	CNY	4.1614	4.5691
NZD/JPY	86.160	-0.24	-0.72	-1.33	-2.44	DKK	3.9713	4.3612
NZD/EUR	0.5324	-0.0005	-0.0016	-0.0032	-0.0065	FJD	1.2961	1.4234
NZD/GBP	0.4444	0.0003	0.0010	0.0021	0.0041	HKD	4.4518	4.8888
						KRW	841.23	923.81
AU TWI	60.00					MYR	2.5345	2.7833
AUD/USD	0.6287	0.0001	0.0004	0.0009	0.0016	NOK	6.0454	6.6389
AUD/NZD	1.0976	-0.0005	-0.0017	-0.0035	-0.0063	SEK	5.7536	6.3186
AUD/JPY	94.85	-0.31	-0.92	-1.72	-3.19	SGD	0.7673	0.8426
AUD/EUR	0.5846	-0.0009	-0.0027	-0.0053	-0.0103	TWD	18.97	20.83
AUD/GBP	0.4879	0.0001	0.0004	0.0008	0.0017	ZAR	10.46	11.49
USD Index	104.54					EQUITIES		
EUR/USD	1.0754	0.0018	0.0056	0.0113	0.0218		Index	
USD/JPY	150.47	-0.53	-1.58	-2.96	-5.42	NZX50	12,334	
GBP/USD	1.2882	-0.0001	-0.0002	-0.0005	-0.0022	ASX200	7,999	
EUR/GBP	0.8345	0.0014	0.0045	0.0089	0.0178	Dow Jones	42,339	
USD/CNY	7.2675	-0.0144	-0.0466	-0.0970	-0.2015	S&P 500	5,704	
						FTSE100	8,690	
INTEREST		New Zealand		Australia		DAX 30	22,839	
RATES		Mid		Mid		Nikkei	38,027	
30 day bank bills		3.73%		4.15%		COMMODITIES		
90 day bank bills		3.63%		4.16%			USD	
1 year swap		3.39%		3.81%		Brent Crude	73.81	
2 year swap		3.40%		3.70%		Gold	3,018.23	
3 year swap		3.49%		3.70%		Silver	33.58	
5 year swap		3.70%		4.02%		Iron Ore	102.18	
10 year swap		4.15%		4.37%		CRB Index	372.24	
3 year Govt bond		3.76%		3.83%			NZD	
5 year Govt bond		4.08%		4.03%		NZ Carbon	58.00	
10 year Govt bond		4.67%		4.60%				

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