

# Market Alert

Friday 28 March 2025

| CURRENCIES | Spot   | 6mths   |
|------------|--------|---------|
| NZD/USD    | 0.5739 | 0.0026  |
| NZD/AUD    | 0.9106 | 0.0028  |
| NZD/JPY    | 86.710 | -1.30   |
| NZD/EUR    | 0.5316 | -0.0032 |
| NZD/GBP    | 0.4431 | 0.0021  |
| NZD/CNH    | 4.1713 | -0.0324 |
| AUD/USD    | 0.6300 | 0.0009  |
| AUD/EUR    | 0.5836 | -0.0054 |
| EUR/USD    | 1.0794 | 0.0113  |
| USD/CNH    | 7.2697 | -0.0889 |
| GBP/USD    | 1.2947 | -0.0005 |
| EUR/GBP    | 0.8333 | 0.0089  |

  

| INT RATES    | NZ    | Australia |
|--------------|-------|-----------|
| OCR/Cash     | 3.75% | 4.10%     |
| 90 day bills | 3.62% | 4.16%     |
| 2 year swap  | 3.40% | 3.65%     |
| 10 year Govt | 4.73% | 4.63%     |

## Kiss bass player ...

... Gene Simmons, thinks charging fans USD12.5k to hang out with him for a day is a steal, but let's be honest, would you really want to spend that much to watch a 75-year-old rock star push his zimmer-frame about?

But then it reminded me of a competition MTV ran back in the day, where the winner won a 'Lost Weekend With Van Halen!' As it was published, lead singer David Lee Roth announced the winner would, "Have no idea where you are, no idea where you're going, and probably no memory of it after you go!" And according to the winner, a 20-year-old department-store stock clerk, that pretty well summed up the weekend up! I'm not making it up ... look it up!

## Ultimately, at this stage ...

... the data doesn't matter, in fact, it's being ignored because, yep, you guessed it, there is a certain orange man that is causing some tariff concerns!

Looking at the releases, the good news was that ...

- The US economy grew at an annualised rate of 2.4% in Q4 2024, which was slightly above the prior forecast at 2.3%, driven by, coincidentally, stronger net trade and increased government spending. Seriously, I'm not making that up.

- Digging into the detail on the Q4 GDP print, there was further good news in that the prices paid fell from 2.4% to 2.3%, while core prices paid fell from 2.7% to 2.6%, although consumer spending growth was revised slightly lower.

- US initial jobless claims remain at historically low levels, decreasing by 1k to 224k, while continuing claims improved by 25k, falling from 1,881k to 1,856k.

- The US trade deficit in goods narrowed to USD147.9bn in February, which was better than January's revised USD155.6bn, but worse than expectations of USD134.5bn.

But as I mentioned, it doesn't really matter because the Trump administration announced a 25% tariff on "all cars not made in the US," which will take effect from 2nd April. Analysts suggest this will add USD5k-USD10k to the cost of the average new car in the US, while Ferrari announced it will raise prices by 10% on some models to offset the tariffs. President Trump also warned of

"far larger" tariffs on the EU and Canada if they coordinated efforts to counter US trade measures.

In the other headlines ...

- The Norwegian central bank, the Norges Bank, kept its key policy rate steady at 4.50% for the 10th consecutive meeting, as was expected.

- Eurozone bank lending to households rose by 1.5% year-on-year to EUR7.0trn in February, the largest annual increase since June 2023.

The ECB's Luis de Guindos announced, "We are optimistic with regard to inflation. We believe that we'll converge towards target in coming quarters on a stable basis."

## As one of the larger European banks stated ...

... this is the most significant risk of global de-dollarisation since WWII, after ECB officials questioned whether they could rely on US dollar swap lines in times of market stress. The fear is that if foreign banks needed USD liquidity should a crisis emerge, the US might demand something in exchange.

But while that is a concern, at this stage the USD-index reaction to yesterday's announcement has been subdued, falling 0.25%, with the NZD and AUD posting modest gains. US bond markets were also mixed with the 2-yrs 2bps lower at 4.01%, and the 10-yrs 1bps firmer at 4.37%, while the German 10-year Bund yield fell on the Trump announcement, which also naturally impacted equity markets which are 0.25% to 0.50% lower.



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# Daily Rates

Friday 28 March 2025

| FX                | Spot   | FECs (mid)         |         |                  |         | Spot Mid           |               |
|-------------------|--------|--------------------|---------|------------------|---------|--------------------|---------------|
|                   | Mid    | 1mth               | 3mths   | 6mths            | 12mths  | NZD/...            | AUD/...       |
| NZ TWI            | 68.10  |                    |         |                  |         | CAD                | 0.8210 0.8982 |
| NZD/USD           | 0.5739 | 0.0004             | 0.0013  | 0.0026           | 0.0046  | CHF                | 0.5059 0.5558 |
| NZD/AUD           | 0.9106 | 0.0004             | 0.0014  | 0.0028           | 0.0048  | CNY                | 4.1662 4.5743 |
| NZD/JPY           | 86.710 | -0.23              | -0.68   | -1.30            | -2.48   | DKK                | 3.9650 4.3541 |
| NZD/EUR           | 0.5316 | -0.0005            | -0.0016 | -0.0032          | -0.0070 | FJD                | 1.2974 1.4247 |
| NZD/GBP           | 0.4431 | 0.0003             | 0.0010  | 0.0021           | 0.0039  | HKD                | 4.4611 4.8989 |
|                   |        |                    |         |                  |         | KRW                | 840.23 922.69 |
| AU TWI            | 60.00  |                    |         |                  |         | MYR                | 2.5409 2.7903 |
| AUD/USD           | 0.6300 | 0.0001             | 0.0004  | 0.0009           | 0.0016  | NOK                | 6.0140 6.6037 |
| AUD/NZD           | 1.0976 | -0.0006            | -0.0018 | -0.0037          | -0.0066 | SEK                | 5.7312 6.2936 |
| AUD/JPY           | 95.07  | -0.30              | -0.89   | -1.74            | -3.19   | SGD                | 0.7685 0.8439 |
| AUD/EUR           | 0.5836 | -0.0008            | -0.0026 | -0.0054          | -0.0103 | TWD                | 18.98 20.84   |
| AUD/GBP           | 0.4863 | 0.0001             | 0.0004  | 0.0007           | 0.0017  | ZAR                | 10.46 11.49   |
| USD Index         | 104.34 |                    |         |                  |         | <b>EQUITIES</b>    |               |
| EUR/USD           | 1.0794 | 0.0017             | 0.0055  | 0.0113           | 0.0216  |                    | <b>Index</b>  |
| USD/JPY           | 151.08 | -0.51              | -1.52   | -2.94            | -5.43   | NZX50              | 12,306        |
| GBP/USD           | 1.2947 | -0.0001            | -0.0001 | -0.0005          | -0.0019 | ASX200             | 7,969         |
| EUR/GBP           | 0.8333 | 0.0014             | 0.0043  | 0.0089           | 0.0176  | Dow Jones          | 42,360        |
| USD/CNY           | 7.2645 | -0.0144            | -0.0437 | -0.0979          | -0.1991 | S&P 500            | 5,706         |
|                   |        |                    |         |                  |         | FTSE100            | 8,666         |
| <b>INTEREST</b>   |        | <b>New Zealand</b> |         | <b>Australia</b> |         | DAX 30             | 22,679        |
| <b>RATES</b>      |        | Mid                |         | Mid              |         | Nikkei             | 37,800        |
| 30 day bank bills |        | 3.73%              |         | 4.14%            |         | <b>COMMODITIES</b> |               |
| 90 day bank bills |        | 3.62%              |         | 4.16%            |         |                    | <b>USD</b>    |
| 1 year swap       |        | 3.39%              |         | 3.81%            |         | Brent Crude        | 74.05         |
| 2 year swap       |        | 3.45%              |         | 3.70%            |         | Gold               | 3,056.92      |
| 3 year swap       |        | 3.53%              |         | 3.71%            |         | Silver             | 34.41         |
| 5 year swap       |        | 3.75%              |         | 4.03%            |         | Iron Ore           | 102.25        |
| 10 year swap      |        | 4.20%              |         | 4.40%            |         | CRB Index          | 372.98        |
| 3 year Govt bond  |        | 3.80%              |         | 3.84%            |         |                    | <b>NZD</b>    |
| 5 year Govt bond  |        | 4.13%              |         | 4.04%            |         | NZ Carbon          | 59.00         |
| 10 year Govt bond |        | 4.73%              |         | 4.63%            |         |                    |               |

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