

Market Alert

Monday 31 March 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5723	0.0025
NZD/AUD	0.9103	0.0026
NZD/JPY	85.710	-1.29
NZD/EUR	0.5285	-0.0032
NZD/GBP	0.4427	0.0020
NZD/CNH	4.1578	-0.0359
AUD/USD	0.6283	0.0008
AUD/EUR	0.5802	-0.0052
EUR/USD	1.0827	0.0112
USD/CNH	7.2686	-0.0947
GBP/USD	1.2924	-0.0005
EUR/GBP	0.8367	0.0089

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.61%	4.18%
2 year swap	3.40%	3.60%
10 year Govt	4.70%	4.57%

It was another great weekend for watching sport ...

... but according to the scales, I should have been playing rather than watching! But a big shout out to Moana Pasifika, the Warriors, Ma'a Nonu, AFC Auckland, and Chris Wood's Nottingham Forest!

It's all about the core ...

... and I'm not saying this as a gym instructor! Friday saw US core PCE inflation rise by 0.4% in February, which was higher than the forecast at 0.3% and its highest level since January 2024! Headline inflation rose by 0.3%, maintaining the same pace of expansion as we've seen over the previous two months. On a year-over-year basis, core PCE inflation edged up to 2.8%, above the expected 2.7%, while headline PCE

inflation remained steady at 2.5%.

Looking at the other headlines, Eurozone economic sentiment fell to 95.2 in March, its lowest level in 3-months and below February's 96.3, while the New Zealand consumer confidence index fell to 93.2 while inflation expectations edged up by 0.2% to 4.2%, marking the first time since June 2024 that they've surpassed the 4.0% level.

Ultimately, equity markets didn't 'like' the rising core inflation concerns, and the growing trade policy uncertainty, which saw most exchanges fall -1.0% to -2.0%. Safe haven flows surged into US treasuries, which saw yields plummet, with the 2-years -8bps lower at 3.92%, while the 10-years plummeted -13bps to 4.24%. The USD-index was a touch lower, as was the NZD, AUD and oil. Gold rallied a further 1.0%

In the orange corner, President Donald Trump has not ruled out the possibility of seeking a third term in the White House, which is prohibited by the Constitution, stating he "couldn't care less" if foreign automakers raised their prices due to the new tariffs, while also adding, "You could say that I was very angry," continuing, "... Don't get me angry, you wouldn't like me when I'm angry!" Okay, I added that last bit, but Trump is angry with Russian President Putin, given the peace talks aren't going well, and he's threatened that if Russia doesn't reach a deal, he will impose secondary tariffs.

Elon Musk has sold Twitter, no, wait a minute, he's sold X to xAI, but wait a further minute, he owns xAI! Confused?

Yeah ... me too. Given he owns both companies, I guess it's easier to say it's a merger!

The week ahead ...

... will predominately focus on Tariff 'Liberation Day,' with President Donald Trump due to announce the latest tariffs and, potentially, reciprocal tariffs as well, but the issue is ... no one knows whether this is just the beginning of negotiations ... or the end! This week also brings about the usual updates from the US jobs market with the latest non-farm, JOLTs, initial claims, ADP employment change, and Challenger job cuts updates, although there will be even great focus than usual given this will be the first employment report to fully capture the DOGE-related layoffs and tariff-related uncertainty that has led some companies to scale back hiring. Beyond the jobs data, attention will turn to the PMIs, Dallas Fed's manufacturing and services indexes, and construction spending.

Beyond the US, the ECB will release minutes from its March policy meeting, as well as updating its preliminary inflation, unemployment, and PMI updates from across the Eurozone, while Germany's factory orders release will be a focus. We also have the latest PMI update from China and Japan's Tankan business survey, while the RBA is expected to keep interest rates unchanged. In New Zealand, we have the latest business confidence updates, along with filled jobs and commodity prices.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.10					CAD	0.8186	0.8982
NZD/USD	0.5723	0.0004	0.0013	0.0025	0.0042	CHF	0.5036	0.5526
NZD/AUD	0.9103	0.0004	0.0013	0.0026	0.0042	CNY	4.1536	4.5624
NZD/JPY	85.710	-0.23	-0.68	-1.29	-2.43	DKK	3.9406	4.3284
NZD/EUR	0.5285	-0.0005	-0.0017	-0.0032	-0.0067	FJD	1.3041	1.4325
NZD/GBP	0.4427	0.0003	0.0010	0.0020	0.0039	HKD	4.4491	4.8870
						KRW	840.77	923.52
AU TWI	59.80					MYR	2.5368	2.7865
AUD/USD	0.6283	0.0001	0.0004	0.0008	0.0014	NOK	5.9661	6.5534
AUD/NZD	1.0980	-0.0006	-0.0018	-0.0037	-0.0066	SEK	5.7258	6.2894
AUD/JPY	94.73	-0.30	-0.88	-1.69	-3.20	SGD	0.7673	0.8429
AUD/EUR	0.5802	-0.0009	-0.0027	-0.0052	-0.0107	TWD	18.99	20.86
AUD/GBP	0.4860	0.0001	0.0004	0.0008	0.0015	ZAR	10.51	11.55
USD Index	104.01					EQUITIES		
EUR/USD	1.0827	0.0017	0.0056	0.0112	0.0217		Index	
USD/JPY	149.78	-0.50	-1.50	-2.89	-5.30	NZX50	12,287	
GBP/USD	1.2924	-0.0001	-0.0001	-0.0005	-0.0022	ASX200	7,982	
EUR/GBP	0.8367	0.0014	0.0042	0.0089	0.0179	Dow Jones	41,584	
USD/CNY	7.2628	-0.0180	-0.0440	-0.1021	-0.2035	S&P 500	55,581	
						FTSE100	8,659	
INTEREST		New Zealand		Australia		DAX 30	22,462	
RATES		Mid		Mid		Nikkei	37,120	
30 day bank bills		3.72%		4.15%		COMMODITIES		
90 day bank bills		3.61%		4.18%			USD	
1 year swap		3.39%		3.79%		Brent Crude	73.63	
2 year swap		3.42%		3.65%		Gold	3,084.03	
3 year swap		3.51%		3.64%		Silver	34.11	
5 year swap		3.72%		3.97%		Iron Ore	103.77	
10 year swap		4.17%		4.31%		CRB Index	372.80	
3 year Govt bond		3.78%		3.79%			NZD	
5 year Govt bond		4.10%		3.99%		NZ Carbon	58.50	
10 year Govt bond		4.70%		4.57%				

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