

Market Alert

Wednesday 02 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5696	0.0025
NZD/AUD	0.9081	0.0027
NZD/JPY	85.130	-1.27
NZD/EUR	0.5279	-0.0031
NZD/GBP	0.4410	0.0021
NZD/CNH	4.1578	-0.0308
AUD/USD	0.6270	0.0008
AUD/EUR	0.5811	-0.0052
EUR/USD	1.0789	0.0110
USD/CNH	7.2805	-0.0881
GBP/USD	1.2912	-0.0006
EUR/GBP	0.8352	0.0089

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.60%	4.17%
2 year swap	3.35%	3.56%
10 year Govt	4.62%	4.49%

Waking up early this morning ...

... I thought I'd have a quick skim through the news channels. First up, it was the US channels, which revolved around the tariffs and how tomorrow will "go down as one of the most important days in modern American history." Switching to the European channels, it was all about defense spending, and how its due to ramp up to EUR6.5bn, while the UK channels focused on the cost of living crisis and immigration! Yeah ... the UK is 18-months behind the rest of the world. Finally, the local breakfast TV focused on the fact there will be no America's Cup in Auckland!

Ahead of ...

... the most consequential day in modern US history ... there was a data dump from the US which was largely ignored given

the fast-approaching Liberation Day. Most significant was the plummeting performance of the US manufacturing sector after the manufacturing PMI fell from 50.3 to 49.0. This was the sharpest contraction in the factory activity since November 2024, as production, new orders, and employment all weakened while prices accelerated to their highest since June 2022. To add to the pessimistic sentiment, job openings decreased by 194k to 7.57m which was below expectations at 7.63m.

Eurozone annual inflation eased to its lowest rate since November 2024 falling from 2.3% to 2.2%, predominately driven by falling services inflation and declining energy costs.

The RBA left its cash rate unchanged at 4.10%, as was expected. The statement highlighted, "Underlying inflation is moderating (although) the Board needs to be confident that the Australian inflation retreat will continue. The continuing decline in underlying inflation is welcome but risks remain on both sides of the outlook. There is a risk that global inflation could go either way. Tariffs, geo-political uncertainties are expected to have an adverse effect on global activity. The US tariff announcements are having an impact on confidence globally. Uncertainty about the outlook abroad remains significant."

Beyond that, Australian retail sales eased from 0.3% to 0.2% in February, although there was a big jump in the manufacturing PMI with the index surging from 50.4 to 52.1.

The BoJ's Tankan survey highlighted that Japanese companies have raised their

inflation forecasts across the board, and that they are backing the case for more rate increases from the central bank. At this stage, Japanese companies expect inflation to increase from 2.4% to 2.5% over the next year, from 2.3% to 2.4% in 3-years, and to be at 2.3% rather than 2.2% in 5-years.

China's Caixin manufacturing PMIs reached its highest level since November to record 6 straight months of expansion, driven by rising output and demand, firming from 51.1 to 51.2.

We saw another positive GDT auction with the overall GDT index up by 1.1% despite butter prices recording a rare -1.2% correction. WMP slipped by 0.1% but held above the USD4,000m/t level. Despite the increased volumes seen across the current season, concerns about the impact of tariffs and drought conditions helped to support prices.

At this stage

We still have no idea as to whether the tariffs will be targeted or across the board, but the uncertainty continues to weigh on sentiment. The modest gains of 0.8%-1.5% in European equity markets were lost with US exchanges broadly 0.5% lower. US yields were lower with the 10-years falling for the third straight session, dropping 5bps to 4.16%, while the 2-years fell 2bps to 3.87%. The USD-index, NZD, AUD and JPY all posted modest gains at the expense of the CNY, EUR, GBP, while oil prices fell 0.5% and finally, gold, well yes, you guessed it, it made a new record high!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Wednesday 02 April 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.50					CAD	0.8157 0.8982
NZD/USD	0.5696	0.0004	0.0013	0.0025	0.0039	CHF	0.5032 0.5543
NZD/AUD	0.9081	0.0005	0.0015	0.0027	0.0045	CNY	4.1401 4.5596
NZD/JPY	85.130	-0.26	-0.66	-1.27	-2.43	DKK	3.9383 4.3366
NZD/EUR	0.5279	-0.0005	-0.0015	-0.0031	-0.0066	FJD	1.3190 1.4529
NZD/GBP	0.4410	0.0004	0.0011	0.0021	0.0040	HKD	4.4303 4.8801
						KRW	837.37 922.37
AU TWI	59.60					MYR	2.5253 2.7816
AUD/USD	0.6270	0.0001	0.0004	0.0008	0.0013	NOK	5.9595 6.5644
AUD/NZD	1.1008	-0.0006	-0.0019	-0.0036	-0.0060	SEK	5.7008 6.2784
AUD/JPY	93.60	-0.34	-0.88	-1.69	-3.14	SGD	0.7653 0.8428
AUD/EUR	0.5811	-0.0009	-0.0026	-0.0052	-0.0102	TWD	18.92 20.83
AUD/GBP	0.4855	0.0001	0.0004	0.0008	0.0019	ZAR	10.51 11.57
USD Index	104.25					EQUITIES	
EUR/USD	1.0789	0.0019	0.0055	0.0110	0.0213		Index
USD/JPY	149.47	-0.57	-1.51	-2.88	-5.28	NZX50	12,313
GBP/USD	1.2912	-0.0001	-0.0001	-0.0006	-0.0027	ASX200	7,925
EUR/GBP	0.8352	0.0015	0.0043	0.0089	0.0181	Dow Jones	41,855
USD/CNY	7.2697	-0.0160	-0.0450	-0.0986	-0.1977	S&P 500	5,601
						FTSE100	8,635
						DAX 30	22,540
						Nikkei	35,624
INTEREST RATES		New Zealand		Australia			
		Mid		Mid			
30 day bank bills		3.69%		4.14%		COMMODITIES	
90 day bank bills		3.60%		4.17%			USD
1 year swap		3.40%		3.74%		Brent Crude	74.45
2 year swap		3.37%		3.61%		Gold	3,115.92
3 year swap		3.45%		3.60%		Silver	33.59
5 year swap		3.66%		3.91%		Iron Ore	102.51
10 year swap		4.10%		4.26%		CRB Index	377.73
3 year Govt bond		3.70%		3.72%			NZD
5 year Govt bond		4.02%		3.91%		NZ Carbon	56.40
10 year Govt bond		4.62%		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