

Market Alert

Thursday 03 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5739	0.0026
NZD/AUD	0.9112	0.0027
NZD/JPY	86.065	-1.30
NZD/EUR	0.5286	-0.0032
NZD/GBP	0.4421	0.0021
NZD/CNH	4.1578	-0.0326
AUD/USD	0.6297	0.0009
AUD/EUR	0.5800	-0.0053
EUR/USD	1.0856	0.0114
USD/CNH	7.2769	-0.0895
GBP/USD	1.2980	-0.0005
EUR/GBP	0.8361	0.0090

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.60%	4.17%
2 year swap	3.32%	3.57%
10 year Govt	4.59%	4.46%

And we've finally arrived at 'Liberation Day'!

But let's just think about it ... there are 8 billion people in the world, and 340 million people in the US. Why don't we just trade with the other 7.66 billion? I mean, the last time the US tried this was in the 1930s when they implemented the Smoot-Hawley Tariff Act, which raised tariffs on a wide range of imported goods and contributed to the Great Depression.

At this stage it is rumoured there will be three tariff bands of 10.0%, 15.0% and 20.0%, with the implementation differing by both country and industry, depending on how the White House views barriers to trade. A couple of things we do know for sure is that the announcement will be from the Rose Garden at the White House. The White House has had to

bring in extra chairs to accommodate the record number of journalists attending. The announcement is due at 4:00pm Eastern Time, which is 9:00am NZ Time and 7:00am Australian Eastern Time.

Given the attention and the number of attendees, Donald Trump will be late ... and he will be orange.

Still, it could be worse ... a bipartisan group of US senators are preparing anti-Russia legislation that would be implemented should Russia refuse to negotiate for an end to the Ukraine war. The new law would impose 500.0% tariffs on imported goods from countries that buy Russian oil, gas, uranium and other sanctioned products.

Ahead of today's excitement ...

... financial markets have been trading gently. European equity markets have been trading -0.50% lower, while US markets are 0.25% firmer. Bond yields are firmer with the 2 and 10-year treasury yields 6bps and 4bps higher yielding 3.92% and 4.20% respectively, while the USD-index is a touch weaker, which has benefitted the NZD, EUR, GBP and AUD in terms of performance. Broadly speaking, energy and metal commodity prices are firmer, while agricultural products are weaker.

Looking at the recent data releases ...

... they were predominately ignored but, for the record:

- US private employers added 155k jobs in March, up from February's revised 84k and ahead of forecasts at 105k. The increase was largely driven by the hiring of 132k workers into the services sector.

- Surprisingly, new orders for US manufactured goods increased by 0.6% in February following January's upwardly revised 1.8% rise. Expectations had been for a 0.5% increase.

- The Australian industrial production index decreased by 3.1 points to -22.2, seasonally adjusted, in March, continuing a trend of contraction for the thirty-third consecutive month.

- The number of New Zealand building permits issued in February rose by 0.7%, reaching a seasonally adjusted total of 2,791 units.

RBA Assistant Governor (Financial Markets) Christopher Kent announced, "We will increase the price of all new OMO repos by 5bps-10bps over the cash rate target. We will also introduce a new 7-day repo term, in addition to the existing 28-day term, at each weekly OMO effective from 9-April. The changes will have no implications on the stance of Australian monetary policy."

ECB's Robert Holzmann suggested there was no reason to cut European interest rates further, stating, "As we are neutral and inflation is converging to target, there is no reason to become accommodative."



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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	67.90					CAD	0.8214 0.8982
NZD/USD	0.5739	0.0004	0.0014	0.0026	0.0045	CHF	0.5062 0.5557
NZD/AUD	0.9112	0.0005	0.0014	0.0027	0.0047	CNY	4.1686 4.5778
NZD/JPY	86.065	-0.25	-0.70	-1.30	-2.44	DKK	3.9426 4.3274
NZD/EUR	0.5286	-0.0005	-0.0016	-0.0032	-0.0066	FJD	1.3110 1.4390
NZD/GBP	0.4421	0.0004	0.0011	0.0021	0.0040	HKD	4.4649 4.9007
						KRW	839.58 921.53
AU TWI	59.90					MYR	2.5535 2.8028
AUD/USD	0.6297	0.0001	0.0005	0.0009	0.0015	NOK	5.9653 6.5476
AUD/NZD	1.0972	-0.0006	-0.0018	-0.0037	-0.0062	SEK	5.6817 6.2363
AUD/JPY	94.25	-0.33	-0.92	-1.74	-3.18	SGD	0.7701 0.8453
AUD/EUR	0.5800	-0.0009	-0.0027	-0.0053	-0.0102	TWD	19.01 20.87
AUD/GBP	0.4850	0.0001	0.0004	0.0008	0.0017	ZAR	10.81 11.86
USD Index	103.81					EQUITIES	
EUR/USD	1.0856	0.0018	0.0058	0.0114	0.0220		Index
USD/JPY	149.98	-0.56	-1.57	-2.94	-5.38	NZX50	12,320
GBP/USD	1.2980	-0.0001	-0.0001	-0.0005	-0.0020	ASX200	7,935
EUR/GBP	0.8361	0.0015	0.0044	0.0090	0.0178	Dow Jones	42,101
USD/CNY	7.2675	-0.0143	-0.0459	-0.0967	-0.2007	S&P 500	5,653
						FTSE100	8,608
INTEREST		New Zealand		Australia		DAX 30	22,391
RATES		Mid		Mid		Nikkei	35,726
30 day bank bills		3.68%		4.14%		COMMODITIES	
90 day bank bills		3.60%		4.17%			USD
1 year swap		3.34%		3.75%		Brent Crude	75.02
2 year swap		3.37%		3.62%		Gold	3,122.02
3 year swap		3.46%		3.62%		Silver	33.74
5 year swap		3.65%		3.93%		Iron Ore: User req to PE(2476)	
10 year swap		4.09%		4.28%		CRB Index	377.73
3 year Govt bond		3.71%		3.72%			NZD
5 year Govt bond		4.02%		3.91%		NZ Carbon	55.50
10 year Govt bond		4.59%		4.46%			

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