

Market Alert

Monday 07 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5573	0.0025
NZD/AUD	0.9279	0.0027
NZD/JPY	81.870	-1.22
NZD/EUR	0.5087	-0.0029
NZD/GBP	0.4342	0.0021
NZD/CNH	4.1900	-0.0297
AUD/USD	0.5996	0.0009
AUD/EUR	0.5472	-0.0048
EUR/USD	1.0955	0.0110
USD/CNH	7.2952	-0.0859
GBP/USD	1.2833	-0.0006
EUR/GBP	0.8492	0.0088

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.54%	4.18%
2 year swap	3.30%	3.28%
10 year Govt	4.40%	4.29%

Well we all know what's happened ...

... but let's just confirm the details!

Following the tariff announcements, Friday saw a continuation of equity market selling as US stocks tumbled to their lowest levels since May 2024, and recording their single worst day since 2020, after China announced it will impose 34% tariffs on all US imports. China also added 11 US firms to its "unreliable entities list," and also added export controls on 7 types of rare earth-related minerals to 16 US entities.

Once the 'napalm had cleared' on Saturday morning, US exchanges were 7% lower, while European bourses were all 4.0% to 5.0% lower. US Treasuries benefited from safe haven flows, with the 2 and 10-year yields falling 4bps and 3bps to be at 3.66% and 4.00%. The USD-

index rose after Fed Chair Jerome Powell acknowledged the larger-than-expected tariffs signalled a cautious outlook on future Fed Funds rate cuts, which saw the AUD fall to a 5-year low against the USD given its proxy status for Chinese risk. The NZD merely eased back to a 2-month low which saw NZD/AUD rally to a 9-month high at 0.9280. EUR/USD fell back from its highs above the 1.1100 level, while USD/CNY remains below the 7.30 level. Commodity markets were also a 'sea of red' with oil prices 7.0% lower while copper prices plummeted 9.0%.

If anyone is actually looking at the data ...

... the US economy added 228,000 jobs in March, which was well above February's downwardly revised 117,000 and ahead of forecasts at 135,000. It was the strongest print in 3-months although the unemployment rate nudged up to 4.2%. Average hourly earnings increased 0.3% on the month and 3.8% on the year.

Jerome Powell confirmed the Fed faces a "highly uncertain outlook" due to the new tariffs adding, "Higher inflation and slower growth are more likely. It's possible the tariffs could have persistent inflation impact. We are well positioned to wait for greater clarity before considering any adjustments to our policy stance. It is too soon to say what will be the appropriate path for monetary policy." The remarks came shortly after President Trump called on Powell to "stop playing politics" and cut interest rates because of falling inflation, while Commerce Secretary Howard Lutnick confirmed, "Tariffs will stay in place for weeks."

German factory orders were flat on the month in February, missing expectations for a 3.4% increase.

The International FAO Food Price Index was at 127.1 points in March, little changed from February's downwardly revised 126.8.

One of the larger investment funds is anticipating a 10% rally in the GBP as the UK economy looks relatively insulated from a global trade war.

Boeing and Airbus are set to lose a 45-year exemption from tariffs the WSJ reported.

The week ahead!

Well, if last week wasn't volatile enough, this week we should anticipate an acceleration of the trade war as more country's look to respond with counter-tariffs.

In the US, we have the 'early' month inflation updates with the CPI and PPI releases, while we also have the FOMC minutes from their March meeting. The Michigan consumer sentiment index is expected to show a fourth consecutive decline in consumer confidence. In Europe, the focus will be on Eurozone retail sales and Germany's industrial production, while the UK's monthly GDP report is expected to show a slight economic rebound. Asian investors will closely watch China's March inflation and trade releases data, Australia will provide updates on business and consumer confidence, while the RBNZ is expected to implement a 25bps rate cut amid growing concerns over global economic weakness.



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Daily Rates

Monday 07 April 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.50					CAD	0.7929	0.8982
NZD/USD	0.5573	0.0004	0.0013	0.0025	0.0036	CHF	0.4785	0.5145
NZD/AUD	0.9279	0.0005	0.0015	0.0027	0.0034	CNY	4.0743	4.3991
NZD/JPY	81.870	-0.22	-0.65	-1.22	-2.41	DKK	3.7882	4.0801
NZD/EUR	0.5087	-0.0005	-0.0014	-0.0029	-0.0063	FJD	1.2807	1.3793
NZD/GBP	0.4342	0.0004	0.0011	0.0021	0.0037	HKD	4.3278	4.6614
						KRW	811.40	873.93
AU TWI	58.80					MYR	2.4684	2.6586
AUD/USD	0.5996	0.0001	0.0004	0.0009	0.0016	NOK	5.9602	6.4195
AUD/NZD	1.0783	-0.0007	-0.0019	-0.0035	-0.0056	SEK	5.6152	6.0479
AUD/JPY	90.78	-0.29	-0.84	-1.58	-2.94	SGD	0.7490	0.8068
AUD/EUR	0.5472	-0.0008	-0.0025	-0.0048	-0.0090	TWD	18.46	19.88
AUD/GBP	0.4670	0.0001	0.0004	0.0009	0.0021	ZAR	10.62	11.44
USD Index	102.89					EQUITIES		
EUR/USD	1.0955	0.0018	0.0057	0.0110	0.0207		Index	
USD/JPY	146.90	-0.50	-1.48	-2.83	-5.18	NZX50	12,225	
GBP/USD	1.2833	-0.0001	-0.0001	-0.0006	-0.0027	ASX200	7,668	
EUR/GBP	0.8492	0.0015	0.0044	0.0088	0.0177	Dow Jones	38,314	
USD/CNY	7.2813	-0.0148	-0.0468	-0.0992	-0.2080	S&P 500	5,074	
						FTSE100	8,055	
INTEREST		New Zealand		Australia		DAX 30	20,642	
RATES		Mid		Mid		Nikkei	33,781	
30 day bank bills		3.65%		4.15%		COMMODITIES		
90 day bank bills		3.54%		4.18%			USD	
1 year swap		3.35%		3.51%		Brent Crude	65.58	
2 year swap		3.32%		3.33%		Gold	3,037.36	
3 year swap		3.39%		3.34%		Silver	29.56	
5 year swap		3.58%		3.67%		Iron Ore	98.00	
10 year swap		3.99%		4.09%		CRB Index	350.73	
3 year Govt bond		3.50%		3.45%				
5 year Govt bond		3.81%		3.67%				
10 year Govt bond		4.40%		4.29%			NZD	
						NZ Carbon	56.95	

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