

Market Alert

Thursday 24 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5949	0.0034
NZD/AUD	0.9363	0.0029
NZD/JPY	85.260	-1.20
NZD/EUR	0.5254	-0.0030
NZD/GBP	0.4486	0.0022
NZD/CNH	4.3346	-0.0360
AUD/USD	0.6352	0.0015
AUD/EUR	0.5610	-0.0051
EUR/USD	1.1321	0.0127
USD/CNH	7.2866	-0.1028
GBP/USD	1.3259	0.0007
EUR/GBP	0.8534	0.0091

INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.46%	4.00%
2 year swap	3.06%	3.24%
10 year Govt	4.60%	4.36%

Stiff and sore ...

... that's how I'm feeling this morning! Once again, the Fathers & Sons team made the final at the 8-aside football, but this time, alas, we came second... but, more importantly, the beers still tasted good in the sheds afterwards!

Time for a I80?

Heck yeah! President Trump undertook an abrupt u-turn on a couple of points stating he has, "no plans to fire Fed Chair Powell. I just want Powell to be more active on rates," and, when asked if he'd play hardball with China, he added, "No. I am going to be very nice to China as they, and other countries, have to make a deal. If they don't make a deal, we'll set the deal. Tariffs on China will not be as high as 145%. They'll come down substantially but won't be 0%."

But later in the session Treasury Secretary Bessent clarified that President Trump had not offered to take down tariffs on China unilaterally, and that a "full China trade deal may take 2-to-3 years." Ultimately, you've got to ask yourself ... will this give China the upper hand when they eventually start the trade negotiations?

Looking at the flash PMI prints ...

- Australian manufacturing PMIs fell from 52.1 to 51.7
- Japanese manufacturing PMIs firmed from 48.4 to 48.5
- Eurozone composite PMIs fell to 50.1 from 50.9 in March. Manufacturing PMIs increased to 48.7 from 48.6, while services PMIs dropped from 51.0 to 49.7.

The Fed's Beige Book highlighted, "Economic activity was little changed, although the outlook in some districts worsened. The uncertainty around international trade policy was pervasive. Several districts reported firms taking a 'wait-and-see' approach to employment while others are actively preparing for layoffs."

The ECB's Francois Villeroy de Galhau called for a tariff de-escalation, stating, "Trump has signed up the whole world to a 'lose-lose game' on trade based on flawed economic argument. The attack on trade will dampen economic growth, including the US, and threatens to undermine financial stability." Francois' boss, Christine Lagarde, then added, "Central banks are not in a vacuum; we have to be accountable. I expect the ECB to reduce growth projections

when the next forecasts are published."

ECB economist, Philip Lane, confirmed what we already knew, "US dollar asset allocation has shifted to neutral from overweight," while colleague Madis Muller added, "It's too soon to tell whether June will be a cut or a pause. Monetary policy is no longer restrictive. Rates may need to be cut below neutral on trade concerns."

BoE Governor, Andrew Bailey, confirmed, "Fragmenting the world economy will be bad for growth. China has had sustained weak household domestic demand, and that's not sustainable forever."

Citibank also announced, "The tariffs are a stagflationary shock to the US economy generating a 40%-45% chance of a recession with the largest negative impact on growth expected during H2. Trump's attack on Powell shows an 'implicit admission of the negative effects' associated with tariffs, and a loss of confidence in US policies."

"I wouldn't jump in the pool just yet"

So says Goldman's chief 'flow of funds' guru, adding, "We can take a deep breath ... but it's not over yet!" And you have to agree with him looking at the overnight price action. On the open, US equity markets rallied hard, although Bessent's comments saw most of those gains evaporate with the US exchanges now 1.5%-2.5% higher. US yields had a quieter session with the 2-years 6bps higher at 3.86%, while the 10-years was flat at 4.39%, and while the USD-index rallied, the AUD and NZD were the strongest performers to be down slightly.



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Daily Rates

Thursday 24 April 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	70.00					CAD	0.8261 0.8982
NZD/USD	0.5949	0.0005	0.0017	0.0034	0.0058	CHF	0.4936 0.5271
NZD/AUD	0.9363	0.0005	0.0016	0.0029	0.0041	CNY	4.3333 4.6269
NZD/JPY	85.260	-0.22	-0.63	-1.20	-2.29	DKK	3.9213 4.1891
NZD/EUR	0.5254	-0.0005	-0.0015	-0.0030	-0.0065	FJD	1.3258 1.4163
NZD/GBP	0.4486	0.0003	0.0011	0.0022	0.0039	HKD	4.6140 4.9291
						KRW	847.94 905.83
AU TWI	59.90					MYR	2.6100 2.7873
AUD/USD	0.6352	0.0001	0.0006	0.0015	0.0029	NOK	6.2599 6.6873
AUD/NZD	1.0674	-0.0006	-0.0019	-0.0037	-0.0057	SEK	5.7683 6.1622
AUD/JPY	90.80	-0.29	-0.84	-1.57	-2.86	SGD	0.7826 0.8360
AUD/EUR	0.5610	-0.0009	-0.0026	-0.0051	-0.0096	TWD	19.35 20.67
AUD/GBP	0.4788	0.0001	0.0003	0.0008	0.0019	ZAR	11.11 11.87
USD Index	99.78					EQUITIES	
EUR/USD	1.1321	0.0022	0.0063	0.0127	0.0246		Index
USD/JPY	143.31	-0.51	-1.47	-2.82	-5.16	NZX50	11,956
GBP/USD	1.3259	0.0001	0.0004	0.0007	0.0005	ASX200	7,921
EUR/GBP	0.8534	0.0016	0.0045	0.0091	0.0180	Dow Jones	36,501
USD/CNY	7.286	-0.0178	-0.0497	-0.1004	-0.2055	S&P 500	5,359
						FTSE100	8,403
INTEREST			New Zealand		Australia	DAX 30	21,962
RATES			Mid		Mid	Nikkei	34,869
30 day bank bills			3.62%		4.10%	COMMODITIES	
90 day bank bills			3.46%		4.00%		USD
1 year swap			3.10%		3.44%	Brent Crude	66.02
2 year swap			3.11%		3.29%	Gold	3,292.56
3 year swap			3.22%		3.36%	Silver	33.62
5 year swap			3.50%		3.76%	Iron Ore	99.88
10 year swap			4.03%		4.19%	CRB Index	360.23
3 year Govt bond			3.52%		3.36%		NZD
5 year Govt bond			3.89%		3.64%	NZ Carbon	51.00
10 year Govt bond			4.60%		4.36%		

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