

# Market Alert

Friday 14 February 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5654	0.0023
NZD/AUD	0.8983	0.0023
NZD/JPY	86.580	-1.36
NZD/EUR	0.5425	-0.0032
NZD/GBP	0.4515	0.0018
NZD/CNH	4.1213	-0.0234
AUD/USD	0.6292	0.0010
AUD/EUR	0.6037	-0.0052
EUR/USD	1.0421	0.0105
USD/CNH	7.2888	-0.0719
GBP/USD	1.2519	0.0000
EUR/GBP	0.8320	0.0083

  

INT RATES	NZ	Australia
OCR/Cash	4.25%	4.35%
90 day bills	3.84%	4.25%
2 year swap	3.49%	3.80%
10 year Govt	4.69%	4.57%

## Sometimes you can do too good a job ...

... as a parent ... like when its Valentine's Day! The children and their partners are all getting and receiving flowers, but what happens when you are the one that forgets, and kids are showing off! Yeah ... speaking from experience ... it doesn't go down well!

Still there was a bit of push back. Apparently, my dress sense this morning means I look like a 'dork.' I tried to explain that I'm going for the tech billionaire look, which I think I managed to pull off ... even though I'm not into tech and obviously I'm not a ...

## "TODAY IS THE BIG ONE ...

... RECIPROCAL TARIFFS!!!" announced a certain Mr. Trump! The Donald has tweeted, "Trump imminently signing action

on reciprocal tariffs." I don't actually know what that means ... wait a minute, I've just seen a headline, the President has signed a memorandum to examine reciprocal tariffs. Oh well ... back to sleep.

But there is one thing that he has announced, the US and Russia will engage on talks about Ukraine.

Breaking the overnight releases down:

- US PPIs printed at 0.4% in January, against expectations at 0.3% and December's upwardly revised 0.5%. The increase was due to higher food and energy costs.
- Initial claims fell by 7k to 213k, while continuing claims fell by 36k to 1,850k.
- Q4 US household debt rose 0.5% to USD18.0trn according to the NY Fed.
- Eurozone industrial production fell by 1.1% in December from November's upwardly revised 0.4%. Markets were expecting a 0.6% contraction.
- Swiss inflation fell to 0.4% in January.
- The U.K. economy grew by 0.1% in Q4.
- The Australian conference board leading economic index firmed 0.2% to 113.3 in December, following on from November's 0.6% increase.
- The RBNZ's 2-years inflation expectations fell from 2.12% to 2.06%, while retail card spending fell 1.6% in January.
- NZ red meat exports reached NZD9.9bn in 2024.

Croatian ECB policymaker, Boris Vujcic, announced, "The market is pricing three more ECB rate cuts this year. Those expectations are not unreasonable."

Could this be a sign of things to come? The US Treasury's USD25bn 30-year bond issue didn't go to plan, with a wider than usual tail at 1.2bps versus the 6-month average at 0.2bps, while the bid to cover ratio was at 2.33-times versus the 2.46-times 6-month average. The issue attracted a high yield of 4.748% against the 4.736% market yield at the time of the auction!

But while the auction saw a modest spike in the 30-year yield, the 2 and 10-year yields gave up a large portion of the prior sessions gains with the 2-years 4bps lower at 4.32%, while the 10-years fell 9bps to 4.54%. The USD-index also weakened, falling 0.4% to the 107.50 level with the EUR the biggest beneficiary. The NZD and AUD were a touch firmer against the USD, although the weakened against both EUR, GBP and JPY. Equity markets reached intra-day highs after the reciprocal tariffs memorandum failed to actually impact anything with most exchanges 0.75% - 1.25% higher, while commodities also posted modest gains.

## It's official ... the secret ingredient ...

... for a Big Mac is ... potash! Yep, a 25% tariff on Canadian potash would add more than USD\$100 per tonne to potash prices for US farmers who rely on the mineral to grow everything that goes into a Big Mac ... and everyone knows, the US president Donald loves his all-beef patties, special sauce, lettuce, pickles and onions on a sesame seed bun!



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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	67.60					CAD	0.8044	0.8956
NZD/USD	0.5654	0.0002	0.0010	0.0023	0.0052	CHF	0.5111	0.5692
NZD/AUD	0.8983	0.0002	0.0010	0.0023	0.0047	CNY	4.1170	4.5840
NZD/JPY	86.580	-0.24	-0.73	-1.36	-2.62	DKK	4.0459	4.5030
NZD/EUR	0.5425	-0.0005	-0.0016	-0.0032	-0.0070	FJD	1.2859	1.4313
NZD/GBP	0.4515	0.0002	0.0008	0.0018	0.0033	HKD	4.4030	4.9007
						KRW	818.40	910.91
AU TWI	60.30					MYR	2.5173	2.8018
AUD/USD	0.6292	0.0001	0.0004	0.0010	0.0023	NOK	6.3287	7.0441
AUD/NZD	1.1130	-0.0003	-0.0014	-0.0032	-0.0065	SEK	6.1011	6.7908
AUD/JPY	96.37	-0.29	-0.93	-1.79	-3.38	SGD	0.7609	0.8469
AUD/EUR	0.6037	-0.0007	-0.0025	-0.0052	-0.0108	TWD	18.49	20.58
AUD/GBP	0.5024	0.0001	0.0004	0.0007	0.0012	ZAR	10.49	11.67
USD Index	107.61					<b>EQUITIES</b>		
EUR/USD	1.0421	0.0014	0.0049	0.0105	0.0225		<b>Index</b>	
USD/JPY	153.12	-0.49	-1.56	-3.05	-5.91	NZX50	12,906	
GBP/USD	1.2519	-0.0001	-0.0002	0.0000	0.0013	ASX200	8,540	
EUR/GBP	0.8320	0.0011	0.0040	0.0083	0.0169	Dow Jones	44,620	
USD/CNY	7.2888	-0.0142	-0.0479	-0.1033	-0.2282	S&P 500	6,083	
						FTSE100	8,765	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	22,612	
<b>RATES</b>		Mid		Mid		Nikkei	39,461	
30 day bank bills		4.00%		4.24%		<b>COMMODITIES</b>		
90 day bank bills		3.84%		4.25%			<b>USD</b>	
1 year swap		3.49%		3.91%		Brent Crude	74.95	
2 year swap		3.50%		3.81%		Gold	2,925.95	
3 year swap		3.58%		3.80%		Silver	32.28	
5 year swap		3.77%		4.10%		Iron Ore	107.26	
10 year swap		4.18%		4.42%		CRB Index	376.58	
3 year Govt bond		3.82%		3.89%			<b>NZD</b>	
5 year Govt bond		4.12%		4.07%		NZ Carbon	63.25	
10 year Govt bond		4.69%		4.57%				

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