

Market Alert

Wednesday 09 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5534	0.0024
NZD/AUD	0.9295	0.0024
NZD/JPY	80.800	-1.18
NZD/EUR	0.5048	-0.0030
NZD/GBP	0.4329	0.0020
NZD/CNH	4.1900	-0.0303
AUD/USD	0.5951	0.0009
AUD/EUR	0.5428	-0.0046
EUR/USD	1.0962	0.0105
USD/CNH	7.4092	-0.0858
GBP/USD	1.2780	-0.0008
EUR/GBP	0.8575	0.0085

INT RATES	NZ	Australia
OCR/Cash	3.75%	4.10%
90 day bills	3.49%	4.07%
2 year swap	3.10%	3.20%
10 year Govt	4.59%	4.33%

Everything in the world is back in sync ...

... after I received my morning coffee at 5:59am!

Let's get ready to rumble!

As the inevitable trade war is about to commence!

As I'm sure you're all aware, China retaliated with 34.0% tariffs on US imports as China will never accept the "blackmail nature" of the US tariffs, "which is a mistake on top of a mistake." Donald Trump then countered, threatening to add a further 50.0% on top of the existing 69.0% should China follow through with their 34.0%. The US is also expected to introduce steep fees—up to USD1.5m per port call—on vessels made in China or owned by carriers with such ships, starting 17th April.

This weighed on the CNY, which surged to an 18-year high with USD/CNY at 7.40, smashing through the theoretical line in the sand at 7.35. The CNY weakness also weighed on the AUD/USD, which is struggling for momentum above the 0.6000 level and is currently at 0.5960. The NZD/USD has outperformed its Antipodean neighbour to be just below the 0.5550 level, although NZD/AUD has surged to 0.9300. These moves were despite the USD-index weakening with the JPY, CHF, EUR and GBP the main beneficiaries.

Potentially a bit more worrying has been the move in treasury yields. President Trump and Treasury Secretary Bessant have been targeting a weaker 10-year yield, but recent moves have seen selling of longer-end treasuries, which has seen the 10-years firm 10bps to yield 4.28%, although there was buying in the shorter end which saw the 2-years fall -4bps to 3.73%.

Equity markets saw some encouraging moves after the recent chaos, with some exchanges actually closing in positive territory, although the US bourses are -0.1.0% to -1.5% lower this morning. Commodity markets are weaker once again with crude falling below the USD60 per barrel level to be at USD58.50, down -3.6%. Copper plummeted a further -4.25% while zinc fell to a 4-year low.

US small business optimism fell 3.3pips to 97.4 in March, its lowest level since October 2024.

Australian consumer sentiment remains pessimistic after it fell -6.0% on the month to 90.1 while business confidence

fell from -1.0 to -3.0, which is not a good sign considering the poll was taken ahead of the tariff war.

The latest NZIER business confidence report highlighted that Q1 business confidence increased from 16.0% to 19.0% although capacity utilization eased from 91.3% to 90.5%.

Global bank chiefs from lenders including Bank of America, Barclays, Citi and HSBC Holdings held a call on Sunday to discuss the ongoing chaos as plunging equity markets reflected fears of a worldwide recession over Trump tariffs crisis.

A Moody's report confirmed global business confidence has plummeted into negative territory following Trump's surprise tariff escalation and China's swift retaliatory measures. It is only the 4th time in the survey's history that negative responses outnumbered positive ones.

Fed member Mary Daly confirmed, "*Fed policy is in a very good place, modestly restrictive. Businesses are optimistic about growth. The hard data are not a misread of solid growth and the labour market.*" Colleague Austin Goolsbee added, "*Tariffs are much more than what we had been modelling; The Fed has to take the longer view.*"

Don't forget ...

... we've also got the RBNZ this afternoon. Ahead of the tariff war, a Reuters poll of 31 economists projected a standard 25bps cut. Interestingly, one of the international banks is forecasting the RBA will cut 50bps at their May meeting.



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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	66.90					CAD	0.7888
NZD/USD	0.5534	0.0004	0.0013	0.0024	0.0038	CHF	0.4684
NZD/AUD	0.9295	0.0005	0.0013	0.0024	0.0032	CNY	4.0613
NZD/JPY	80.800	-0.23	-0.64	-1.18	-2.23	DKK	3.7684
NZD/EUR	0.5048	-0.0005	-0.0015	-0.0030	-0.0060	FJD	1.2772
NZD/GBP	0.4329	0.0004	0.0010	0.0020	0.0038	HKD	4.2995
						KRW	820.93
AU TWI	57.80					MYR	2.4838
AUD/USD	0.5951	0.0001	0.0004	0.0009	0.0017	NOK	6.0569
AUD/NZD	1.0754	-0.0007	-0.0020	-0.0032	-0.0058	SEK	5.5407
AUD/JPY	89.30	-0.30	-0.81	-1.50	-2.75	SGD	0.7486
AUD/EUR	0.5428	-0.0009	-0.0024	-0.0046	-0.0091	TWD	18.31
AUD/GBP	0.4654	0.0001	0.0003	0.0009	0.0023	ZAR	10.93
USD Index	102.81					EQUITIES	
EUR/USD	1.0962	0.0019	0.0055	0.0105	0.0194		Index
USD/JPY	146.02	-0.53	-1.46	-2.74	-5.03	NZX50	11,891
GBP/USD	1.2780	-0.0001	-0.0001	-0.0008	-0.0029	ASX200	7,510
EUR/GBP	0.8575	0.0015	0.0044	0.0085	0.0182	Dow Jones	37,390
USD/CNY	7.3388	-0.0175	-0.0477	-0.1050	-0.2149	S&P 500	4,991
						FTSE100	7,911
						DAX 30	20,280
						Nikkei	33,013
						COMMODITIES	
							USD
						Brent Crude	62.00
						Gold	2,977.03
						Silver	29.68
						Iron Ore	93.75
						CRB Index	340.35
							NZD
						NZ Carbon	55.50

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