

Market Alert

Thursday 10 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5637	0.0031
NZD/AUD	0.9173	0.0024
NZD/JPY	83.380	-1.27
NZD/EUR	0.5155	-0.0028
NZD/GBP	0.4404	0.0021
NZD/CNH	4.1900	-0.0248
AUD/USD	0.6142	0.0017
AUD/EUR	0.5617	-0.0048
EUR/USD	1.0933	0.0119
USD/CNH	7.3545	-0.0840
GBP/USD	1.2799	0.0005
EUR/GBP	0.8540	0.0088
INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.45%	4.11%
2 year swap	2.98%	3.30%
10 year Govt	4.79%	4.50%

What exactly is going on?

It's hard to be sure even the White House knows exactly what is going on with tariffs, after Canada and Mexico were initially left off the reciprocal tariff list, the White House is now stating that the 10% baseline reciprocal tariff now applies to Canadian and Mexican exports. What this brings Canada's and Mexico's tariff rate to now, the White House is not sure. And whether it applies to the previous USMCA trade agreement compliant goods, it couldn't confirm that either.

As you would expect Trump changed his course again. Trump, as he loves to do, has kicked the proverbial 'can down the road', pausing reciprocal tariffs for 90 days and lowering the reciprocal tariff rate to 10% for every country other

than China, which he instead, decided to ratchet the tariff rate up to 125%, after China "imprudently retaliated". China has raised its tariffs on US goods to 84%, while the People's Bank of China has asked major state-owned banks to reduce dollar purchases.

It had been made clear that Treasury Secretary, Scott Bessent, wants to decrease the fiscal deficit and reduce the cost of that fiscal debt by reducing Treasury yields. And he would have been a happy man at the end of last week, US Treasury yields were falling across the board, with the 2-year, 10-year and 30-year at 3.65%, 3.99% and 4.41%. However, it is not exactly clear if it just due to the desire to get out of the US market or China dumping US-Treasuries, but yields have now climbed to currently be at 3.92%, 4.35% and 4.73%, respectively.

In more positive news, on the announcement of the pausing and reduction of reciprocal tariffs, equity markets have rallied. The S&P 500 jumped 8.0% on the day, while the Nasdaq is up 11.4%, the positives were not limited to US equities. Interestingly, despite the increase in tariffs on China, which you would expect to weigh negatively on the antipodean currencies, they were boosted from the risk-on sentiment. After bouncing off recent record lows against multiple currencies, the NZD strengthened overnight, notably the NZD/USD has now recovered to be above 0.5640, while the AUD/USD which appeared to be stuck

below 0.6000 has jumped to 0.6140. In terms of commodities, gold is up 3.6%, while oil prices increased by 7.3%.

Over the past months, multinational businesses have likely been working hard trying to create strategies to mitigate tariffs, however it is unlikely they can move as quickly as Trump! Although the tariff direction has already changed, it is reported Amazon has cancelled orders for multiple products out of China and other Asian countries.

As expected ...

The RBNZ cut by 25bp yesterday reducing the OCR to 3.50%, bringing the total easing to 2.00%. While this was only a monetary policy review, not a statement, there were still some interesting statements in the release including, "While monetary restraint has been removed at pace, household spending and residential investment have remained weak." and "The recently announced increases in global trade barriers weaken the outlook for global economic activity. On balance, these developments create downside risks to the outlook for economic activity and inflation in New Zealand."



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Daily Rates

Thursday 10 April 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	66.50					CAD	0.7946
NZD/USD	0.5637	0.0005	0.0015	0.0031	0.0062	CHF	0.4822
NZD/AUD	0.9173	0.0005	0.0016	0.0024	0.0058	CNY	4.0939
NZD/JPY	83.380	-0.23	-0.66	-1.27	-2.31	DKK	3.8468
NZD/EUR	0.5155	-0.0005	-0.0015	-0.0028	-0.0050	FJD	1.2854
NZD/GBP	0.4404	0.0004	0.0010	0.0021	0.0044	HKD	4.3729
						KRW	815.03
AU TWI	56.90					MYR	2.5319
AUD/USD	0.6142	0.0002	0.0007	0.0017	0.0033	NOK	6.0580
AUD/NZD	1.0890	-0.0008	-0.0021	-0.0034	-0.0073	SEK	5.6304
AUD/JPY	87.24	-0.30	-0.85	-1.64	-3.06	SGD	0.7556
AUD/EUR	0.5617	-0.0009	-0.0025	-0.0048	-0.0091	TWD	18.38
AUD/GBP	0.4798	0.0001	0.0004	0.0010	0.0017	ZAR	10.91
USD Index	103.12					EQUITIES	
EUR/USD	1.0933	0.0020	0.0058	0.0119	0.0224		Index
USD/JPY	147.92	-0.53	-1.55	-3.07	-5.67	NZX50	11,807
GBP/USD	1.2799	0.0000	0.0002	0.0005	0.0003	ASX200	7,375
EUR/GBP	0.8540	0.0015	0.0043	0.0088	0.0164	Dow Jones	5,450
USD/CNY	7.3499	-0.0165	-0.0487	-0.1058	-0.2150	S&P 500	40,608
						FTSE100	7,679
						DAX 30	19,671
						Nikkei	31,714
						COMMODITIES	
							USD
						Brent Crude	65.62
						Gold	3,093.24
						Silver	30.91
						Iron Ore	96.20
						CRB Index	350.44
							NZD
						NZ Carbon	55.25

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