

# Market Alert

Monday 14 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5830	0.0032
NZD/AUD	0.9237	0.0026
NZD/JPY	83.920	-1.24
NZD/EUR	0.5156	-0.0028
NZD/GBP	0.4453	0.0022
NZD/CNH	4.2460	-0.0363
AUD/USD	0.6309	0.0015
AUD/EUR	0.5579	-0.0047
EUR/USD	1.1305	0.0115
USD/CNH	7.2776	-0.1015
GBP/USD	1.3088	0.0001
EUR/GBP	0.8630	0.0089

INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.48%	4.17%
2 year swap	3.10%	3.31%

## Guess what?

Over the weekend The White House made some tariff announcements!

This time it was the turn of tech with the announcement that tariffs on smartphones, computers and other tech products would be exempt from President Trump's 145% tariffs on Chinese goods, although there was a u-turn Sunday, after US Commerce Secretary, Howard Lutnick, adjusted the policy stance stating, "Electronic products will have special tariffs coming in a month or so. Pharma tariffs are also coming in the next month or two." He then added, "We are not concerned about the US-dollar."

Looking at the actual releases ...

- The US University of Michigan's consumer sentiment index dropped 11% to 50.8 in April, its lowest print since

June 2022 and well below forecasts at 54.5. The expectations sub-index fell to its lowest level since May 1980, while the year-ahead inflation expectations jumped to 6.7%, its highest reading since 1981.

- US factory gate inflation unexpectedly decreased 0.4% in March to record the first negative PPI since October 2023.

- New Zealand manufacturing PMI for March remain in elevated territory despite easing from 53.9 to 53.2.

The PBoC, BoJ, and BoK met last Friday to discuss the impact of Trump tariffs on the global economy. Japanese finance minister Kato also stated, "FX rates should be set by markets. Excess FX volatility negatively impacts the economy."

Running into each other's arms, the EU and China have begun negotiations on the abolition of EU tariffs on imports of Chinese electric cars

So, what did it all mean for markets on Friday night? Well, as you would have expected ... plenty of chaos! Despite European equity markets closing 0.5% to 1.0% lower, the US exchanges rallied closing 1.75% higher. Commodity markets also had a positive session with most products rallying between 1.0%-2.0% although this positivity wasn't enough to support bond markets which saw further selling. The 10-year yield rallied 6bps to reach its highest level since mid-February, while the 2-years firmed 10bps to reach 3.98%. The USD-index also came under heavy selling pressure as it broke below the 100.00 level to reach a 3-year low, which saw

EUR/USD break above the 1.1450 level at one stage, although it is at 1.1300 level this morning. The NZD/USD and AUD/USD both recorded their third consecutive session of gains to be at 0.5825 and 0.6305, with NZD/AUD at 0.9240.

## In the week ahead ...

... expect further volatility!

Global markets will have a welcomed shortened trading week due to 'Good Friday' with both equity and bond markets closed, but before that, we have central bank meetings from the ECB, BoC and the Bank of Korea, the start of the US Q1 reporting season, and a handful of Fed speakers of which the highlight will be Fed Chair Jerome Powell's speech at the Economic Club of Chicago.

In terms of the 'hard' data, from the US we have retail sales, industrial production, import and export prices, business inventories, and the New York Empire State and Philadelphia Fed surveys. In the Eurozone, Germany will update its ZEW economic sentiment index, while the UK will release its inflation and employment numbers. China will generate its 2nd data dump of the year with its Q1 GDP, industrial production, retail sales, fixed-asset investment and unemployment releases, while Japan will update its inflation numbers. In Australia, we'll have the latest employment and job growth numbers, the RBA will also release the minutes from its last RBA meeting, while in NZ we have net migration, retail card spending, food prices, trade and Q1 CPI.



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# Daily Rates

Monday 14 April 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.30					CAD	0.8076
NZD/USD	0.5830	0.0004	0.0015	0.0032	0.0058	CHF	0.4777
NZD/AUD	0.9237	0.0004	0.0015	0.0026	0.0036	CNY	4.2466
NZD/JPY	83.920	-0.24	-0.66	-1.24	-2.33	DKK	3.8315
NZD/EUR	0.5156	-0.0005	-0.0015	-0.0028	-0.0059	FJD	1.3084
NZD/GBP	0.4453	0.0003	0.0010	0.0022	0.0041	HKD	4.5195
						KRW	827.44
AU TWI	58.40					MYR	2.5764
AUD/USD	0.6309	0.0001	0.0006	0.0015	0.0035	NOK	6.1847
AUD/NZD	1.0827	-0.0008	-0.0022	-0.0036	-0.0054	SEK	5.7074
AUD/JPY	88.50	-0.30	-0.87	-1.60	-2.88	SGD	0.7686
AUD/EUR	0.5579	-0.0009	-0.0026	-0.0047	-0.0086	TWD	18.87
AUD/GBP	0.4817	0.0001	0.0003	0.0010	0.0024	ZAR	11.14
							12.06
USD Index	99.78					EQUITIES	
EUR/USD	1.1305	0.0020	0.0061	0.0115	0.0238		Index
USD/JPY	143.93	-0.50	-1.49	-2.89	-5.36	NZX50	12,019
GBP/USD	1.3088	0.0000	0.0001	0.0001	-0.0003	ASX200	7,647
EUR/GBP	0.8630	0.0015	0.0044	0.0089	0.0173	Dow Jones	5,363
USD/CNY	7.2916	-0.0185	-0.0527	-0.1078	-0.2160	S&P 500	40,213
						FTSE100	7,964
						DAX 30	20,374
						Nikkei	33,586
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid		USD	
30 day bank bills		3.62%		4.16%		Brent Crude	64.76
90 day bank bills		3.48%		4.17%		Gold	3,236.21
1 year swap		3.08%		3.46%		Silver	32.25
2 year swap		3.12%		3.32%		Iron Ore	98.00
3 year swap		3.26%		3.29%		CRB Index	353.40
5 year swap		3.58%		3.77%			
10 year swap		4.17%		4.31%		NZD	
3 year Govt bond		3.53%		3.33%		NZ Carbon	54.90
5 year Govt bond		3.99%		3.66%			
10 year Govt bond		4.82%		4.50%			

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