

# Market Alert

Tuesday 15 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5880	0.0032
NZD/AUD	0.9294	0.0026
NZD/JPY	84.125	-1.22
NZD/EUR	0.5179	-0.0028
NZD/GBP	0.4459	0.0024
NZD/CNH	4.2973	-0.0375
AUD/USD	0.6325	0.0016
AUD/EUR	0.5570	-0.0047
EUR/USD	1.1353	0.0123
USD/CNH	7.3073	-0.1031
GBP/USD	1.3184	0.0000
EUR/GBP	0.8608	0.0091
INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.48%	4.13%
2 year swap	3.13%	3.18%
10 year Govt	4.77%	4.50%

## Choppy waters ahead

In a continuation of the recent trend, the US Dollar index came under further selling pressure overnight and is currently down 0.5% at 99.61. The weaker USD allowed the antipodean currencies to cement in further gains, the NZD/USD is at year-to-date highs at 0.5880 while the AUD/USD is at 0.6325. This highlights the volatility in the market as it was only last week when both currencies were at multi-year lows. US Treasuries saw some buying interest overnight, which caused yields to fall. The 2-year is down 12bps at 3.84%, while the 10-year is down 12bp at 4.37%. Commodities were mixed, with oil prices marginally higher despite OPEC lowering its demand growth forecast for the year, while gold is marginally softer.

US equities were boosted on open due to optimism about positive trade developments between the China and US, although this was largely quashed as Trump confirmed that specific tariffs for electronics and pharmaceuticals are coming. This saw the indices reverse some of their gains, although they remain positive on the day in the range of 0.5% - 1.0%.

Anticipation of the effects of tariffs are starting to flow through to US consumers and businesses. This was confirmed by March's NY Fed US inflation expectations survey which saw one-year inflation expectations increase from 3.1% to 3.6%. The survey also highlighted a multitude of other issues as the expectations around household financial situations, employment and equity performance all worsened. Although this may take some time to wash through data such as retail sales (and may even boost the data for a short period of time as purchases are made ahead of expected price increases), this will eventually run out of steam. These results would have only added to the growing concerns surrounding the US economy.

## Not out of the woods yet

Domestically we had a few notable releases yesterday. After two months of positive prints domestic electronic card retail sales turned negative, falling by 0.8% in the month of March. Some of this decline was due to a decrease in

spending on fuel, which makes sense as fuel prices have continued to fall, but the data also saw falls in many discretionary sub-indexes which highlighted that the consumer continues to be under pressure despite falling interest rates.

On a more positive note, migration appears to be finding a base as annual net migration managed to increase in February to 33k compared to the previous month's 31k. This was the first month-on-month increase since October 2023 and was partially due to the strong number of international student arrivals, the second largest in history, while departures continued to stabilise.

China's trade balance surplus was greater than expected in March, with a surplus of CNY736.7 billion against forecasts of CNY537.0 billion. Exports were up by a whopping 12.4% against expectations of 4.4%, no doubt having risen due to front-running ahead of tariff threats earlier in March, while imports were down -4.3% against expectations of -2.0%. The USD/CNY rose to 7.3113 immediately following the data release, down from the brief 7.4300 spike seen last week but still consistent with a general CNY weakening theme.



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# Daily Rates

Tuesday 15 April 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.70					CAD	0.8158
NZD/USD	0.5880	0.0005	0.0015	0.0032	0.0057	CHF	0.4782
NZD/AUD	0.9294	0.0006	0.0015	0.0026	0.0039	CNY	4.2921
NZD/JPY	84.125	-0.22	-0.65	-1.22	-2.29	DKK	3.8657
NZD/EUR	0.5179	-0.0005	-0.0015	-0.0028	-0.0060	FJD	1.3311
NZD/GBP	0.4459	0.0004	0.0011	0.0024	0.0045	HKD	4.5592
						KRW	834.60
AU TWI	59.10					MYR	2.5922
AUD/USD	0.6325	0.0001	0.0006	0.0016	0.0032	NOK	6.2092
AUD/NZD	1.0761	-0.0007	-0.0019	-0.0033	-0.0049	SEK	5.7388
AUD/JPY	90.50	-0.29	-0.85	-1.56	-2.86	SGD	0.7730
AUD/EUR	0.5570	-0.0009	-0.0025	-0.0047	-0.0088	TWD	19.02
AUD/GBP	0.4796	0.0001	0.0004	0.0011	0.0027	ZAR	11.08
USD Index	99.65					EQUITIES	
EUR/USD	1.1353	0.0020	0.0061	0.0123	0.0230		Index
USD/JPY	143.05	-0.49	-1.48	-2.84	-5.24	NZX50	12,108
GBP/USD	1.3184	0.0000	0.0001	0.0000	-0.0011	ASX200	7,749
EUR/GBP	0.8608	0.0015	0.0046	0.0091	0.0185	Dow Jones	40,525
USD/CNY	7.3119	-0.0172	-0.0518	-0.1073	-0.2201	S&P 500	5,420
						FTSE100	8,134
						DAX 30	20,955
						Nikkei	33,982
						COMMODITIES	
							USD
30 day bank bills			3.62%		4.13%	Brent Crude	64.96
90 day bank bills			3.48%		4.13%	Gold	3,212.44
1 year swap			3.10%		3.38%	Silver	32.26
2 year swap			3.15%		3.23%	Iron Ore	97.90
3 year swap			3.29%		3.29%	CRB Index	352.75
5 year swap			3.60%		3.75%		
10 year swap			4.16%		4.28%		
3 year Govt bond			3.56%		3.38%		
5 year Govt bond			4.00%		3.70%		
10 year Govt bond			4.77%		4.50%		

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