

# Market Alert

Tuesday 22 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6003	0.0032
NZD/AUD	0.9354	0.0026
NZD/JPY	84.480	-1.23
NZD/EUR	0.5213	-0.0032
NZD/GBP	0.4487	0.0022
NZD/CNH	4.3285	-0.0392
AUD/USD	0.6416	0.0015
AUD/EUR	0.5571	-0.0050
EUR/USD	1.1515	0.0125
USD/CNH	7.2939	-0.1034
GBP/USD	1.3378	0.0003
EUR/GBP	0.8605	0.0090

  

INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.48%	4.05%
2 year swap	3.09%	3.21%
10 year Govt	4.58%	4.45%

## That was spectacular!

Because one of my bets actually came in over the weekend! Yes, you heard that correctly, I finally decided to bet on something I know ... so I bet on a horse, some ladies handball, a couple of football games, and the Warriors ... what a finish that was!

## Like a Brit and a German racing ...

... for a sun lounger at a Spanish resort, a certain Mr. Trump ratcheted up his pressure campaign on Federal Reserve Chairman, Jerome Powell, labelling him as a "major loser", posting on social media, "With these costs trending so nicely downward, just what I predicted they would do, there can almost be no inflation, but

there can be a SLOWING of the economy unless Mr. Too Late, a major loser, lowers interest rates, NOW."

US National Economic Council Director, Kevin Hassett, also floated the possibility of removing Mr. Powell, but here's the issue, by politicising monetary policy you are questioning central bank independence and undermining the Fed's credibility ... despite the fact that Trump appointed Powell during his first administration!

Ultimately, markets like central banks being independent, and the threat to the Federal Reserve's independence, combined with the uncertain trade outlook, has seen extensive selling of US equities, US bonds, and the USD-index. Currently the US bourses are 2.5% to 3.0% lower, the 10-year treasury yield is 8bps higher at 4.41% in amongst a steepening curve with the 2-years falling 4bps to yield 3.76%, while the USD-index has fallen to a 3-year low at in the low 98.00s. This has seen the NZD/USD out-perform re-claiming the 0.6000 level, while AUD/USD is closing in on the 0.6425 level, with NZD/AUD firming to 0.9350. The NZD is also a touch firmer on its crosses. Commodity prices are also under pressure with oil prices falling 2.0%, while gold has, once again, benefited, rallying almost 3.0%.

The PBoC left its key lending rates unchanged for the sixth consecutive month with the corporate-related 1-year loan prime rate (LPR), held at 3.10%, while the mortgage-referenced 5-year

LPR remained at 3.60%. Both rates remain at their record lows following last year's rate cuts and were largely expected given the strong GDP print at 5.4% which was China's highest annual growth rate in 18-months.

Looking back in time, last week the ECB cut all three of its key interest rates by 25bps, lowering the main refinancing rate to 2.40%, the deposit rate to 2.25% and the marginal lending facility to 2.65%, as was expected.

And just to remind you all, last week saw NZ annual inflation accelerate to 2.5% in Q1, up from the previous quarter's 2.2%. This was the highest inflation print since June 2024, exceeding expectations at 2.3%.

## But while it is a shortened week

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... there is still plenty to keep us occupied beyond the latest 'shot-from-the-hip' comments from President Trump. Globally, most nations will be updating their latest PMI numbers while, from the US, we have the Fed's Beige Book, the latest Chicago and Kansas City Fed's economic updates, initial jobless claims, and the University of Michigan consumer sentiment index. The Eurozone will release its latest consumer confidence numbers, we also have the latest German IFO business confidence numbers, Japanese CPI, and, from New Zealand, the latest trade figures and consumer confidence.



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# Daily Rates

Tuesday 22 April 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.40					CAD	0.8300 0.8982
NZD/USD	0.6003	0.0005	0.0016	0.0032	0.0053	CHF	0.4848 0.5185
NZD/AUD	0.9354	0.0006	0.0016	0.0026	0.0036	CNY	4.3740 4.6732
NZD/JPY	84.480	-0.22	-0.66	-1.23	-2.29	DKK	3.8906 4.1597
NZD/EUR	0.5213	-0.0006	-0.0015	-0.0032	-0.0070	FJD	1.3294 1.4214
NZD/GBP	0.4487	0.0003	0.0010	0.0022	0.0035	HKD	4.6573 4.9794
						KRW	852.69 911.66
AU TWI	59.40					MYR	2.6206 2.8019
AUD/USD	0.6416	0.0001	0.0006	0.0015	0.0027	NOK	6.2229 6.6532
AUD/NZD	1.0686	-0.0007	-0.0018	-0.0034	-0.0057	SEK	5.7126 6.1076
AUD/JPY	90.33	-0.29	-0.86	-1.58	-2.81	SGD	0.7830 0.8371
AUD/EUR	0.5571	-0.0009	-0.0027	-0.0050	-0.0099	TWD	19.48 20.82
AUD/GBP	0.4796	0.0001	0.0002	0.0009	0.0016	ZAR	11.23 12.01
USD Index	98.32					<b>EQUITIES</b>	
EUR/USD	1.1515	0.0020	0.0062	0.0125	0.0232		<b>Index</b>
USD/JPY	140.73	-0.49	-1.44	-2.78	-4.95	NZX50	12,119
GBP/USD	1.3378	0.0000	0.0001	0.0003	-0.0007	ASX200	7,819
EUR/GBP	0.8605	0.0015	0.0044	0.0090	0.0164	Dow Jones	37,977
USD/CNY	7.2914	-0.0165	-0.0498	-0.1015	-0.2098	S&P 500	5,118
						FTSE100	8,276
						DAX 30	21,206
						Nikkei	34,280
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>		
			Mid		Mid		
30 day bank bills			3.62%		4.12%		
90 day bank bills			3.48%		4.05%		
1 year swap			3.10%		3.40%		
2 year swap			3.13%		3.22%		
3 year swap			3.24%		3.26%		
5 year swap			3.50%		3.67%		
10 year swap			4.04%		4.15%		
3 year Govt bond			3.49%		2.27%		
5 year Govt bond			3.87%		3.63%		
10 year Govt bond			4.58%		4.45%		
						<b>COMMODITIES</b>	
							<b>USD</b>
						Brent Crude	66.60
						Gold	3,423.00
						Silver	32.71
						Iron Ore	100.05
						CRB Index	357.45
							<b>NZD</b>
						NZ Carbon	50.95

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