

# Market Alert

Wednesday 23 April 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5974	0.0033
NZD/AUD	0.9380	0.0027
NZD/JPY	84.530	-1.21
NZD/EUR	0.5228	-0.0031
NZD/GBP	0.4479	0.0022
NZD/CNH	4.3661	-0.0371
AUD/USD	0.6367	0.0016
AUD/EUR	0.5572	-0.0049
EUR/USD	1.1426	0.0128
USD/CNH	7.3082	-0.1016
GBP/USD	1.3335	0.0006
EUR/GBP	0.8565	0.0090

  

INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.46%	4.06%
2 year swap	3.03%	3.15%
10 year Govt	4.61%	4.35%

## 1 down ... 2 to go!

Yep ... I'm counting down to the weekend already!

## It's not my fault, Governor!

And we all know it's not Donald Trump's fault either, but the WSJ has an article suggesting Trump will lay the blame for any economic weakness that results from his trade war on the Federal Reserve ... if the central bank doesn't cut interest rates soon!

But the big news overnight were comments by US Treasury Secretary Scott Bessent that the current situation with China was unsustainable, stating, "China negotiations will be a 'slog'. No one thinks the current status quo between China is sustainable. Therefore there will be de-escalation with China over the very near future. The goal is not to decouple the US

and China economies. Rebalancing of the China economy towards consumption and US economy towards manufacturing in 2-3 years would be a huge win."

The IMF has downgraded its US growth forecast for 2025 from January's 2.7% to just 1.8% in 2025 due to policy uncertainty, trade tensions, and softer demand momentum, while the IMF increased its forecast for US inflation by roughly 1.0% to 3.0% Beyond the US, the IMF has downgraded global growth from 3.3% to 2.8%, with China tipped to grow 4.0% this year. The IMF's chief economist also added "automation—not trade—is the real cause of job losses," and that it is "critical" for central banks to retain their independence.

Breaking down the data releases:

- US consumer confidence fell to -16.7 in April from March's -14.5, below forecasts at -15.5.
- The Eurozone recorded a combined government deficit to GDP ratio at 3.1% in 2024, an improvement on 2023's revised 3.5%.
- Canadian industrial producer prices rose by 0.5% in March, against February's upwardly revised 0.6% increase.

Ford has halted exports of several models to China in response to the 150.0% retaliatory trade tariffs imposed by China, while Mack Trucks is laying off 300-400 US workers as "Heavy-duty truck orders continue to be negatively affected by market uncertainty about freight rates and demand." But against this, Chinese automobile exports rose 16.0% from 12 months ago in Q1!

The NZ trade surplus increased from NZD392m to NZD970m in March after exports grew from NZD6.61bn to NZD7.59bn while imports firmed from NZD6.22bn to NZD6.62bn. This saw the annual deficit improve from NZD6.63bn to NZD6.13bn.

## Who said what!

The Fed's Neel Kashkari stated, "Independent monetary policy leads to better economic outcomes and is foundational. Tariffs are somewhat inflationary and also slow growth. We can't allow inflation expectations to become unanchored. It's the Fed's job to make sure tariffs don't lead to long-term inflation. It's too soon to judge the path of interest rates."

ECB President Christine Lagarde hoped that the firing of Fed Chair Jerome Powell was not a scenario that was on the table, while on the tariffs she added, "I am sure that there is scope for negotiations," with the EU having paused its first tranche of counter-tariffs.

Financial markets liked the comments by Scott Bessent that offered some hope of a resolution to the US-China tariff war, which spurred a recovering in equity markets, with the US exchanges 2.0%-2.50% higher while the European bourses rallied 0.50%-1.0%. Commodity markets also recovered, with oil 1.5% higher while gold eased -1.75% on profit taking. US bond markets were steady with the 2-years 5bps higher at 3.82% while the 10-year yield fell -2bps to 4.40%. Finally, the USD-index recovered 0.5%, which saw the NZD and AUD ease back a touch.



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# Daily Rates

Wednesday 23 April 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.10					CAD	0.8255	0.8982
NZD/USD	0.5974	0.0005	0.0016	0.0033	0.0057	CHF	0.4889	0.5214
NZD/AUD	0.9380	0.0005	0.0016	0.0027	0.0039	CNY	4.3639	4.6525
NZD/JPY	84.530	-0.25	-0.65	-1.21	-2.29	DKK	3.9034	4.1615
NZD/EUR	0.5228	-0.0006	-0.0015	-0.0031	-0.0067	FJD	1.3282	1.4158
NZD/GBP	0.4479	0.0003	0.0011	0.0022	0.0037	HKD	4.6343	4.9407
						KRW	853.14	909.42
AU TWI	60.00					MYR	2.6210	2.7938
AUD/USD	0.6367	0.0002	0.0006	0.0016	0.0027	NOK	6.2063	6.6167
AUD/NZD	1.0656	-0.0006	-0.0019	-0.0035	-0.0063	SEK	5.7082	6.0857
AUD/JPY	90.00	-0.32	-0.84	-1.55	-2.81	SGD	0.7832	0.8348
AUD/EUR	0.5572	-0.0010	-0.0026	-0.0049	-0.0093	TWD	19.44	20.73
AUD/GBP	0.4773	0.0001	0.0003	0.0009	0.0020	ZAR	11.12	11.85
USD Index	98.93					<b>EQUITIES</b>		
EUR/USD	1.1426	0.0023	0.0064	0.0128	0.0247		<b>Index</b>	
USD/JPY	141.51	-0.53	-1.45	-2.78	-5.08	NZX50	11,837	
GBP/USD	1.3335	0.0001	0.0003	0.0006	0.0004	ASX200	7,817	
EUR/GBP	0.8565	0.0016	0.0045	0.0090	0.0178	Dow Jones	39,170	
USD/CNY	7.3118	-0.0182	-0.0497	-0.1015	-0.2073	S&P 500	5,262	
						FTSE100	8,329	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 30	21,294	
<b>RATES</b>		Mid		Mid		Nikkei	34,221	
30 day bank bills		3.62%		4.12%		<b>COMMODITIES</b>		
90 day bank bills		3.46%		4.06%			<b>USD</b>	
1 year swap		3.09%		3.37%		Brent Crude	67.22	
2 year swap		3.08%		3.20%		Gold	3,375.69	
3 year swap		3.19%		3.23%		Silver	32.50	
5 year swap		3.47%		3.65%		Iron Ore	99.92	
10 year swap		4.03%		4.13%		CRB Index	362.25	
3 year Govt bond		3.49%		3.29%			<b>NZD</b>	
5 year Govt bond		3.87%		3.59%		NZ Carbon	52.75	
10 year Govt bond		4.61%		4.35%				

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