

# Market Alert

Friday 02 May 2025

| CURRENCIES | Spot   | 6mths   |
|------------|--------|---------|
| NZD/USD    | 0.5909 | 0.0033  |
| NZD/AUD    | 0.9255 | 0.0030  |
| NZD/JPY    | 85.985 | -1.20   |
| NZD/EUR    | 0.5234 | -0.0032 |
| NZD/GBP    | 0.4449 | 0.0021  |
| NZD/CNH    | 4.3006 | -0.0342 |
| AUD/USD    | 0.6382 | 0.0015  |
| AUD/EUR    | 0.5652 | -0.0051 |
| EUR/USD    | 1.1290 | 0.0126  |
| USD/CNH    | 7.2771 | -0.0975 |
| GBP/USD    | 1.3277 | 0.0008  |
| EUR/GBP    | 0.8501 | 0.0089  |

  

| INT RATES    | NZ    | Australia |
|--------------|-------|-----------|
| OCR/Cash     | 3.50% | 4.10%     |
| 90 day bills | 3.42% | 3.92%     |
| 2 year swap  | 3.01% | 3.21%     |
| 10 year Govt | 4.52% | 4.28%     |

## Last night I was ferrying a child about ...

... as one is required to do as per the 'I-Had-a-Child' Act of 2008, but after dropping them off and looking at the traffic, it quickly became apparent that it was going to be easier to go shopping for an hour to wait for the traffic to die down. But what do you get for the man who has everything ... or nothing ... depending on who you ask? Well, a pair of football boots, some Simpsons socks, and a quilt cover apparently, but the good news is that with a new pair of football boots I could soon be an All Black ... because they've just launched an under 85kg All Black team. Now ... if I can stop eating for a month, get fit, and start running ... I've a chance!

## Last night was a strange one ...

... simply put ... the data wasn't good!

US initial claims surged 18k to reach 241k, which was well above expectations at 225k, while continuing claims increased by 83k to 1.92m. US based employers also announced 105k of job cuts in April, and while this was down sharply on March's 275k, it was still 63.0% higher than in April 2024 and the highest April print since 2020. Finally, US ISM manufacturing PMIs recorded their 2nd consecutive month of contraction to reach a 5-month low, slipping from 49.0 to 48.7. Expectations had been at 48.0.

But despite the poor data, US assets had a strong session due to ... US earnings! Strong results yesterday from the likes of Microsoft and Meta provided a strong belief that it will be replicated by today's after-the-bell releases by Apple and Amazon. European equity markets posted modest gains in the 0.0%-0.50% range, while, as I type, the US bourses are 0.50%-1.25% higher. This positivity supported commodity markets, with most products booking gains in the 0.25%-1.25% range, with oil rallying 1.4%, although gold prices fell -1.35%. The USD-index also had a good session, firming 0.5%, which saw NZD/USD fall to 0.5900 and AUD/USD ease just below 0.6400, although both pairs remain firmly within their ranges. Treasury yields advanced with the 2-years 9bps higher at 3.71% and the 10-years 6bps higher at 4.22% ... which means we should expect local swap rates to open higher this morning.

Treasury Secretary Scott Bessent announced, "With 2-year yields below the Fed Funds rate, it's a market signal that they think the Fed should be cutting," although ex-FOMC member Larry Summers countered that it would be a "very serious error" for policymakers to ease next week.

The US Chamber of Commerce has asked the Trump administration to implement a "tariff exclusion process" to reduced tariffs on all products that "cannot be produced in the US" in order to stop the economy from falling into a recession.

The BoJ left their key short-term cash rate unchanged at 0.5%, a unanimous decision that was in line with expectations. The board signalled they would raise rates when their economic and price forecasts materialize, although they pushed back the timing of when they expect inflation to reach their target amid the tariff and trade uncertainty. The central bank trimmed its core inflation forecast for FY25 to 2.2% from 2.7%, with headline inflation projected to hover around the 2.0% level until FY28. They also lowered their GDP forecast from 1.0% to 0.5%, with 0.7% projected for FY26.

Weekly container bookings from China to the US in the week of April 21 have plummeted -48.6% to 90,831 TEUs from a year ago. The positive news is that it reversed 3 weeks of falling shipments from the prior weeks' low at 81,239.



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# Daily Rates

Friday 02 May 2025

| FX                    | Spot   | FECs (mid) |                    |         |                  | Spot Mid           |              |        |
|-----------------------|--------|------------|--------------------|---------|------------------|--------------------|--------------|--------|
|                       | Mid    | 1mth       | 3mths              | 6mths   | 12mths           | NZD/...            | AUD/...      |        |
| NZ TWI                | 69.40  |            |                    |         |                  | CAD                | 0.8176       | 0.8982 |
| NZD/USD               | 0.5909 | 0.0005     | 0.0017             | 0.0033  | 0.0055           | CHF                | 0.4897       | 0.5294 |
| NZD/AUD               | 0.9255 | 0.0005     | 0.0016             | 0.0030  | 0.0041           | CNY                | 4.2969       | 4.6430 |
| NZD/JPY               | 85.985 | -0.24      | -0.63              | -1.20   | -2.28            | DKK                | 3.9042       | 4.2182 |
| NZD/EUR               | 0.5234 | -0.0005    | -0.0015            | -0.0032 | -0.0067          | FJD                | 1.3176       | 1.4236 |
| NZD/GBP               | 0.4449 | 0.0003     | 0.0011             | 0.0021  | 0.0038           | HKD                | 4.5821       | 4.9506 |
|                       |        |            |                    |         |                  | KRW                | 848.37       | 916.59 |
| AU TWI                | 59.80  |            |                    |         |                  | MYR                | 2.5471       | 2.7519 |
| AUD/USD               | 0.6382 | 0.0002     | 0.0007             | 0.0015  | 0.0026           | NOK                | 6.1662       | 6.6620 |
| AUD/NZD               | 1.0804 | -0.0007    | -0.0020            | -0.0038 | -0.0063          | SEK                | 5.7531       | 6.2157 |
| AUD/JPY               | 92.07  | -0.32      | -0.85              | -1.59   | -2.90            | SGD                | 0.7743       | 0.8366 |
| AUD/EUR               | 0.5652 | -0.0009    | -0.0027            | -0.0051 | -0.0102          | TWD                | 18.96        | 20.49  |
| AUD/GBP               | 0.4804 | 0.0001     | 0.0003             | 0.0007  | 0.0016           | ZAR                | 10.96        | 11.84  |
| USD Index             | 100.22 |            |                    |         |                  | <b>EQUITIES</b>    |              |        |
| EUR/USD               | 1.1290 | 0.0021     | 0.0065             | 0.0126  | 0.0239           |                    | <b>Index</b> |        |
| USD/JPY               | 145.52 | -0.54      | -1.48              | -2.84   | -5.11            | NZX50              | 12,149       |        |
| GBP/USD               | 1.3277 | 0.0002     | 0.0005             | 0.0008  | 0.0005           | ASX200             | 8,146        |        |
| EUR/GBP               | 0.8501 | 0.0015     | 0.0046             | 0.0089  | 0.0174           | Dow Jones          | 40,777       |        |
| USD/CNY               | 7.2706 | -0.0179    | -0.0493            | -0.0980 | -0.1987          | S&P 500            | 5,629        |        |
|                       |        |            |                    |         |                  | FTSE100            | 8,497        |        |
|                       |        |            |                    |         |                  | DAX 30             | 22,497       |        |
|                       |        |            |                    |         |                  | Nikkei             | 36,452       |        |
| <b>INTEREST RATES</b> |        |            | <b>New Zealand</b> |         | <b>Australia</b> |                    |              |        |
|                       |        |            | Mid                |         | Mid              |                    |              |        |
| 30 day bank bills     |        |            | 3.58%              |         | 4.01%            |                    |              |        |
| 90 day bank bills     |        |            | 3.42%              |         | 3.92%            |                    |              |        |
| 1 year swap           |        |            | 3.07%              |         | 3.38%            |                    |              |        |
| 2 year swap           |        |            | 3.06%              |         | 3.22%            |                    |              |        |
| 3 year swap           |        |            | 3.17%              |         | 3.25%            |                    |              |        |
| 5 year swap           |        |            | 3.43%              |         | 3.62%            |                    |              |        |
| 10 year swap          |        |            | 3.95%              |         | 4.10%            |                    |              |        |
| 3 year Govt bond      |        |            | 3.48%              |         | 3.33%            |                    |              |        |
| 5 year Govt bond      |        |            | 3.84%              |         | 3.59%            |                    |              |        |
| 10 year Govt bond     |        |            | 4.52%              |         | 4.28%            |                    |              |        |
|                       |        |            |                    |         |                  | <b>COMMODITIES</b> |              |        |
|                       |        |            |                    |         |                  |                    | <b>USD</b>   |        |
|                       |        |            |                    |         |                  | Brent Crude        | 61.97        |        |
|                       |        |            |                    |         |                  | Gold               | 3,228.82     |        |
|                       |        |            |                    |         |                  | Silver             | 32.35        |        |
|                       |        |            |                    |         |                  | Iron Ore           | 97.48        |        |
|                       |        |            |                    |         |                  | CRB Index          | 353.10       |        |
|                       |        |            |                    |         |                  |                    | <b>NZD</b>   |        |
|                       |        |            |                    |         |                  | NZ Carbon          | 50.90        |        |

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