

Market Alert

Monday 12 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5917	0.0036
NZD/AUD	0.9219	0.0028
NZD/JPY	86.420	-1.21
NZD/EUR	0.5280	-0.0032
NZD/GBP	0.4462	0.0022
NZD/CNH	4.3248	-0.0376
AUD/USD	0.6412	0.0018
AUD/EUR	0.5720	-0.0052
EUR/USD	1.1205	0.0134
USD/CNH	7.2359	-0.1065
GBP/USD	1.3253	0.0010
EUR/GBP	0.8447	0.0092
INT RATES	NZ	Australia
OCR/Cash	3.50%	4.10%
90 day bills	3.37%	3.87%
2 year swap	3.08%	3.30%
10 year Govt	4.57%	4.38%

The last few days saw another China dump ...

with, once again, some contradictory numbers. First up, Chinese inflation continues to stagnate with consumer inflation dropping 0.1% on the year, while producer inflation remained in negative territory, falling 2.7% on the year. The only real positive was that CPI was in line with expectations while PPI was slightly better than the -2.8% forecast.

But while the Chinese deflationary spiral remains in place, exports continue to perform strongly, growing 8.1% in the year to April to reach USD315.7bn, which was ahead of forecasts at 1.9%. However, the latest numbers were a considerable slowdown from March's 12.4% gain ahead of the US tariffs, but it should also be noted that the April numbers saw

considerable export growth amongst China's trading partners with exports to Japan jumping 7.8%, Taiwan 15.5%, Australia 5.8%, the EU 8.3%, and ASEAN 20.8%, while exports to the US fell 21.0%. In the first 4-months of 2025, exports climbed 6.4% compared to the same period in 2024, reaching USD1.2trn.

The Friday session started with a sense of optimism of a potential de-escalation in global trade tensions after President Trump suggested an 80% tariff on China "seems about right" ahead of trade talks led by Treasury Secretary Scott Bessent and Chinese counterparts in Switzerland over the weekend. At this stage we haven't received a great deal of information on the talks, although Trump tweeted "great progress", calling them "friendly but constructive" although a 'final deal' remains uncertain. At the pointy end, US trade officials claim "substantial progress" has been made.

On a side note, Fed Chair Jerome Powell stated in a post-FOMC meeting news conference that Trump's comments have no effect "at all" on how the Fed does its job, noting that Trump's tariffs could "delay" the central bank from achieving its mandated goals.

US treasury yields were little changed on Friday with the 2-year yield edging slightly lower to close at 3.89%, while the 10-year firmed 1bps to 4.38%. The dollar index edged lower, towards the 100.00 level, after two straight sessions of gains, which saw the NZD and AUD both start the week above the 0.5900 and 0.6400

levels. European equity markets had a positive session, gaining 0.5%-1.0%, although the US bourses closed flat to 0.3% lower, while commodity prices gained 1.0%-2.0%.

The week ahead!

Apart from the 'usual' trade shenanigans, this week the focus in the US will be on the latest CPI inflation release, retail sales, producer prices, industrial production, Michigan consumer sentiment, export and import prices, and a couple of speeches from Federal Reserve officials, with Jerome Powell also due to speak.

From the UK we have Q1 GDP, jobless rate, trade numbers, and industrial production. Germany will publish its latest ZEW economic sentiment update, China will also provide its latest update on credit exposures, industrial production, retail sales and house prices, while Japan will report on its latest GDP numbers.

Australia will report on business and consumer confidence, wage inflation, and its latest unemployment numbers, while NZ will report on card spending, food inflation, non-resident bond holdings, inflation expectations, PMIs and PPIs.

Taliban suspends chess over gambling concerns!

That's a headline I never thought I'd ever type ... but we all know that chess is a gateway into gambling addiction!



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Daily Rates

Monday 12 May 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.90					CAD	0.8219 0.8924
NZD/USD	0.5917	0.0005	0.0018	0.0036	0.0063	CHF	0.4912 0.5350
NZD/AUD	0.9219	0.0004	0.0016	0.0028	0.0049	CNY	4.2811 4.6400
NZD/JPY	86.420	-0.22	-0.64	-1.21	-2.30	DKK	3.9166 4.2522
NZD/EUR	0.5280	-0.0005	-0.0016	-0.0032	-0.0063	FJD	1.3236 1.4370
NZD/GBP	0.4462	0.0003	0.0011	0.0022	0.0042	HKD	4.5940 4.9876
						KRW	823.98 894.57
AU TWI	59.80					MYR	2.5360 2.7533
AUD/USD	0.6412	0.0003	0.0008	0.0018	0.0032	NOK	6.1071 6.6303
AUD/NZD	1.0851	-0.0007	-0.0021	-0.0042	-0.0067	SEK	5.7449 6.2371
AUD/JPY	93.00	-0.29	-0.85	-1.61	-3.01	SGD	0.7663 0.8320
AUD/EUR	0.5720	-0.0009	-0.0027	-0.0052	-0.0100	TWD	17.83 19.36
AUD/GBP	0.4833	0.0001	0.0004	0.0009	0.0018	ZAR	10.72 11.64
USD Index	100.42					EQUITIES	
EUR/USD	1.1205	0.0021	0.0066	0.0134	0.0246		Index
USD/JPY	146.03	-0.51	-1.51	-2.92	-5.41	NZX50	12,605
GBP/USD	1.3253	0.0002	0.0005	0.0010	0.0015	ASX200	8,231
EUR/GBP	0.8447	0.0015	0.0045	0.0092	0.0179	Dow Jones	41,249
USD/CNY	7.2364	-0.0173	-0.0516	-0.1038	-0.2100	S&P 500	5,660
						FTSE100	8,555
						DAX 30	23,499
						Nikkei	37,503
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.53%		3.92%		Brent Crude	63.91
90 day bank bills		3.37%		3.87%		Gold	3,324.22
1 year swap		3.09%		3.44%		Silver	32.70
2 year swap		3.10%		3.31%		Iron Ore	98.55
3 year swap		3.22%		3.33%		CRB Index	360.31
5 year swap		3.47%		3.70%			NZD
10 year swap		3.99%		4.15%		NZ Carbon	53.45
3 year Govt bond		3.49%		3.44%			
5 year Govt bond		3.88%		3.70%			
10 year Govt bond		4.57%		4.38%			

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