

# Market Alert

Thursday 22 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5937	0.0039
NZD/AUD	0.9228	0.0030
NZD/JPY	85.320	-1.18
NZD/EUR	0.5243	-0.0030
NZD/GBP	0.4424	0.0025
NZD/CNH	4.2815	-0.0365
AUD/USD	0.6433	0.0021
AUD/EUR	0.5681	-0.0051
EUR/USD	1.1323	0.0139
USD/CNH	7.2028	-0.1084
GBP/USD	1.3419	0.0009
EUR/GBP	0.8436	0.0095

INT RATES	NZ	Australia
OCR/Cash	3.50%	3.85%
90 day bills	3.33%	3.78%
2 year swap	3.20%	3.36%
10 year Govt	4.75%	4.54%

## New Zealand Focus

It was nice to see some positive news for the New Zealand economy, as many will know, the current agricultural season in New Zealand has been particularly strong. Normally for producers there is somewhat of a 'trade-off triangle', where there are the three 'conditions' of strong production, good prices, and a weak currency. In most circumstances, if you're lucky you have two of the three; however, many producers this year have experienced all three. This is flowing through in the trade data, which reported a goods trade surplus of \$1.4 billion in the month of April, exports were up 25% compared to April 2024 with fruit, dairy, meat and forestry products all increasing markedly.

Today, Finance Minister Nicola Willis will release the budget for 2025 dubbed the "Growth Budget". It is assumed that the budget will be a mix of increased government spending above previous forecasts in targeted areas and ongoing austerity in others. Markets will be interested in how the Treasury plans to finance the extra spending.

## Trouble in paradise

Much like in New Zealand, the focus in the US is currently on the government budget. As one would expect out of the Trump administration the outcome is still not clear cut and there is currently a lot of uncertainty in the markets about what the administration will do, with fears of a growing deficit the largest issue. This has led markets to continue selling US Treasuries pushing the yields higher, amongst this, there were two notable events; the US 10-year Treasury bond is currently 10bps higher today, through the 4.50% level, at 4.58%, while the US 30-year Treasury bond which had bounced off 5.00% a few times in recent days, managed to push through the psychological 5.00% level and is 11bps higher at 5.08%. This will likely drag the long end of our local swaps curve higher this morning.

The selling of US Treasuries was amongst a further movement away from US assets in general. US equities saw a continuation of yesterday's selling trend with the major indices posting losses.

The US Dollar index also softened, falling through the 100.00 level to currently be at 99.64. Despite the weakening of the US Dollar Index, the NZD/USD and AUD/USD gains were suppressed by the 'risk-off' sentiment and they remain largely where they finished yesterday, around the 0.5940 and 0.6435 levels respectively. In terms of commodities, oil prices are marginally softer, while your usual safe haven/stores of wealth, gold and of course, Bitcoin, posted gains, with Bitcoin reaching a new record high.

As you may have seen over the past couple of months, US consumer confidence has been falling. However, looking at the US Conference Board Index as an example, the majority of that decline was in the expectation of worsening future conditions, whereas the current conditions had softened off only a little and historically speaking, are still relatively strong. This was backed up by major retailer Walmart retaining its annual sales forecast, after strong sales in April, how much of this was due to front running tariffs is unknown. However, there may be signs of softening consumer spending in the US after the other big retailer Target missed its Q1 revenue estimates and cut its full-year sales outlook, which were enough for markets to send Target's stock price tumbling.



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# Daily Rates

Thursday 22 May 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.00					CAD	0.8227 0.8917
NZD/USD	0.5937	0.0006	0.0019	0.0039	0.0066	CHF	0.4899 0.5311
NZD/AUD	0.9228	0.0006	0.0016	0.0030	0.0045	CNY	4.2732 4.6318
NZD/JPY	85.320	-0.21	-0.63	-1.18	-2.29	DKK	3.9098 4.2379
NZD/EUR	0.5243	-0.0005	-0.0016	-0.0030	-0.0064	FJD	1.3266 1.4379
NZD/GBP	0.4424	0.0004	0.0013	0.0025	0.0045	HKD	4.6484 5.0385
						KRW	815.33 883.74
AU TWI	59.80					MYR	2.5325 2.7450
AUD/USD	0.6433	0.0002	0.0009	0.0021	0.0039	NOK	6.0405 6.5474
AUD/NZD	1.0830	-0.0007	-0.0020	-0.0038	-0.0058	SEK	5.6842 6.1611
AUD/JPY	92.76	-0.29	-0.85	-1.59	-2.95	SGD	0.7652 0.8294
AUD/EUR	0.5681	-0.0009	-0.0027	-0.0051	-0.0099	TWD	17.83 19.32
AUD/GBP	0.4794	0.0001	0.0005	0.0011	0.0024	ZAR	10.66 11.55
USD Index	99.64					EQUITIES	
EUR/USD	1.1323	0.0022	0.0070	0.0139	0.0264		Index
USD/JPY	143.70	-0.50	-1.52	-2.93	-5.40	NZX50	12,703
GBP/USD	1.3419	0.0002	0.0005	0.0009	0.0007	ASX200	8,387
EUR/GBP	0.8436	0.0015	0.0048	0.0095	0.0188	Dow Jones	41,860
USD/CNY	7.2019	-0.0164	-0.0502	-0.0994	-0.2045	S&P 500	5,854
						FTSE100	8,786
						DAX 30	24,122
						Nikkei	37,299
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.44%		3.79%		Brent Crude	64.64
90 day bank bills		3.33%		3.78%		Gold	3,317.59
1 year swap		3.14%		3.44%		Silver	33.53
2 year swap		3.24%		3.37%		Iron Ore	100.05
3 year swap		3.37%		3.42%		CRB Index	365.04
5 year swap		3.65%		3.86%			
10 year swap		4.20%		4.37%			
3 year Govt bond		3.63%		3.51%			
5 year Govt bond		4.03%		3.79%			
10 year Govt bond		4.75%		4.54%		NZ Carbon	54.65

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