

Market Alert

Monday 26 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5984	0.0040
NZD/AUD	0.9219	0.0028
NZD/JPY	85.315	-1.19
NZD/EUR	0.5265	-0.0032
NZD/GBP	0.4427	0.0025
NZD/CNH	4.2815	-0.0366
AUD/USD	0.6482	0.0023
AUD/EUR	0.5702	-0.0052
EUR/USD	1.1363	0.0142
USD/CNH	7.1719	-0.1083
GBP/USD	1.3511	0.0012
EUR/GBP	0.8396	0.0096
INT RATES	NZ	Australia
OCR/Cash	3.50%	3.85%
90 day bills	3.33%	3.77%
2 year swap	3.17%	3.32%
10 year Govt	4.73%	4.52%

Football? Who cares about football ...

... when we've got Liam Lawson smashing it in Formula 1! But to be honest, it wasn't the best of weekends sports-wise ... the warriors couldn't quite get it over the line, the Moana Pasifika bubble popped, and Chris Wood missed out on the Champions league ... and just in case anyone asks ... the ball was always in play! Oh well ... there's always the Shrimpers next weekend!

Don't expect much today ...

... as markets will be quiet with bank holidays in the UK and US, but that won't stop the latest round of Trump spin, this time threatening Europe as, "Tariff talks with the EU are slow moving (but) I'm not looking for a deal, it's going to be set at

50%," while he also had a pop at Apple, stating, "Tim Cook expects iPhones to be manufactured in India ... but there would still be 25% tariffs that way!"

The threats of a new tariff wars saw equity markets succumb to a new round of weakness on Friday with most exchanges 0.5% to 1.5% lower, but despite the negativity, commodities performed well with gold prices receiving a boost, rallying 1.8%, while oil prices firmed 0.5%. Treasury markets were quiet with the 2-year yield flat at 4.00%, the 10-years 2bps lower at 4.52%, while the 30-year yield remains above the psychological 5.00% level at 5.04%. The USD-index also weakened, falling 0.8%, with the NZD and AUD out-performing against the USD, to open this morning at the 0.5980 and 0.6482 levels, although both remain weak on the crosses. The NZD/AUD continues to trade just above the 0.9200 level.

Friday's data releases saw:

- US new home sales come in stronger than the expected 693k at 743k.
- Canada March retail sales firm 0.8% against the 0.7% expected.
- German Q1 final GDP firm from 0.2% to 0.4%.
- UK April retail sales surge 1.2% against an expected 0.2% increase.

Fed member Austan Goolsbee announced, "There is anxiety among firms that continued tariff announcements would disrupt supply chains and lead to rising prices. In the short run the Fed needs to wait for the dust to

clear ... the bar for action is higher until that happens. If tariffs have a stagflationary impact, then that is the central banks worse situation. My fear is that the data comes out with a lag, so something may have already happened. Upcoming reports may show a more serious impact from actions already taken. The market determines the long end of yields. We should take into consideration the impact from that (higher yields) on the economy."

ECB chief economist, Philip Lane, confirmed, "I am confident services inflation will come down."

The week ahead ...

... will start slowly ... but will build into a crescendo later in the week, as markets brace themselves for another turbulent week as President Trump instigates a new round of tariff threats and counter-threats ... this time against the European Union and Apple. From the US we also have a couple of Fed speeches this week, the FOMC meeting minutes, personal income and spending, PCE inflation, durable goods orders, the trade balance, and the second estimate of Q1 GDP. We also have inflation releases from Japan, Australia, and Germany, Eurozone consumer confidence and inflation expectations, Canadian Q1 GDP, Australian retail sales with the Melbourne institutes inflation report and, on this side of the Tasman, the RBNZ on Wednesday!



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.60					CAD	0.8200 0.8887
NZD/USD	0.5984	0.0006	0.0019	0.0040	0.0068	CHF	0.4907 0.5317
NZD/AUD	0.9219	0.0005	0.0016	0.0028	0.0041	CNY	4.2942 4.6539
NZD/JPY	85.315	-0.21	-0.61	-1.19	-2.29	DKK	3.9257 4.2546
NZD/EUR	0.5265	-0.0005	-0.0017	-0.0032	-0.0071	FJD	1.3306 1.4420
NZD/GBP	0.4427	0.0004	0.0012	0.0025	0.0043	HKD	4.6846 5.0770
						KRW	816.18 884.55
AU TWI	59.60					MYR	2.5288 2.7406
AUD/USD	0.6482	0.0003	0.0010	0.0023	0.0042	NOK	6.0253 6.5300
AUD/NZD	1.0854	-0.0007	-0.0020	-0.0036	-0.0058	SEK	5.6882 6.1646
AUD/JPY	92.42	-0.28	-0.83	-1.57	-2.91	SGD	0.7683 0.8327
AUD/EUR	0.5702	-0.0009	-0.0028	-0.0052	-0.0104	TWD	17.92 19.43
AUD/GBP	0.4793	0.0001	0.0005	0.0012	0.0024	ZAR	10.66 11.55
USD Index	99.10					EQUITIES	
EUR/USD	1.1363	0.0023	0.0070	0.0142	0.0273		Index
USD/JPY	142.58	-0.50	-1.48	-2.91	-5.38	NZX50	12,597
GBP/USD	1.3511	0.0002	0.0006	0.0012	0.0015	ASX200	8,361
EUR/GBP	0.8396	0.0016	0.0046	0.0096	0.0182	Dow Jones	41,603
USD/CNY	7.1798	-0.0170	-0.0501	-0.1007	-0.2040	S&P 500	5,803
						FTSE100	8,718
						DAX 30	23,630
						Nikkei	37,160
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.44%		3.79%		Brent Crude	64.78
90 day bank bills		3.33%		3.77%		Gold	3,356.99
1 year swap		3.13%		3.38%		Silver	33.48
2 year swap		3.19%		3.33%		Iron Ore	99.81
3 year swap		3.32%		3.38%		CRB Index	362.79
5 year swap		3.61%		3.79%			
10 year swap		4.17%		4.28%			
3 year Govt bond		3.59%		3.49%			
5 year Govt bond		4.00%		3.77%			
10 year Govt bond		4.73%		4.52%		NZ Carbon	55.25

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