

Market Alert

Tuesday 27 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6002	0.0040
NZD/AUD	0.9254	0.0027
NZD/JPY	85.690	-1.19
NZD/EUR	0.5272	-0.0031
NZD/GBP	0.4425	0.0025
NZD/CNH	4.2815	-0.0356
AUD/USD	0.6485	0.0023
AUD/EUR	0.5696	-0.0051
EUR/USD	1.1384	0.0142
USD/CNH	7.1769	-0.1065
GBP/USD	1.3561	0.0013
EUR/GBP	0.8393	0.0096
INT RATES	NZ	Australia
OCR/Cash	3.50%	3.85%
90 day bills	3.27%	3.76%
2 year swap	3.13%	3.27%
10 year Govt	4.69%	4.48%

Well that climb-down didn't take long!

... no sooner than President Trump had threatened the EU with 50% tariffs from the 1st June, he immediately agreed to extend the deadline, stating, "I agreed to the extension, (to the) 9th July. It was my privilege to do so!"

Mind you, it has had an impact Overnight, both President Trump and President of the European Commission Ursula von der Leyen agreed to fast track trade talks and keep in close contact. I suspect for Ursula, close is ... close enough!

In other headlines, the FT has reported the Trump media group plans to raise USD3bn ... to spend invest in cryptocurrencies.

With the US and UK markets being closed for holidays, liquidity was drained from financial markets ... but what was open rallied, including the NZD and AUD which performed strongly in the Asian session, although the majority of those gains were given up in the European session. The NZD was the strongest performer, especially on the crosses, while the AUD is currently trading below yesterday's open, which has seen NZD/AUD firm to the 0.9255 level. The USD-index fell 0.2%.

European and Asian indices jumped on their opening, as did US equity futures, following the Trump EU tariff extension announcement. Exchanges were 0.8% to 1.5% higher.

Central bank chit-chat

ECB President Christine Lagarde announced, "The EUR is currently the 2nd global reserve currency (20% share), far behind the USD (58%). US policy offers the chance to boost the EUR's global role. This is a prime opportunity for Europe to take greater control of its destiny."

Fed member Neel Kashkari gave a speech, stating, "I'm not sure if the picture will be 'clear enough by September'. We will have to see what the data says, and also how trade negotiations progress. If the US can strike trade deals in the coming months, that should provide a lot of clarity. Immigration policy is also causing businesses to rethink investment plans."

Chinese Premier Li Qiang confirmed that China is studying new policy tools, including some "unconventional measures" in the face of an international economic and trade order that is "under severe impact. The fragmentation of industry and supply chains has deepened, and trade barriers have increased, which has had a great impact on the economic development of all countries."

It's not a surprise, but the RBNZ Shadow Board recommended a 25bp OCR rate cut this week.

The UK's Supreme Court ...

... is poised to rule on the case of two former City traders jailed for rigging interest rates during the GFC. The 2 were among 37 City traders prosecuted for "manipulating" the Libor and Euribor daily fixings. The court case comes after evidence emerged that central bankers and government officials pressured banks to engage in 'similar conduct' in an effort to calm financial markets and restore confidence amid the chaos that was the GFC. No central banker or government official was ever prosecuted, while a US appeal court decided such conduct wasn't a crime after all, nor even against any rules!

That's a concern ... summer holiday bookings to Japan have plummeted after a prophet predicted a massive earthquake and tsunami in July. Doomsayers say the author had also correctly predicted the 2011 disaster!



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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	69.40					CAD	0.8244 0.8908
NZD/USD	0.6002	0.0006	0.0019	0.0040	0.0069	CHF	0.4924 0.5323
NZD/AUD	0.9254	0.0006	0.0015	0.0027	0.0042	CNY	4.3157 4.6687
NZD/JPY	85.690	-0.23	-0.61	-1.19	-2.28	DKK	3.9317 4.2488
NZD/EUR	0.5272	-0.0006	-0.0016	-0.0031	-0.0066	FJD	1.3344 1.4421
NZD/GBP	0.4425	0.0004	0.0012	0.0025	0.0043	HKD	4.7024 5.0816
						KRW	820.68 886.88
AU TWI	60.10					MYR	2.5294 2.7334
AUD/USD	0.6485	0.0003	0.0010	0.0023	0.0043	NOK	6.0587 6.5474
AUD/NZD	1.0800	-0.0007	-0.0020	-0.0034	-0.0056	SEK	5.7061 6.1663
AUD/JPY	93.00	-0.30	-0.82	-1.56	-2.89	SGD	0.7703 0.8325
AUD/EUR	0.5696	-0.0010	-0.0027	-0.0051	-0.0097	TWD	17.95 19.40
AUD/GBP	0.4780	0.0001	0.0005	0.0012	0.0023	ZAR	10.72 11.58
USD Index	98.99					EQUITIES	
EUR/USD	1.1384	0.0024	0.0070	0.0142	0.0274		Index
USD/JPY	142.77	-0.53	-1.48	-2.91	-5.37	NZX50	12,547
GBP/USD	1.3561	0.0002	0.0006	0.0013	0.0018	ASX200	8,361
EUR/GBP	0.8393	0.0016	0.0046	0.0096	0.0186	Dow Jones	41,603
USD/CNY	7.1865	-0.0201	-0.0528	-0.1037	-0.2075	S&P 500	5,803
						FTSE100	8,718
						DAX 30	24,028
						Nikkei	37,532
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.38%		3.79%		Brent Crude	64.81
90 day bank bills		3.27%		3.76%		Gold	3,342.79
1 year swap		3.12%		3.38%		Silver	33.35
2 year swap		3.18%		3.28%		Iron Ore	99.81
3 year swap		3.31%		3.33%		CRB Index	362.79
5 year swap		3.59%		3.74%			
10 year swap		4.13%		4.21%			
3 year Govt bond		3.58%		3.45%			
5 year Govt bond		3.97%		3.74%			
10 year Govt bond		4.69%		4.48%		NZ Carbon	55.00

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