

# Market Alert

Wednesday 28 May 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5948	0.0039
NZD/AUD	0.9231	0.0028
NZD/JPY	85.880	-1.17
NZD/EUR	0.5250	-0.0031
NZD/GBP	0.4404	0.0025
NZD/CNH	4.2815	-0.0360
AUD/USD	0.6442	0.0022
AUD/EUR	0.5686	-0.0051
EUR/USD	1.1328	0.0140
USD/CNH	7.1919	-0.1066
GBP/USD	1.3503	0.0011
EUR/GBP	0.8387	0.0095

  

INT RATES	NZ	Australia
OCR/Cash	3.50%	3.85%
90 day bills	3.27%	3.75%
2 year swap	3.11%	3.26%
10 year Govt	4.65%	4.40%

## Watch out ... there's a new sheriff in town!

It's the job he's dreamt about since he was a little boy, and this afternoon his dreams come true! Yes, Christian Hawkesby will today stand in front of the world's press (well ... reporters from Stuff, TVNZ and the Waiheke Gulf News) and update the world following today's RBNZ MPS meeting. Will he be an under-cover hawk, an over the top dove ... only time will tell, but the market has baked in a 25bps cut with the focus being on the statement, the central bank's updated forecasts, and Christian's performance at the post-meeting press confidence. Watch out Christian ... the world's press can be a cruel mistress!

## With the UK and US markets re-opening ...

following their bank holidays, there was

a surprising amount of optimism. Global equity markets were buoyant with the European exchanges 0.3%-1.0% higher, while the US bourses rallied strongly, playing catch-up following the weekend's EU tariff extensions, rallying 1.8%-2.3%! Strangely, commodity markets were broadly lower with most products 1.0% to 2.0% lower. Oil fell 1.0% with crude back below the USD61.00 level, gold prices eased 1.3%, while copper prices plummeted 2.0%.

US bond yields are lower this morning after investors returned from their long weekend with renewed interest in US assets. The yield on the US 2-year treasury fell by 2bps to 3.98%, the 10-year yield eased 4bps to 4.47%, while the 30-year yield dropped 5bps to fall back below the 5.00% level. Lower prices, and the distinct flattening bias, will generate similar moves on the NZ and AU curves this morning. Interestingly, the US Treasury issued USD69bn of 2-year notes this morning at a high yield of 3.96%, which was 1bps better than the 'when issued' yield of 3.97%, signalling stronger-than-expected demand. It should also be noted that the Japanese 10-year government bond yield fell to 1.47% this morning, marking its 3rd straight session of declines. These moves are important in that it signals future issuance will likely be driven to the shorter end of yield curves as governments look to reduce the issuance of super-long bonds in an effort to stabilise global bond markets.

FX markets saw the commodity currencies give up some of their recent gains after the USD-index firmed 0.5%. The NZD and AUD were the 'biggest losers' falling 0.9% and 0.7% respectively,

which saw the NZD/AUD ease back to the 0.9225 level.

The overnight releases were all pretty ho-hum ...

- US durable goods orders fell 6.3% in April, reversing March's distorted 7.6% rise, as commercial aircraft orders fell 51.0%.

- The Atlanta Fed GDPNow growth estimate for Q2 fell from 2.4% to 2.2%.

- US consumer confidence for May reached 98.0 versus the 87.0 estimate.

- Eurozone May final consumer confidence printed at -15.2

- German consumer confidence firmed to -19.9 in June from May's revised -20.8.

- UK May CBI retailing reported sales fell to -27 from April's -8.

- Chinese industrial profits rallied 3.0% in April from 12-months ago, which was better than March's 2.6% gain.

BoJ Governor Ueda summed up what most central bankers are thinking when he stated, "While many of my G7 colleagues look relieved by progress made in the fight against inflation, they also acknowledged new challenges such as heightened trade policy uncertainty and dealing with more frequent supply side shocks. In Japan we are still grappling with longstanding challenge of achieving our 2% inflation target in sustainable manner. While we are now closer to our inflation target than any time during the last few decades, we are not quite there. Japan's real policy rate remains deeply negative."

The ECB's Philip Lane stated, "The ECB's task to bring inflation back to 2.0% is mostly completed."



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# Daily Rates

Wednesday 28 May 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.20					CAD	0.8216 0.8900
NZD/USD	0.5948	0.0006	0.0019	0.0039	0.0066	CHF	0.4920 0.5331
NZD/AUD	0.9231	0.0006	0.0016	0.0028	0.0038	CNY	4.2764 4.6315
NZD/JPY	85.880	-0.22	-0.61	-1.17	-2.30	DKK	3.9141 4.2399
NZD/EUR	0.5250	-0.0006	-0.0016	-0.0031	-0.0068	FJD	1.3283 1.4389
NZD/GBP	0.4404	0.0004	0.0012	0.0025	0.0043	HKD	4.6617 5.0498
						KRW	817.58 885.63
AU TWI	59.90					MYR	2.5186 2.7282
AUD/USD	0.6442	0.0003	0.0010	0.0022	0.0043	NOK	6.0383 6.5409
AUD/NZD	1.0825	-0.0007	-0.0020	-0.0035	-0.0059	SEK	5.7177 6.1936
AUD/JPY	92.73	-0.29	-0.82	-1.56	-2.89	SGD	0.7663 0.8301
AUD/EUR	0.5686	-0.0010	-0.0027	-0.0051	-0.0098	TWD	17.82 19.30
AUD/GBP	0.4769	0.0001	0.0005	0.0012	0.0026	ZAR	10.67 11.56
USD Index	99.60					EQUITIES	
EUR/USD	1.1328	0.0023	0.0068	0.0140	0.0270		Index
USD/JPY	144.39	-0.52	-1.49	-2.93	-5.39	NZX50	12,582
GBP/USD	1.3503	0.0002	0.0006	0.0011	0.0011	ASX200	8,408
EUR/GBP	0.8387	0.0016	0.0047	0.0095	0.0190	Dow Jones	42,344
USD/CNY	7.195	-0.0179	-0.0509	-0.1018	-0.2065	S&P 500	5,922
						FTSE100	8,778
						DAX 30	24,226
						Nikkei	37,724
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.37%		3.79%		Brent Crude	64.21
90 day bank bills		3.27%		3.75%		Gold	3,303.38
1 year swap		3.11%		3.37%		Silver	33.23
2 year swap		3.16%		3.27%		Iron Ore	99.81
3 year swap		3.29%		3.28%		CRB Index	360.63
5 year swap		3.56%		3.68%			
10 year swap		4.09%		4.14%			
3 year Govt bond		3.55%		3.41%			
5 year Govt bond		3.94%		3.69%			
10 year Govt bond		4.65%		4.40%		NZ Carbon	54.75

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