

Market Alert

Wednesday 11 June 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6049	0.0037
NZD/AUD	0.9273	0.0021
NZD/JPY	87.645	-1.22
NZD/EUR	0.5294	-0.0033
NZD/GBP	0.4480	0.0022
NZD/CNH	4.3430	-0.0350
AUD/USD	0.6522	0.0024
AUD/EUR	0.5708	-0.0049
EUR/USD	1.1426	0.0140
USD/CNH	7.1887	-0.1010
GBP/USD	1.3500	0.0016
EUR/GBP	0.8460	0.0093

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.32%	3.77%
2 year swap	3.21%	3.26%
10 year Govt	4.69%	4.34%

It's not the biggest surprise in the world ...

... but the World Bank has joined the extensive list of global organisations calling for lower global growth after drastically cutting its forecasts for the advanced economies and warning of a stagnant global economy in H2 2025. Its latest update shows a lowering of its 2025 global growth forecast from 2.7% to 2.3%, which would be the weakest growth in 17-years, with the 2026 forecast also lowered from 2.7% to 2.4%. The rationale for the downgrades was the usual ... "Global growth is slowing due to a substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment." It also added that should the trade disputes be resolved with agreements that halve the current tariffs, global growth could be stronger by about 0.2% over the course of 2025

and 2026.

In New Zealand, we finally get the Q1 GDP update, a mere three months after the quarter ended. The RBNZ is expecting a 0.4% print, although some of the local banks have upgraded their calls to 0.7%, which was the Q4 print.

The other releases were predominately second tier with ...

- US small business sentiment increased to 98.8 in May, its highest in three months, compared to 95.8 in April and forecasts at 95.9.

- UK retail sales grew by just 0.6% on a like-for-like basis in May 2025, a steep decline from the 6.8% increase recorded in April.

- UK wage growth, excluding bonuses, rose 5.2% on the year in the three months to April. It was the lowest gain in the last 7-months.

- Australian consumer confidence firmed to 92.6% in June, business confidence rose from -1 to 2, while business conditions fell from 2 to 0.

- China is tapping its USD1.5 trillion housing provident fund to support its property sector, with the government program outpacing bank mortgage lending.

Japanese Finance Minister Kato stressed that in a rising interest rate environment, "It's important for the government to make efforts to ensure a variety of investors buy and own government bonds, at a time when the BoJ tapers its bond purchases." This comes amid rumours the government is considering buying back some of the super-long bonds it issued at low interest

rates, on top of an expected government plan to trim issuance.

Word on the street is that US Treasury Secretary Scott Bessent has the inside track to succeed Fed Chair Jerome Powell when his term expires in May 2026.

ECB Governing Council member Olli Rehn announced, "In the short term, inflation will slow below the ECB's objective, mainly due to lower energy prices and a stronger EUR exchange rate. At the same time, it is important to note that the effects of tariffs on inflation are highly uncertain." Colleague Boris Vujcic was even more explicit stating, "There is no need to discuss a rate cut until September."

US stocks opened higher ...

... as edgy investors awaited any signals from the US-China trade talks, which appear to be going well, the US exchanges are 0.25%-0.50% higher, although the Asian and European bourses closed -0.25% to -0.75% lower. Commodities were mixed, with energy products broadly -0.5% lower.

Treasury yields rose ahead of the 3-year auction where the US treasury auctioned off USD58bn. The auction saw a high yield of 3.972%, which was marginally higher than the last auction. All up, it wasn't a great result, which lifted the short-end of the yield curve, with the 2-years 1bps higher at 4.02% while the 10-years eased 1bps to 4.47%.

FX markets were stagnant with the GBP the worst performer.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Wednesday 11 June 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.70					CAD	0.8270 0.8920
NZD/USD	0.6049	0.0006	0.0019	0.0037	0.0064	CHF	0.4974 0.5367
NZD/AUD	0.9273	0.0005	0.0013	0.0021	0.0031	CNY	4.3417 4.6859
NZD/JPY	87.645	-0.22	-0.63	-1.22	-2.36	DKK	3.9471 4.2572
NZD/EUR	0.5294	-0.0006	-0.0016	-0.0033	-0.0067	FJD	1.3408 1.4461
NZD/GBP	0.4480	0.0004	0.0012	0.0022	0.0037	HKD	4.7459 5.1187
						KRW	825.67 890.53
AU TWI	60.10					MYR	2.5597 2.7608
AUD/USD	0.6522	0.0003	0.0011	0.0024	0.0045	NOK	6.1072 6.5870
AUD/NZD	1.0778	-0.0007	-0.0016	-0.0028	-0.0042	SEK	5.7988 6.2543
AUD/JPY	94.17	-0.29	-0.82	-1.55	-2.88	SGD	0.7779 0.8390
AUD/EUR	0.5708	-0.0010	-0.0026	-0.0049	-0.0093	TWD	18.07 19.49
AUD/GBP	0.4830	0.0001	0.0005	0.0012	0.0022	ZAR	10.71 11.55
USD Index	98.98					EQUITIES	
EUR/USD	1.1426	0.0024	0.0070	0.0140	0.0268		Index
USD/JPY	144.86	-0.52	-1.49	-2.89	-5.38	NZX50	12,564
GBP/USD	1.3500	0.0002	0.0007	0.0016	0.0029	ASX200	8,587
EUR/GBP	0.8460	0.0017	0.0047	0.0093	0.0176	Dow Jones	42,867
USD/CNY	7.187	-0.0176	-0.0506	-0.1015	-0.2103	S&P 500	6,027
INTEREST		New Zealand		Australia		FTSE100	8,853
RATES		Mid		Mid		DAX 30	23,988
30 day bank bills			3.36%		3.81%	Nikkei	38,212
90 day bank bills			3.32%		3.77%	COMMODITIES	
1 year swap			3.21%		3.36%		USD
2 year swap			3.26%		3.27%	Brent Crude	66.61
3 year swap			3.39%		3.33%	Gold	3,327.91
5 year swap			3.65%		3.72%	Silver	36.52
10 year swap			4.16%		4.17%	Iron Ore	95.62
3 year Govt bond			3.65%		3.38%	CRB Index	366.85
5 year Govt bond			4.02%		3.64%	NZD	
10 year Govt bond			4.69%		4.34%	NZ Carbon	57.45

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED