

Market Alert

Thursday 12 June 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6030	0.0036
NZD/AUD	0.9274	0.0021
NZD/JPY	87.205	-1.24
NZD/EUR	0.5251	-0.0034
NZD/GBP	0.4452	0.0021
NZD/CNH	4.3430	-0.0346
AUD/USD	0.6501	0.0023
AUD/EUR	0.5660	-0.0049
EUR/USD	1.1483	0.0141
USD/CNH	7.1975	-0.1003
GBP/USD	1.3540	0.0015
EUR/GBP	0.8478	0.0094

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.31%	3.78%
2 year swap	3.23%	3.24%
10 year Govt	4.69%	4.38%

US CPI slightly below expectations

US CPI inflation was out overnight, with annual CPI meeting market expectations, up 2.4% for the May year, although on the month it was slightly lower than expected at 0.1% against forecasts of 0.2%. Core inflation was up 2.8% against forecasts of 2.9% for the year, and up 0.1% against forecasts of 0.3% for the month. Goods prices were unchanged over the year, while services prices had risen 0.2%.

The immediate market response was mixed, with Treasury yields falling, the USD dropping and the S&P 500 broadly sideways after the report. Currently, the 2-year US Treasury is at 3.94%, while the 10-year is at 4.41%. The

USD-Index is currently sitting at 98.67, with the NZD/USD near 0.6030 and the AUD/USD at 0.6500. There will be plenty of focus on US inflation pressures over the coming months, with tariff costs yet to fully be recognised and presenting a strong case for the Fed to remain on hold.

The US Budget Statement for May revealed a monthly deficit of USD316bn, less than the deficit of USD346bn from May 2024, although slightly higher than expectations of USD314bn. This was credited to higher tariff collections at the border, with USD23bn coming in through May – although a drop in the ocean compared to all the US government spending. The US fiscal deficit is on course to exceed USD2 trillion, an unsustainable path given the rising servicing costs.

We have a deal, maybe

Donald Trump has announced that the US and China have agreed to a trade deal, subject to final approval by both himself and Xi Jinping, where Beijing will supply magnets and rare earths “up front” to Washington, while in return the US will provide “what was agreed to”, which includes Chinese students once again being admitted to American colleges and universities. Alongside this, the US will impose a total of 55% tariffs on Chinese imports, including a 10% baseline tariff, a 20% levy related to fentanyl trafficking, and 25% from pre-existing tariffs. China will maintain its 10% tariff on all American imports. Hard to see how this

can be framed as a win for either party.

Meanwhile, US Treasury Secretary Scott Bessent testified on Capitol Hill, stating that it was “highly likely” that the Trump administration would extend the tariff deadline beyond the original 90-day pause for trading partners to “continue good-faith negotiations”, although he also stated that “If someone is not negotiating, then we will not.”

More Kiwis leaving

New Zealand’s migration numbers came out yesterday, revealing the number of Kiwi citizens leaving the country was a near match to the number of migrants coming into the country. Migrant arrivals were up 27% over the year, while departures increased 15%, with a net gain of 21,300 over the April year. Over the April month, migrant arrivals were down 9%, and departures were down 3%, with a net migration gain of just 100.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Thursday 12 June 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.80					CAD	0.8238 0.8882
NZD/USD	0.6030	0.0006	0.0019	0.0036	0.0061	CHF	0.4946 0.5335
NZD/AUD	0.9274	0.0005	0.0013	0.0021	0.0029	CNY	4.3466 4.6895
NZD/JPY	87.205	-0.22	-0.65	-1.24	-2.37	DKK	3.9164 4.2223
NZD/EUR	0.5251	-0.0006	-0.0017	-0.0034	-0.0068	FJD	1.3383 1.4428
NZD/GBP	0.4452	0.0004	0.0011	0.0021	0.0036	HKD	4.7323 5.1020
						KRW	826.30 890.86
AU TWI	60.30					MYR	2.5533 2.7528
AUD/USD	0.6501	0.0003	0.0011	0.0023	0.0044	NOK	6.0716 6.5459
AUD/NZD	1.0780	-0.0007	-0.0016	-0.0028	-0.0039	SEK	5.7669 6.2174
AUD/JPY	94.37	-0.29	-0.83	-1.55	-2.86	SGD	0.7744 0.8349
AUD/EUR	0.5660	-0.0009	-0.0026	-0.0049	-0.0092	TWD	18.00 19.41
AUD/GBP	0.4799	0.0001	0.0005	0.0012	0.0022	ZAR	10.69 11.52
USD Index	98.67					EQUITIES	
EUR/USD	1.1483	0.0024	0.0072	0.0141	0.0266		Index
USD/JPY	144.61	-0.50	-1.53	-2.90	-5.36	NZX50	12,606
GBP/USD	1.3540	0.0002	0.0007	0.0015	0.0021	ASX200	8,592
EUR/GBP	0.8478	0.0016	0.0048	0.0094	0.0180	Dow Jones	42,866
USD/CNY	7.1928	-0.0171	-0.0514	-0.1023	-0.2111	S&P 500	6,022
						FTSE100	8,864
						DAX 30	23,949
						Nikkei	38,421
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.36%		3.81%		Brent Crude	69.51
90 day bank bills		3.31%		3.78%		Gold	3,348.41
1 year swap		3.22%		3.35%		Silver	36.22
2 year swap		3.27%		3.25%		Iron Ore	95.47
3 year swap		3.39%		3.29%		CRB Index	371.50
5 year swap		3.64%		3.67%			
10 year swap		4.13%		4.13%			
3 year Govt bond		3.67%		3.43%			
5 year Govt bond		4.03%		3.69%			
10 year Govt bond		4.69%		4.38%		NZ Carbon	57.20

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