

Market Alert

Monday 16 June 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6024	0.0034
NZD/AUD	0.9292	0.0019
NZD/JPY	86.705	-1.22
NZD/EUR	0.5225	-0.0033
NZD/GBP	0.4443	0.0021
NZD/CNH	4.3430	-0.0365
AUD/USD	0.6483	0.0023
AUD/EUR	0.5623	-0.0049
EUR/USD	1.1527	0.0141
USD/CNH	7.1871	-0.1028
GBP/USD	1.3555	0.0015
EUR/GBP	0.8505	0.0091

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.30%	3.77%
2 year swap	3.24%	3.21%
10 year Govt	4.62%	4.24%

Where to start?

By now you will be aware of Friday's military attack from Israel on Iran, and the various tit-for-tat retaliatory strikes over the weekend. At this stage, financial markets appear to be holding up well amidst the uncertainty, but there is still a long way to go, and rumours of an escalation in the Middle East will continue to underpin volatility.

Israeli PM Benjamin Netanyahu reiterated the attacks targeted Iran's nuclear program and will continue until the threat is removed. The IAEA (International Atomic Energy Agency) has confirmed the key Iranian uranium enrichment plant has been destroyed. A US official confirmed President Trump vetoed Israeli plans to kill the Iranian supreme leader.

Friday saw oil prices surge 7.0%-8.0% after the attack, which has heightened concerns of a resurgence of inflationary pressures. This saw Treasury yields firm across the board with the 2 and 10-years firming 4bps to yield 3.96% and 4.41% respectively, which provided some support for the USD-Index, although the JPY and CHF were the biggest beneficiaries. The NZD and AUD also suffered some selling pressure, although the Australasian currencies held-up reasonably as the USD-Index has not benefited as one would normally expect in such circumstances - further proof that the US has lost some of its safe-haven status. Equity markets closed sharply lower on Friday as risk appetite faded, with markets -1.25% to -1.75% lower.

Although it was largely ignored

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... Friday's releases saw ...

- The University of Michigan's consumer sentiment index firmed to 60.5 in June, up from April and May's near-record low of 52.2.
- The Eurozone's trade surplus narrowed to EUR9.9 billion in April 2025, down from EUR13.6 billion a year earlier.
- Chinese banks extended CNY620bn in new yuan loans in May, up from April's CNY280bn.

The EU's Trade Commissioner, Ursula Von Der Leyen, confirmed she'd had a call with President Trump and had reiterated the Eurozone's commitment to reach a trade deal before 9 July.

The week ahead?

Let's be honest ... it's going to be all about one thing and one word ... geo-political ... but is that 1 word or 2?

Concerns will be of a heightening and expansion of the Israel-Iranian conflict, but beyond that, markets will also be watching for any new progress on trade negotiations between the US and its key partners, especially with the G7 Summit taking place in Canada. It's also a busy week for central banks, with the Fed, PBoC, BoJ, BoE and the Norwegian Norges bank all having meetings, with all of them expected to leave their interest rates unchanged. The outliers are the Swedish Riksbank and the Swiss National Bank, with both expected to cut interest rates by 25bps, with speculation the Swiss could undertake a deeper cut that could reintroduce negative rates. Looking at the data releases, we also have US retail sales, industrial production, house prices, import/export prices, business inventories, capital flows, and the New York Empire State and Philadelphia Fed manufacturing indexes. We also have the UK's May inflation and, from the Eurozone, consumer confidence, confirmation of the final CPI print, and the German ZEW economic sentiment index. In our part of the world, China will provide updates on industrial production and retail sales, Australia will provide its latest employment and wage reports, while stats NZ will (finally) publish Q1 2025 GDP.



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Daily Rates

Monday 16 June 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.50					CAD	0.8171	0.8814
NZD/USD	0.6024	0.0006	0.0018	0.0034	0.0060	CHF	0.4872	0.5250
NZD/AUD	0.9292	0.0004	0.0012	0.0019	0.0022	CNY	4.3353	4.6769
NZD/JPY	86.705	-0.22	-0.64	-1.22	-2.35	DKK	3.8802	4.1856
NZD/EUR	0.5225	-0.0006	-0.0017	-0.0033	-0.0069	FJD	1.3347	1.4397
NZD/GBP	0.4443	0.0003	0.0011	0.0021	0.0035	HKD	4.7174	5.0887
						KRW	821.33	885.97
AU TWI	59.80					MYR	2.5500	2.7507
AUD/USD	0.6483	0.0003	0.0011	0.0023	0.0044	NOK	5.9454	6.4133
AUD/NZD	1.0787	-0.0007	-0.0015	-0.0028	-0.0043	SEK	5.7034	6.1522
AUD/JPY	93.24	-0.28	-0.81	-1.54	-2.85	SGD	0.7707	0.8314
AUD/EUR	0.5623	-0.0009	-0.0026	-0.0049	-0.0094	TWD	17.75	19.15
AUD/GBP	0.4779	0.0001	0.0005	0.0011	0.0021	ZAR	10.77	11.62
USD Index	98.14					EQUITIES		
EUR/USD	1.1527	0.0023	0.0071	0.0141	0.0267		Index	
USD/JPY	143.86	-0.49	-1.49	-2.86	-5.30	NZX50	12,553	
GBP/USD	1.3555	0.0002	0.0008	0.0015	0.0023	ASX200	8,547	
EUR/GBP	0.8505	0.0015	0.0046	0.0091	0.0173	Dow Jones	42,197	
USD/CNY	7.181	-0.0163	-0.0502	-0.0997	-0.2072	S&P 500	5,976	
						FTSE100	8,851	
INTEREST		New Zealand		Australia		DAX 30	23,516	
RATES		Mid		Mid		Nikkei	37,834	
30 day bank bills		3.35%		3.80%		COMMODITIES		
90 day bank bills		3.30%		3.77%			USD	
1 year swap		3.20%		3.32%		Brent Crude	74.23	
2 year swap		3.26%		3.22%		Gold	3,432.19	
3 year swap		3.38%		3.26%		Silver	36.29	
5 year swap		3.61%		3.65%		Iron Ore	95.38	
10 year swap		4.09%		4.13%		CRB Index	379.93	
3 year Govt bond		3.65%		3.32%				
5 year Govt bond		3.99%		3.57%			NZD	
10 year Govt bond		4.62%		4.24%		NZ Carbon	57.50	

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