

Market Alert

Thursday 19 June 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6026	0.0036
NZD/AUD	0.9262	0.0018
NZD/JPY	87.460	-1.24
NZD/EUR	0.5251	-0.0033
NZD/GBP	0.4493	0.0021
NZD/CNH	4.3298	-0.0355
AUD/USD	0.6505	0.0025
AUD/EUR	0.5667	-0.0048
EUR/USD	1.1475	0.0140
USD/CNH	7.1948	-0.1023
GBP/USD	1.3412	0.0015
EUR/GBP	0.8554	0.0093

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.30%	3.75%
2 year swap	3.27%	3.24%
10 year Govt	4.67%	4.34%

Nothing to see here ...

... with this morning's FOMC announcement 'playing to the script!'

Starting with the headlines The Fed held its Fed Fund range at 4.25%-4.50%, although its members lowered their 2025 GDP estimate from 1.7% to 1.4%, and lifted their median inflation estimate for the end of 2025 to 3.0% from 2.7% in May. The statement highlighted that while, "uncertainty about the outlook has diminished, it is still elevated." The dot-plots highlighted the median interest-rate forecast for this year was unchanged with 2 x 25bps cuts by year end, although participants now see fewer cuts in 2026 and 2027, with just 1 x 25bps cut in each year.

At the Q&A session Chair Powell took a cautious approach, stressing that the market shouldn't read too much into the dot-plots stating, "With uncertainty as

elevated as it is, no one holds these rate paths with a lot of conviction. The divergence in the dot plot reflects the different economic forecasts. At some point, rate cuts will be appropriate, but we're not saying rate hikes are the base case; there is a lack of high conviction on our rate path." On inflation, he stressed that while "Inflation has eased significantly from its highs in mid-2022, it remains somewhat elevated relative to our 2.0% longer run goal," adding that, "We are starting to see tariff impacts. We feel like we will learn a great deal more over the summer on tariffs," i.e., we are expecting it to start impacting inflation!

The market reaction was fairly subdued after the initial release, which saw the NZD/USD trade in a 0.6018-0.6048 range before stabilising around the 0.6025 level, while the AUD/USD ranged between 0.6495-0.6525 before stabilising just above 0.6500.

US Treasury yields were also quiet with the 2-years currently trading 2bps lower at 3.95%, while the 10-years remains flat on the day at 4.39%. Equity and commodity markets are broadly flat as well.

Breaking the other releases down

... the overnight data highlights ...

- The Swedish Riksbank cut its policy rate by 25bps to 2.00% in June, which was in line with expectations with the country's economic recovery slowing and inflation easing.
- US initial jobless claims fell 5k to 245k, while continuing claims remained close to last week's 3-year 1,951k high at 1,945k.

- US housing starts plummeted 9.8% in May to a seasonally adjusted annual rate of 1.3m, slightly lower than April's upwardly revised 1.4m.

- Eurozone inflation dipped below the ECB's 2.0% target for the first time since September 2024, falling from April's 2.2% to 1.9% in May.

- UK inflation edged down to 3.4% in May from April's 3.5%, which was in line with expectations. Core inflation eased from 3.8% to 3.5%.

- Japan's trade deficit increased in the year to May to JPY637.6bn from April's JPY115.8bn. Exports fell 1.7%, while imports plummeted 7.7%.

- The Australian Melbourne Institute economic activity index eased to -0.1% in May from April's 0.0%. The expectation is that 2025-year end growth will reach 1.7%, which is slightly lower than prior projections.

- New Zealand's seasonally adjusted current account deficit narrowed by NZD53m to NZD5.5bn in Q1.

- NZ consumer confidence firmed to 91.2 from Q1's 89.2, projecting a still negative outlook given the reading was below 100.

So Where to from here?

To be honest with you, despite the Fed and Riksbank announcements and all of the data releases, the actual market activity was extremely quiet. In fact, the most interesting thing I've seen this morning was some college kid walking to school at 6:40am with no jersey and in shorts ... see ... there are a couple of tuff JAFAs out there!



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Daily Rates

Thursday 19 June 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.70					CAD	0.8252	0.8910
NZD/USD	0.6026	0.0006	0.0018	0.0036	0.0060	CHF	0.4936	0.5329
NZD/AUD	0.9262	0.0004	0.0011	0.0018	0.0026	CNY	4.3456	4.6848
NZD/JPY	87.460	-0.21	-0.65	-1.24	-2.40	DKK	3.9160	4.2280
NZD/EUR	0.5251	-0.0006	-0.0016	-0.0033	-0.0067	FJD	1.3377	1.4443
NZD/GBP	0.4493	0.0004	0.0011	0.0021	0.0035	HKD	4.7295	5.1063
						KRW	828.69	894.71
AU TWI	60.10					MYR	2.5594	2.7629
AUD/USD	0.6505	0.0003	0.0012	0.0025	0.0045	NOK	6.0109	6.4898
AUD/NZD	1.0792	-0.0006	-0.0014	-0.0024	-0.0036	SEK	5.8128	6.2759
AUD/JPY	94.15	-0.30	-0.83	-1.55	-2.91	SGD	0.7741	0.8358
AUD/EUR	0.5667	-0.0009	-0.0025	-0.0048	-0.0093	TWD	17.81	19.22
AUD/GBP	0.4849	0.0001	0.0006	0.0012	0.0023	ZAR	10.85	11.71
USD Index	98.94					EQUITIES		
EUR/USD	1.1475	0.0024	0.0072	0.0140	0.0262		Index	
USD/JPY	145.15	-0.52	-1.54	-2.93	-5.43	NZX50	12,627	
GBP/USD	1.3412	0.0002	0.0008	0.0015	0.0024	ASX200	8,531	
EUR/GBP	0.8554	0.0016	0.0048	0.0093	0.0177	Dow Jones	42,172	
USD/CNY	7.1888	-0.0158	-0.0491	-0.0970	-0.2046	S&P 500	5,991	
						FTSE100	8,843	
INTEREST		New Zealand	Australia			DAX 30	23,318	
RATES		Mid	Mid			Nikkei	38,885	
30 day bank bills		3.34%	3.77%			COMMODITIES		
90 day bank bills		3.30%	3.75%				USD	
1 year swap		3.21%	3.34%			Brent Crude	76.39	
2 year swap		3.29%	3.25%			Gold	3,366.56	
3 year swap		3.42%	3.30%			Silver	36.58	
5 year swap		3.67%	3.69%			Iron Ore	94.86	
10 year swap		4.15%	4.14%			CRB Index	385.67	
3 year Govt bond		3.68%	3.39%				NZD	
5 year Govt bond		4.03%	3.65%			NZ Carbon	58.65	
10 year Govt bond		4.67%	4.34%					

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