

Market Alert

Monday 23 June 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5951	0.0035
NZD/AUD	0.9257	0.0018
NZD/JPY	87.010	-1.23
NZD/EUR	0.5188	-0.0033
NZD/GBP	0.4440	0.0020
NZD/CNH	4.3298	-0.0358
AUD/USD	0.6426	0.0024
AUD/EUR	0.5600	-0.0047
EUR/USD	1.1465	0.0139
USD/CNH	7.1772	-0.1011
GBP/USD	1.3399	0.0015
EUR/GBP	0.8554	0.0091

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.29%	3.74%
2 year swap	3.27%	3.21%
10 year Govt	4.67%	4.27%

Where to start?

We could congratulate the Crusaders, discuss the disappointment of the 2nd half of the Warrior's game, or tell an amusing story as to how I was woken at 10:40am on Friday morning for a 10:30am call into Australia ... but ultimately, this morning's headlines will revolve around the US military's involvement in the Israel-Iran conflict ... with the key question being ... how will Iran, and specifically Supreme Leader Ali Khamenei, respond?

Iran has announced it reserves all options after the "outrageous" US strikes, while state-owned Iranian TV has reported, "Parliament has reached the conclusion that the Strait of Hormuz should be closed, but the final decision in this regard lies with the Supreme National Security Council."

No doubt this will be enough to maintain the bid tone in oil markets, with crude

last trading around the USD74.00 level with Brent at USD77.25, although most other commodities prices closed last week in negative territory. On Friday, ahead of the US attacks, rumours were circulating, which saw equity markets 'treading water' between -0.5% and +0.5%, while treasury yields flatlined with the 2-years 1bps lower at 3.92%, while the 10-years was flat at 4.38%. The USD had a positive session, which has continued with this morning's open, with the AUD and the NZD the 'biggest losers' with the AUD/USD opening 0.7% lower at 0.6440, while the NZD/USD has eased 0.4% to 0.5950, which has seen the NZD/AUD cross firm to 0.9250.

But ... looking at the BAU releases ...

- The Philadelphia Fed's manufacturing index held steady at -4.0 in June with manufacturing activity subdued amid signs of slowing demand and a weakening of the labour market.
 - German producer prices fell for a 3rd consecutive month to record their sharpest drop since September 2024, falling by 1.2% in May following on from April's 0.9% drop.
 - Foreign direct investment (FDI) into China declined by 13.2% to CNY358.2bn (USD49.9bn) in the January-May 2025 period compared to a year ago.
- Fed Governor Christopher Waller suggested the tariffs may not be a significant boost to US inflation, stating, "I think we're in the position that we could (cut) as early as July. If you're starting to

worry about the downside risks (to the labour market, move now, don't wait. That would be my view, but whether the committee would go along with it or not ..." although, colleague Mary Daly suggested she would be more comfortable waiting, stating, "Businesses are telling me that's they're going to look for some resolution to the uncertainty. I think we want to be thoughtful enough to collect the information. So for me, I look more to the fall, and by then we'll have quite a bit more information."

The week ahead ...

... well, we can talk about the releases, but let's be honest, this week will be all about the geo-political fallout. Nonetheless, looking at the releases ...

Chair of the Federal Reserve, Jerome Powell, is due to testify before Congress, while various other FOMC officials are due to give speeches. From the US, we also have the PCE inflation report, durable goods orders, the trade balance, consumer confidence, the Q1 current account balance, and the final Q1 GDP release. We have the 'flash PMI' prints for various economies - including the US, UK, Eurozone, and Japan - while Germany will provide its latest GfK consumer sentiment index. In the UK, attention turns to final Q1 GDP and the current account balance, we have the Chinese National People's Congress meeting from 24 to 27 June, Japanese retail sales, unemployment, Tokyo's inflation, and the BoJ's Summary of Opinions, Australian inflation and job vacancies, and from NZ, employment and consumer confidence.



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Daily Rates

Monday 23 June 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.50					CAD	0.8178
NZD/USD	0.5951	0.0006	0.0018	0.0035	0.0057	CHF	0.4869
NZD/AUD	0.9257	0.0004	0.0011	0.0018	0.0023	CNY	4.2842
NZD/JPY	87.010	-0.21	-0.64	-1.23	-2.39	DKK	3.8513
NZD/EUR	0.5188	-0.0006	-0.0017	-0.0033	-0.0068	FJD	1.3305
NZD/GBP	0.4440	0.0004	0.0011	0.0020	0.0034	HKD	4.6703
						KRW	816.84
AU TWI	60.10					MYR	2.5288
AUD/USD	0.6426	0.0003	0.0011	0.0024	0.0044	NOK	6.0012
AUD/NZD	1.0800	-0.0006	-0.0014	-0.0024	-0.0037	SEK	5.7664
AUD/JPY	94.24	-0.28	-0.81	-1.52	-2.85	SGD	0.7659
AUD/EUR	0.5600	-0.0009	-0.0025	-0.0047	-0.0091	TWD	17.57
AUD/GBP	0.4794	0.0001	0.0006	0.0012	0.0023	ZAR	10.79
							11.66
USD Index	98.77					EQUITIES	
EUR/USD	1.1465	0.0023	0.0071	0.0139	0.0258		Index
USD/JPY	146.19	-0.49	-1.51	-2.91	-5.36	NZX50	12,569
GBP/USD	1.3399	0.0002	0.0007	0.0015	0.0021	ASX200	8,506
EUR/GBP	0.8554	0.0016	0.0046	0.0091	0.0175	Dow Jones	42,207
USD/CNY	7.1785	-0.0169	-0.0501	-0.0985	-0.2040	S&P 500	5,968
						FTSE100	8,775
INTEREST		New Zealand		Australia		DAX 30	23,351
RATES		Mid		Mid		Nikkei	38,403
30 day bank bills			3.33%		3.76%	COMMODITIES	
90 day bank bills			3.29%		3.74%		USD
1 year swap			3.21%		3.31%	Brent Crude	77.01
2 year swap			3.29%		3.22%	Gold	3,367.98
3 year swap			3.41%		3.27%	Silver	35.99
5 year swap			3.66%		3.65%	Iron Ore	94.77
10 year swap			4.13%		4.09%	CRB Index	383.47
3 year Govt bond			3.67%		3.35%		
5 year Govt bond			4.03%		3.60%		NZD
10 year Govt bond			4.67%		4.27%	NZ Carbon	59.50

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