

# Market Alert

Thursday 26 June 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6040	0.0034
NZD/AUD	0.9275	0.0018
NZD/JPY	87.700	-1.23
NZD/EUR	0.5179	-0.0032
NZD/GBP	0.4419	0.0020
NZD/CNH	4.3315	-0.0356
AUD/USD	0.6511	0.0024
AUD/EUR	0.5583	-0.0046
EUR/USD	1.1660	0.0138
USD/CNH	7.1721	-0.0986
GBP/USD	1.3666	0.0012
EUR/GBP	0.8529	0.0092

  

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.30%	3.70%
2 year swap	3.13%	3.14%
10 year Govt	4.58%	4.21%

## Who's the Daddy now?

Well, it's President Trump according to Nato secretary general Mark Rutte who, on suggesting that the Iran and Israel conflict was like "two kids in a schoolyard" added, "And then daddy has to sometimes use strong language!" So ... who's your Daddy now!

## Looking at the headlines ...

- US house sales plunged by 13.7%, the most since June 2022, to an annualised 623,000 units in May.
- Australian May CPI update outperformed expectations easing from 2.4% to 2.1%, against expectations at 2.3%. But more importantly, the RBA's preferred measure, the trimmed mean, fell from 2.8% to 2.4%.

- Japanese services producer price index firmed from 3.1% to 3.3%, against expectations at 3.1%.

- New Zealand posted a trade surplus of NZD1.2bn in May, slightly lower than April's NZD1.3bn. On the year, exports rose 9.7% to NZD7.7bn, while imports rose 7.2% to NZD6.4bn. Export growth was broad-based, with shipments to the EU surging 41%, Chinese exports rose 13%, while Australia bound products firmed 10%. On the import side, only purchases from China increased, firming 4%, while imports declined from the US by 34%, Australia 5%, and the EU 2%.

Unlike Adrian Orr's RBNZ, the Fed is planning to loosen its 'big banks' capital requirements from 5.0% to a range of 3.5%-4.5%. Meanwhile, the highlights from Jerome Powell's 2nd day of testimony to Congress included, "Changes to forecasts partly reflect the trade policy effects. We are open to the possibility that tariffs translate to inflation will be more, or less, than we think. We don't consider Federal debt in monetary policy decisions. There are enormous benefits to having the US-dollar as the global reserve currency. The bond market is functioning well. Stagflation is not our base case. If there were stagflation, it would put the Fed in a difficult position."

President Trump confirmed he is considering three or four candidates for next Fed chair, while he also dismissed reports that Iranian plants had only been partly damaged and that the enriched uranium had been removed as 'fake news'.

The summary of the BoJ's June policy

meeting highlighted that while some members urged keeping rates steady due to uncertainty over the impact of US tariffs on Japan's economy, others argued that inflation was stronger than expected, with one suggesting the central bank may need to raise rates "decisively" despite the economic risks.

## Summing it all up!

While it was a relatively quiet session, there were some noticeable moves. Most significant was the move in EUR/USD with the pair rallying to its highest level since October 2021 at the 1.1660 level, while the Barclays' month-end model signalled there will be further USD selling. In amongst all this, the NZD and AUD both made noticeable gains against the USD and the JPY, while the NZD/AUD cross firmed from 0.9250 to 0.9275 following yesterday's Australian CPI release.

Treasury yields were quiet following the USD70bn 5-year auction which went reasonably well, adding 0.5bps to the 5-year on the run yield. The 2-years fell 0.5bps to 3.79%, while the 10-years fell 1bps to 4.29%. The pass through is noticeable on local swap rates which have also spent the last few days easing lower, contrary to the RBNZ's outlook.

Commodity trading saw oil bounce back from its biggest two-day decline since 2022, rallying 1.2%, although commodities were broadly flat, as were equity markets.



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# Daily Rates

Thursday 26 June 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.50					CAD	0.8283	0.8930
NZD/USD	0.6040	0.0006	0.0018	0.0034	0.0056	CHF	0.4857	0.5238
NZD/AUD	0.9275	0.0005	0.0011	0.0018	0.0022	CNY	4.3207	4.6584
NZD/JPY	87.700	-0.22	-0.65	-1.23	-2.37	DKK	3.8636	4.1656
NZD/EUR	0.5179	-0.0005	-0.0016	-0.0032	-0.0064	FJD	1.3396	1.4443
NZD/GBP	0.4419	0.0004	0.0011	0.0020	0.0035	HKD	4.7406	5.1111
						KRW	820.78	884.94
AU TWI	59.90					MYR	2.5575	2.7574
AUD/USD	0.6511	0.0003	0.0012	0.0024	0.0041	NOK	6.1163	6.5954
AUD/NZD	1.0780	-0.0006	-0.0014	-0.0023	-0.0034	SEK	5.7259	6.1744
AUD/JPY	94.45	-0.28	-0.82	-1.51	-2.80	SGD	0.7715	0.8318
AUD/EUR	0.5583	-0.0009	-0.0024	-0.0046	-0.0086	TWD	17.69	19.07
AUD/GBP	0.4763	0.0002	0.0006	0.0013	0.0024	ZAR	10.71	11.55
USD Index	97.69					<b>EQUITIES</b>		
EUR/USD	1.1660	0.0024	0.0072	0.0138	0.0254		<b>Index</b>	
USD/JPY	145.20	-0.50	-1.52	-2.85	-5.19	NZX50	12,461	
GBP/USD	1.3666	0.0002	0.0007	0.0012	0.0015	ASX200	8,559	
EUR/GBP	0.8529	0.0016	0.0048	0.0092	0.0173	Dow Jones	42,982	
USD/CNY	7.1764	-0.0159	-0.0489	-0.0944	-0.1962	S&P 500	6,089	
						FTSE100	8,719	
<b>INTEREST</b>		<b>New Zealand</b>	<b>Australia</b>			DAX 30	23,498	
<b>RATES</b>		Mid	Mid			Nikkei	38,942	
30 day bank bills		3.33%	3.72%			<b>COMMODITIES</b>		
90 day bank bills		3.30%	3.70%				<b>USD</b>	
1 year swap		3.14%	3.24%			Brent Crude	67.93	
2 year swap		3.18%	3.15%			Gold	3,334.78	
3 year swap		3.31%	3.20%			Silver	36.31	
5 year swap		3.56%	3.59%			Iron Ore	94.63	
10 year swap		4.04%	4.05%			CRB Index	364.17	
3 year Govt bond		3.58%	3.26%				<b>NZD</b>	
5 year Govt bond		3.95%	3.52%			NZ Carbon	59.70	
10 year Govt bond		4.58%	4.21%					

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