Market Alert

CURRENCIES	Spot	6mths
NZD/USD	0.6064	0.0034
NZD/AUD	0.9257	0.0017
NZD/JPY	87.550	-1.20
NZD/EUR	0.5180	-0.0031
NZD/GBP	0.4415	0.0021
NZD/CNH	4.3433	-0.0336
AUD/USD	0.6550	0.0024
AUD/EUR	0.5595	-0.0045
EUR/USD	1.1705	0.0136
USD/CNH	7.1631	-0.0958
GBP/USD	1.3732	0.0011
EUR/GBP	0.8523	0.0091

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.29%	3.67%
2 year swap	3.12%	3.13%
10 year Govt	4.56%	4.20%

The Wall Street Journal moves markets!

Yes, it's true … in a throwback to the golden age of journalism, a WSJ article suggested President Trump is mulling whether to announce Jerome Powell's successor by September or October in a bid to undermine the Fed Chair … even though his term isn't due to end until May 2026. By all accounts, Trump is considering former Fed governor Kevin Warsh, National Economic Council director Kevin Hassett, former World Bank President David Malpass, or Fed Governor Christopher Waller, although US Treasury Secretary Scott Bessent is also being pitched by confidantes.

The WSJ report saw the USD-index fall to a 3-year low on the possibility of an accelerated cutting cycle, with the CHF, JPY and CAD the big winners, although it should also be noted that the EUR/USD has also been on a tear, rallying above the 1.1700 level, while the NZD and AUD have reclaimed the 0.6060 and 0.6550 levels.

The report also weighed on treasury yields with the 2-years falling 7bps to 3.73%, while the 10-years eased 4bps to 4.25%, its lowest level since May. From a technical perspective, the move opens up room for a further extension lower, which will weigh on local swap rates, which raises the question as to when does the move become over-extended.

US data tells a depressing story!

• First up, Q1 GDP contracted by an annualised rate of 0.5% in Q1, which was a lot worse than the prior estimate of -0.2%.

• Adding to economic woes, goods exports plunged 5.2% in May, which saw the trade deficit expand 11% to USD96.6bn.

• While continuing jobless claims jumped 37k to their highest level since 2021 at 1,974k. The positives were that initial claims eased 10k to 236k and that new orders for manufactured goods jumped by 16.4% to USD343.6bn in May, the sharpest increase since July 2014.

• The Bank of Mexico lowered its key rate by 50bps to 8.00%, after annual inflation increased to 4.5%.

• The UK retail sales gauge fell sharply to -46 in June from -27 in May, marking the 9th consecutive monthly decline.

With the 90-day pause on the tariffs due to expire on the 8th and 9th July, the White House suggested the deadline is *"not critical. Perhaps they could be extended."*

The Fed has ordered US mortgage providers, Fannie Mae and Freddie Mac, to *"count cryptocurrency as an asset for a mortgage."*

The Fed's Susan Collins confirmed, *"The Fed has time to carefully assess the incoming data, but July is probably too early for a rate cut. The baseline outlook is to resume cutting later in the year,"* while colleague Michael Barr added, *"There is still considerable uncertainty on tariff policies and effects. Tariffs may at same time slow the economy and cause unemployment to rise. Monetary policy is well positioned to wait and see how economic conditions unfold."*

BoE Governor Andrew Bailey stated, *"The BoE won't be panicked into delivering faster rate cuts. They are likely to follow a gradual and careful downward trajectory."*

Chinese Premier Li announced, *"China's economy shows strong resilience and development potential. The economic data shows there will be stability in Q2. We will take forceful steps to boost consumption. China remains the biggest driving force for the world economy."*

China has begun issuing rare earth export licences to European firms, while BofA and Citi have raised their Chinese 2025 growth outlook, citing frontloaded demand.

Stop the press …

… it's been announced that Anna Wintour will step down as editor of US Vogue! Keep an eye out for the movie!

Finally, the CFA level-one pass rate steadied at 45% — remaining above its historic average.

Daily Rates

Friday 27 June 2025

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths		Spot Mid NZD/...	AUD/...
NZ TWI	69.50					CAD	0.8264	0.8930
NZD/USD	0.6064	0.0006	0.0018	0.0034	0.0054	CHF	0.4848	0.5240
NZD/AUD	0.9257	0.0004	0.0010	0.0017	0.0024	CNY	4.3447	4.6937
NZD/JPY	87.550	-0.22	-0.63	-1.20	-2.31	DKK	3.8633	4.1742
NZD/EUR	0.5180	-0.0006	-0.0016	-0.0031	-0.0064	FJD	1.3406	1.4485
NZD/GBP	0.4415	0.0004	0.0011	0.0021	0.0035	HKD	4.7585	5.1416
						KRW	822.50	888.72
AU TWI	60.00					MYR	2.5618	2.7680
AUD/USD	0.6550	0.0004	0.0012	0.0024	0.0040	NOK	6.1084	6.6002
AUD/NZD	1.0801	-0.0005	-0.0013	-0.0023	-0.0034	SEK	5.7506	6.2135
AUD/JPY	94.15	-0.28	-0.79	-1.49	-2.76	SGD	0.7724	0.8345
AUD/EUR	0.5595	-0.0009	-0.0024	-0.0045	-0.0085	TWD	17.66	19.08
AUD/GBP	0.4768	0.0002	0.0006	0.0013	0.0024	ZAR	10.82	11.69
USD Index	97.25					EQUITIES		Index
EUR/USD	1.1705	0.0024	0.0071	0.0136	0.0246			
USD/JPY	144.37	-0.51	-1.47	-2.78	-5.05	NZX50		12,480
GBP/USD	1.3732	0.0002	0.0007	0.0011	0.0010	ASX200		8,551
EUR/GBP	0.8523	0.0016	0.0047	0.0091	0.0171	Dow Jones		43,401
USD/CNY	7.1671	-0.0151	-0.0463	-0.0910	-0.1901	S&P 500		6,137
						FTSE100		8,736

INTEREST RATES	New Zealand Mid	Australia Mid		
			DAX 30	23,649
			Nikkei	39,585
30 day bank bills	3.33%	3.72%		
90 day bank bills	3.29%	3.67%	COMMODITIES	USD
1 year swap	3.15%	3.24%	Brent Crude	67.91
2 year swap	3.17%	3.14%	Gold	3,330.75
3 year swap	3.29%	3.20%	Silver	36.68
5 year swap	3.54%	3.58%	Iron Ore	94.52
10 year swap	4.03%	4.04%	CRB Index	366.18
3 year Govt bond	3.55%	3.26%		
5 year Govt bond	3.91%	3.51%		NZD
10 year Govt bond	4.56%	4.20%	NZ Carbon	59.50

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