

Market Alert

Friday 04 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6067	0.0034
NZD/AUD	0.9235	0.0013
NZD/JPY	87.965	-1.28
NZD/EUR	0.5163	-0.0034
NZD/GBP	0.4447	0.0019
NZD/CNH	4.3458	-0.0363
AUD/USD	0.6568	0.0026
AUD/EUR	0.5589	-0.0045
EUR/USD	1.1750	0.0143
USD/CNH	7.1700	-0.0999
GBP/USD	1.3641	0.0018
EUR/GBP	0.8609	0.0092
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.29%	3.63%
2 year swap	3.16%	3.19%
10 year Govt	4.60%	4.28%

Happy 4th of July ...

... and a good time to watch out the old classic ... Independence Day! Apparently, it's based on a true story ...

It was an extremely interesting session overnight following the stronger-than-expected US releases (below), but looking beyond the headlines, there weren't enough positives to change sentiment. The USD-index posted a modest gain as treasury yields firmed, but it under-performed, with the NZD and AUD largely at the same levels as per our close last night. It should be noted that the JPY weakened with NZD/JPY at 88.00 while NZD/AUD eased back to 0.9235. The 2-year yield gapped 9bps higher to 3.89%, while the 10-years firmed 7bsp to 4.35%, which will see local swap rates open higher this morning, while commodity prices were mixed, although oil prices sold off ahead of this weekend OPEC+ meeting.

Non-farm payrolls shock ...

... but as shocks go ... it was a good shock! In fact, the majority of the overnight US releases all surprised to the upside after ...

- US nonfarm payrolls rose by 147k in June, while the prior 2 months were also revised higher by 16k. The print was in line with the 12-month average gain of 146k and well above forecasts at 110k.
 - Digging into the detail, it wasn't as positive, with private payrolls only adding 74k workers.
 - This saw the unemployment rate surprisingly fall to 4.1% from 4.2%, against expectations of an increase to 4.3%.
 - Average hourly earnings fell from 0.4% to 0.2% on the month, and from 3.9% to 3.7% on the year.
 - Initial jobless claims came in at 233k against forecasts at 241k, while last week's continuing claims number was downgraded by 10k to 1,964k, which was where this week's print came in at.
 - The US trade deficit widened to USD71.5bn in May following April's downwardly revised USD60.3bn. Exports fell 4.0% to USD279bn while imports decreased 0.1% to USD350.5bn.
 - US ISM services PMIs rose to 50.8 in June from May's 49.9, slightly above forecasts of 50.5.
- Beyond the US ...
- The ECB minutes from their June meeting emphasised that officials delivered an eighth straight interest rate cut to safeguard inflation expectations and prevent unwarranted tightening in financial conditions citing the "highly uncertain" global conditions.

• Chinese Caixin services PMIs fell from 51.1 to 50.6, its slowest growth in 9 months. Following yesterday's 50.4 manufacturing print, the composite firmed from 49.6 to 51.3.

• The Australian final PMI services print saw a big jump from the preliminary 51.3 print, adjusted higher to 51.8, and while the manufacturing print was adjusted from 51.0 to 50.6. This saw the composite rise from 51.2 to 51.6.

• The Australian trade surplus fell from April's AUD5.413bn to AUD2.238bn, against expectations at AUD5.091bn. Exports fell -2.7% while imports grew by 3.8%.

• Prices in the NZ commodity index eased back in USD terms falling 2.3% in June, which locked in 11.0% gains for the year. In NZD terms the index fell 3.4% to record a 15.5% gain for the year.

BoJ board member Hajime Takata warned, "*The BoJ is currently only pausing its policy rate hike cycle, should continue to make 'gear shift' changes after certain period of wait-and-see. The BoJ may need to nimbly shift back to rate hike cycle in response to policy changes in the US, in addition to taking action in case downward pressure on the economy increases.*"

UK PM Starmer finally pledged support for Chancellor Rachael Reeves for "years to come!" That sounds like a Tui ad if I ever heard one!

Finally ...

... RIP Diogo ... a life well lived ... but he passed way to soon. Truly tragic. And in a double blow ... RIP Michael Madsen ... a super cool Mr. Blonde!



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Daily Rates

Friday 04 July 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.70					CAD	0.8230 0.8913
NZD/USD	0.6067	0.0006	0.0019	0.0034	0.0060	CHF	0.4824 0.5226
NZD/AUD	0.9235	0.0004	0.0009	0.0013	0.0024	CNY	4.3473 4.7102
NZD/JPY	87.965	-0.22	-0.64	-1.28	-2.40	DKK	3.8507 4.1701
NZD/EUR	0.5163	-0.0005	-0.0016	-0.0034	-0.0068	FJD	1.3403 1.4515
NZD/GBP	0.4447	0.0004	0.0010	0.0019	0.0031	HKD	4.7610 5.1558
						KRW	827.20 895.80
AU TWI	60.30					MYR	2.5594 2.7717
AUD/USD	0.6568	0.0004	0.0013	0.0026	0.0047	NOK	6.1062 6.6127
AUD/NZD	1.0826	-0.0005	-0.0012	-0.0024	-0.0040	SEK	5.8165 6.2989
AUD/JPY	94.59	-0.28	-0.80	-1.53	-2.79	SGD	0.7733 0.8375
AUD/EUR	0.5589	-0.0008	-0.0023	-0.0045	-0.0084	TWD	17.54 19.00
AUD/GBP	0.4812	0.0002	0.0006	0.0013	0.0024	ZAR	10.61 11.49
USD Index	97.17					EQUITIES	
EUR/USD	1.1750	0.0024	0.0073	0.0143	0.0263		Index
USD/JPY	144.97	-0.51	-1.50	-2.92	-5.26	NZX50	12,704
GBP/USD	1.3641	0.0002	0.0010	0.0018	0.0026	ASX200	8,596
EUR/GBP	0.8609	0.0017	0.0046	0.0092	0.0174	Dow Jones	44,828
USD/CNY	7.1684	-0.0166	-0.0490	-0.0943	-0.1902	S&P 500	6,279
						FTSE100	8,823
						DAX 30	23,934
						Nikkei	39,786
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.33%		3.64%		Brent Crude	68.95
90 day bank bills		3.29%		3.63%		Gold	3,328.56
1 year swap		3.14%		3.26%		Silver	36.81
2 year swap		3.18%		3.20%		Iron Ore	95.13
3 year swap		3.30%		3.26%		CRB Index	368.57
5 year swap		3.55%		3.66%			
10 year swap		4.07%		4.12%			
3 year Govt bond		3.56%		3.31%			
5 year Govt bond		3.94%		3.58%			
10 year Govt bond		4.60%		4.28%		NZ Carbon	57.10

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