

# Market Alert

Thursday 10 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6002	0.0036
NZD/AUD	0.9181	0.0024
NZD/JPY	87.910	-1.26
NZD/EUR	0.5122	-0.0032
NZD/GBP	0.4416	0.0020
NZD/CNH	4.3018	-0.0336
AUD/USD	0.6535	0.0021
AUD/EUR	0.5577	-0.0050
EUR/USD	1.1717	0.0142
USD/CNH	7.1840	-0.0984
GBP/USD	1.3587	0.0017
EUR/GBP	0.8619	0.0092

  

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.29%	3.82%
2 year swap	3.16%	3.30%
10 year Govt	4.67%	4.45%

## Well ... that wasn't much fun!

Last night was football night with the weekly 8-aside ... although it wasn't easy playing the 1st half with only 5-players ... and marking some bloke who played for the All Whites a couple of years back! As Danny Glover said, "I'm getting too old for this ..."

## Did the RBNZ just go '\$5 each way'?

The RBNZ played the OCR release with a straight bat yesterday, maintaining the OCR at 3.25% as was widely expected. The statement was noticeable for the fact that it warned the members expect inflation to firm, stating, "Annual inflation will likely increase towards the top of the MPC's 1.0%-3.0% target band over mid-2025," before then adding they expect it to fall with, "However, with spare

productive capacity in the economy and declining domestic inflation pressures, headline inflation is expected to remain in the band and return to around 2.0% by early 2026." Simply put, the members' preference is the 'wait-and-see approach' that we are currently seeing from central bankers around the world, with the RBNZ emphasising, "Some members emphasised that waiting would allow the committee to assess whether weakness in the domestic economy persists, and how inflation and inflation expectations evolve."

The fact the statement highlighted that the members are anticipating a near-term lift in inflation may limit the Governor's ability to cut rates until later in 2025 as, "The costs of trade could increase by more than assumed as global supply chains adapt to trade barriers, increasing inflationary pressure," although policymakers will also be keeping a close eye on the June quarter inflation release (due 21 July) as "The case for keeping the official cash rate on hold at this meeting highlighted the elevated level of uncertainty, and the benefits of waiting until August in light of near-term inflation risks." Perhaps a better way to put it is ... patience is a virtue!

## Looking at the releases ...

Wow ... inflation has returned to China! Chinese CPI firmed from -0.1% to 0.1%, its first rise in 5-months, although PPI unfortunately continued its downward spiral falling from -3.3% to -3.6%.

The minutes from the FOMC's June meeting highlighted most officials

considered a reduction in the Fed Funds rate appropriate at some point given the risk the economy could experience a weakening of activity and a slowing labour market. With medium and long-term inflation expectations well anchored, a few participants suggested that a rate cut could occur as early as the next meeting, although others argued that no reductions should take place this year. The minutes also highlighted that while the outlook remained uncertain due to trade policy, government policies, and geopolitical risks, overall, the level of uncertainty had diminished since the previous meeting.

RBA Deputy Governor Andrew Hauser added a bit more colour to Tuesday's decision, stating, "There is an enormous amount of uncertainty in the global economy. It's very surprising how markets are shrugging it off and moving on. The effects of tariffs on the global economy are profound, and a drag on growth. The first round impact of tariffs on Australia looks minor. It's still early days, but the worst of the trade fears have not materialised."

Despite everything, markets were pretty quiet overnight. The Fed minutes saw US yields ease back with the 2-years falling 4bps to 3.87%, while the 10-years eased 7bps to 4.34%, but despite this, local swap rates continue to grind higher from their April lows following the RBNZ and RBA meetings. Currencies are 'treading' water with volatility starting to reduce as the NZD and AUD become more range bound, while equity markets regained their momentum, firming 0.5% to 1.5%. Commodities were 'steady eddie'.



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# Daily Rates

Thursday 10 July 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.10					CAD	0.8215	0.8946
NZD/USD	0.6002	0.0006	0.0019	0.0036	0.0059	CHF	0.4768	0.5195
NZD/AUD	0.9181	0.0005	0.0014	0.0024	0.0035	CNY	4.2982	4.6846
NZD/JPY	87.910	-0.23	-0.66	-1.26	-2.37	DKK	3.8211	4.1611
NZD/EUR	0.5122	-0.0006	-0.0017	-0.0032	-0.0066	FJD	1.3318	1.4503
NZD/GBP	0.4416	0.0004	0.0010	0.0020	0.0033	HKD	4.7107	5.1299
						KRW	824.20	897.54
AU TWI	60.30					MYR	2.5492	2.7761
AUD/USD	0.6535	0.0003	0.0011	0.0021	0.0036	NOK	6.0599	6.5992
AUD/NZD	1.0886	-0.0007	-0.0018	-0.0032	-0.0051	SEK	5.7079	6.2158
AUD/JPY	95.73	-0.30	-0.86	-1.64	-2.96	SGD	0.7681	0.8365
AUD/EUR	0.5577	-0.0009	-0.0027	-0.0050	-0.0093	TWD	17.53	19.08
AUD/GBP	0.4807	0.0001	0.0004	0.0009	0.0017	ZAR	10.68	11.63
USD Index	97.53					<b>EQUITIES</b>		
EUR/USD	1.1717	0.0024	0.0074	0.0142	0.0261		<b>Index</b>	
USD/JPY	146.47	-0.52	-1.56	-2.97	-5.30	NZX50	12,769	
GBP/USD	1.3587	0.0002	0.0010	0.0017	0.0023	ASX200	8,539	
EUR/GBP	0.8619	0.0016	0.0048	0.0092	0.0174	Dow Jones	44,458	
USD/CNY	7.18	-0.0163	-0.0485	-0.0928	-0.1910	S&P 500	6,263	
						FTSE100	8,867	
<b>INTEREST</b>		<b>New Zealand</b>	<b>Australia</b>			DAX 30	24,550	
<b>RATES</b>		Mid	Mid			Nikkei	39,821	
30 day bank bills		3.35%	3.85%			<b>COMMODITIES</b>		
90 day bank bills		3.29%	3.82%				<b>USD</b>	
1 year swap		3.16%	3.40%			Brent Crude	70.13	
2 year swap		3.21%	3.31%			Gold	3,312.90	
3 year swap		3.34%	3.34%			Silver	36.32	
5 year swap		3.61%	3.73%			Iron Ore	95.55	
10 year swap		4.15%	4.19%			CRB Index	370.95	
3 year Govt bond		3.58%	3.48%				<b>NZD</b>	
5 year Govt bond		3.97%	3.74%			NZ Carbon	57.75	
10 year Govt bond		4.67%	4.45%					

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