

Market Alert

Thursday 24 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6046	0.0037
NZD/AUD	0.9158	0.0023
NZD/JPY	88.565	-1.23
NZD/EUR	0.5135	-0.0032
NZD/GBP	0.4451	0.0020
NZD/CNH	4.2815	-0.0338
AUD/USD	0.6600	0.0023
AUD/EUR	0.5605	-0.0049
EUR/USD	1.1774	0.0143
USD/CNH	7.1514	-0.0981
GBP/USD	1.3579	0.0020
EUR/GBP	0.8666	0.0092
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.20%	3.74%
2 year swap	3.09%	3.27%
10 year Govt	4.61%	4.40%

It's been a yo-yo 24-hours for JPY traders ...

.. after it was announced that the US and Japan had agreed a trade deal. Japan will pay reciprocal tariffs to the US of 15% and invest USD550bn into the US. According to Trump, "It's the largest trade deal in history with Japan. Japan will form a joint LNG venture with the US in Alaska," while Japan's top tariff negotiator, Ryosei Akazawa, tweeted, "Mission complete."

Market reaction saw Japanese bond yields surge higher in the immediate aftermath of the announcement with the 10-year JGB yield up 9bps to 1.59%. A push above the 1.60% level would take it to the highest level since 2008. The move appears to be based on hopes that the agreement will put the BoJ back on track to resume rate hikes. But while yields held on to their gains, the initial bout of JPY strengthen was soon lost

amid Japan's political uncertainty, with the NZD/JPY rallying from its initial dip to 87.78 to 88.55, while the AUD/JPY went from 95.85 to 96.70. The political uncertainty comes amid media reports suggesting the PM will resign before the end of August, after his ruling coalition lost its majority in the upper house, with the timing raising questions.

Coincidentally, not long after the agreement was announced BoJ Deputy Governor Shinichi Uchida gave a speech reinforcing expectations that the central bank will maintain its ultra-loose policy ... for now. He delivered a cautious outlook on the economy, warning that the risks to growth and inflation remain skewed to the downside stating, "It is important to maintain loose monetary policy to support the economy (although) we expect to raise interest rates in line with economic and price improvements, if our scenario is realised."

The tariff focus now turns to the EU, with reports suggesting the US will also agree to lower EU tariffs from 30% to 15%, consistent with the agreement with Japan that lowered tariffs from 25% to 15%, while China has protested EU sanctions, underscoring rising tensions in the China-EU trade relationship.

Breaking the 2nd tier releases down ...

- The Australian leading index, which indicates the projected pace of growth 3-9 months into the future, slowed to 0.03% in June from 0.11% in May.
- June US home sales dropped 2.7% as prices hit record highs.

- The EU flash consumer confidence rose by 0.6 to -14.7 in July from -15.3 in June.

- NZ rents in the 3-months to May were 0.3% lower than in the corresponding period 12-months ago.

The US Director of National Intelligence, Tulsi Gabbard, has referred former President Barack Obama to the Department of Justice on criminal charges of misleading the US public that Russian government helped President Trump win the 2016 election.

In the biggest UK financial markets scandal in the last decade, two further UK traders have had their LIBOR rigging convictions overturned after the court rule both juries had been misdirected.

From a markets perspective ...

... the highlight overnight was the strong result for the US Treasury auctions of USD13bn of 20-year bonds at a high yield of 4.935%. This contributed to the first rise in treasury yields in 6-sessions with the 2 and 10-year yields both 4bps higher at 3.89% and 4.39%. The USD-index fell 0.2%, with most of the major's conversely firming 0.2%, although the NZD and the AUD both out-performed on the positive trade sentiment, both rallying 0.7%. US Equities also liked the positive trade news, rallying 0.5%-1.0%, the Nikkei gained 4.7%, while European bourses were 2.0%-3.0% higher. Commodities were mixed, although US copper futures surged to a record high despite Glencore confirming it will close its last 2 copper mines in Mount Isa, Australia, next week.



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Daily Rates

Thursday 24 July 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.10					CAD	0.8217 0.8973
NZD/USD	0.6046	0.0006	0.0019	0.0037	0.0061	CHF	0.4786 0.5228
NZD/AUD	0.9158	0.0005	0.0012	0.0023	0.0039	CNY	4.3252 4.7216
NZD/JPY	88.565	-0.22	-0.65	-1.23	-2.26	DKK	3.8307 4.1831
NZD/EUR	0.5135	-0.0006	-0.0017	-0.0032	-0.0062	FJD	1.3351 1.4579
NZD/GBP	0.4451	0.0003	0.0010	0.0020	0.0037	HKD	4.7445 5.1809
						KRW	830.93 907.37
AU TWI	60.60					MYR	2.5536 2.7885
AUD/USD	0.6600	0.0003	0.0011	0.0023	0.0039	NOK	6.1042 6.6657
AUD/NZD	1.0920	-0.0006	-0.0019	-0.0030	-0.0052	SEK	5.7426 6.2709
AUD/JPY	96.57	-0.29	-0.84	-1.59	-2.89	SGD	0.7712 0.8422
AUD/EUR	0.5605	-0.0009	-0.0026	-0.0049	-0.0092	TWD	17.67 19.30
AUD/GBP	0.4858	0.0001	0.0004	0.0009	0.0018	ZAR	10.59 11.57
USD Index	97.21					EQUITIES	
EUR/USD	1.1774	0.0024	0.0074	0.0143	0.0263		Index
USD/JPY	146.48	-0.50	-1.51	-2.90	-5.20	NZX50	12,794
GBP/USD	1.3579	0.0003	0.0011	0.0020	0.0026	ASX200	8,737
EUR/GBP	0.8666	0.0016	0.0047	0.0092	0.0176	Dow Jones	45,010
USD/CNY	7.1599	-0.0164	-0.0477	-0.0914	-0.1788	S&P 500	6,355
						FTSE100	9,061
						DAX 30	24,241
						Nikkei	41,171
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.32%		3.75%		Brent Crude	68.73
90 day bank bills		3.20%		3.74%		Gold	3,388.93
1 year swap		3.08%		3.38%		Silver	39.24
2 year swap		3.14%		3.28%		Iron Ore	98.11
3 year swap		3.26%		3.36%		CRB Index	374.27
5 year swap		3.52%		3.76%			
10 year swap		4.05%		4.23%			
3 year Govt bond		3.54%		3.41%			
5 year Govt bond		3.92%		3.69%			
10 year Govt bond		4.61%		4.40%		NZ Carbon	57.35

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