

Market Alert

Friday 25 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.6035	0.0036
NZD/AUD	0.9156	0.0021
NZD/JPY	88.655	-1.22
NZD/EUR	0.5133	-0.0031
NZD/GBP	0.4468	0.0019
NZD/CNH	4.3268	-0.0327
AUD/USD	0.6590	0.0023
AUD/EUR	0.5604	-0.0048
EUR/USD	1.1758	0.0140
USD/CNH	7.1537	-0.0956
GBP/USD	1.3504	0.0020
EUR/GBP	0.8702	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.19%	3.74%
2 year swap	3.10%	3.33%
10 year Govt	4.66%	4.46%

Let's party like it's 1999 ...

Because the weekend is almost upon us ... but let's not forget Hulk Hogan who passed overnight!

In the central bank corner ...

The ECB followed through on the messaging that the individual members had been espousing since its last meeting, to leave its key interest rate settings unchanged. This effectively signals the end of the current easing cycle after eight cuts over the past year that has brought borrowing costs to their lowest levels since November 2022 with the main refinancing rate at 2.15% and the deposit rate at 2.00%.

ECB President Lagarde confirmed, "The ECB is well positioned and in a good place to handle any economic shocks. We're confident that the inflationary shock is behind us (although we) acknowledged the difficulty in assessing how tariffs will impact

given the mix of both inflationary and disinflationary pressures." Ms Lagarde also reiterated, "The ECB does not target the EUR FX rate directly but considers it when forecasting inflation."

RBA Governor Michele Bullock gave a speech raising the possibility that a rate cut in August is not a done deal after she confirmed, "A measured, gradual approach to monetary policy easing is appropriate. The labour market has eased only gradually, with the unemployment rate still relatively low. The rise in unemployment in June was in line with forecasts and wasn't considered a shock. The RBA needs further data to support its forecast that core inflation will ease toward 2.5%. Q2 core inflation may not have slowed as much as initially expected. There is still uncertainty and unpredictability in the global economy, however, the likelihood of a severe downside trade war scenario now appears to have diminished."

The RBNZ's Chief Economist, Paul Conway, also gave a speech, but stuck to the company script stating, "The uncertainty over tariffs is likely to dampen business investment and reduce inflation in NZ. The tariffs will lead to a weaker global economy and softer global demand. The Q2 CPI release was very much in line with the RBNZ's expectations. I see the scope to lower rates further if inflation continues to moderate. The early data reads suggest NZ economic growth slowed in Q2." That's all very well, but the RBNZ is forecasting inflation will firm back towards 3.0% in H2 2025!

Looking at the actual data releases ...

- US initial jobless claims fell for the 6th consecutive week, falling by 4k to 217k. Continuing claims firmed from the downwardly revised 1,951k to 1,955k.

- The other US releases saw building permits decrease by 0.1%, the Chicago Fed's activity index rose to -0.1 in June from May's revised -0.2, while the Kansas City Fed's manufacturing index fell from 5 to -3 in July.

- US PMIs were mixed with manufacturing easing back from 52.6 to 49.5, while services jumped from 52.9 to 55.2, which meant the composite firmed from 52.9 to 54.6.

- Japanese Manufacturing PMIs fell from 50.1 to 48.8, although services expanded from 51.7 to 53.5 which meant the composite flatlined at 51.5.

- Australian PMIs were all higher in July with manufacturing increasing from 50.6 to 51.6, services expanded from 51.8 to 53.8, which saw the composite surge from 51.6 to 53.6!

Summing it all up ...

Last night was a bit of a 'yawn-fest' with the NZD and AUD unchanged as they consolidate at key resistance levels! The GBP was the biggest loser, with the JPY also under pressure after UBS suggested the recent US-Japan trade deal will be a drag on the Japanese economy. US Treasury yields extended their gains from the prior session with the 2-years 5bps higher at 3.93%, while the 10-years firmed 2bps to 4.40%. Antipodean swap curves will likely open higher this morning with both curves maintaining their steepness, building a premium into the forward starting swaps. Equity markets are broadly higher, although Tesla plummeted 8.8%, while commodities were lower, apart from oil which firmed 1.4%.



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Daily Rates

Friday 25 July 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.40					CAD	0.8231 0.8991
NZD/USD	0.6035	0.0006	0.0019	0.0036	0.0062	CHF	0.4794 0.5239
NZD/AUD	0.9156	0.0004	0.0014	0.0021	0.0039	CNY	4.3159 4.7144
NZD/JPY	88.655	-0.22	-0.61	-1.22	-2.26	DKK	3.8299 4.1835
NZD/EUR	0.5133	-0.0006	-0.0015	-0.0031	-0.0060	FJD	1.3338 1.4570
NZD/GBP	0.4468	0.0003	0.0011	0.0019	0.0035	HKD	4.7358 5.1731
						KRW	827.94 904.39
AU TWI	60.90					MYR	2.5417 2.7764
AUD/USD	0.6590	0.0003	0.0011	0.0023	0.0038	NOK	6.1057 6.6694
AUD/NZD	1.0919	-0.0006	-0.0017	-0.0034	-0.0056	SEK	5.7486 6.2793
AUD/JPY	96.94	-0.28	-0.82	-1.57	-2.89	SGD	0.7708 0.8419
AUD/EUR	0.5604	-0.0009	-0.0025	-0.0048	-0.0091	TWD	17.73 19.37
AUD/GBP	0.4877	0.0001	0.0004	0.0009	0.0016	ZAR	10.64 11.62
USD Index	97.41					EQUITIES	
EUR/USD	1.1758	0.0024	0.0071	0.0140	0.0257		Index
USD/JPY	146.88	-0.50	-1.48	-2.87	-5.18	NZX50	12,805
GBP/USD	1.3504	0.0003	0.0011	0.0020	0.0029	ASX200	8,709
EUR/GBP	0.8702	0.0015	0.0046	0.0089	0.0171	Dow Jones	44,694
USD/CNY	7.1541	-0.0167	-0.0468	-0.0904	-0.1777	S&P 500	6,368
						FTSE100	6,369
INTEREST		New Zealand		Australia		DAX 30	24,296
RATES		Mid		Mid		Nikkei	41,826
30 day bank bills			3.32%		3.75%	COMMODITIES	
90 day bank bills			3.19%		3.74%		USD
1 year swap			3.10%		3.41%	Brent Crude	69.39
2 year swap			3.15%		3.34%	Gold	3,369.61
3 year swap			3.28%		3.40%	Silver	39.04
5 year swap			3.56%		3.80%	Iron Ore	98.27
10 year swap			4.11%		4.27%	CRB Index	374.96
3 year Govt bond			3.56%		3.48%		
5 year Govt bond			3.95%		3.76%		NZD
10 year Govt bond			4.66%		4.46%	NZ Carbon	56.90

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