

# Market Alert

Tuesday 29 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5971	0.0036
NZD/AUD	0.9159	0.0024
NZD/JPY	88.700	-1.21
NZD/EUR	0.5151	-0.0030
NZD/GBP	0.4471	0.0020
NZD/CNH	4.2886	-0.0338
AUD/USD	0.6518	0.0022
AUD/EUR	0.5623	-0.0048
EUR/USD	1.1590	0.0137
USD/CNH	7.1819	-0.0996
GBP/USD	1.3355	0.0018
EUR/GBP	0.8677	0.0090
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.20%	3.75%
2 year swap	3.16%	3.31%
10 year Govt	4.66%	4.45%

## Hopefully you've all made it into the office ...

safely, and you're starting to dry out, as it's a bit wet and windy out there! When I arrived in the office, the rain was horizontal, and it'll take another hour for my trousers to dry out! But don't worry ... there's only a week of it to go!

## The calm before the storm ...

is probably the best way to describe last night given there weren't any releases of note ahead of the glut later in the week.

But the real focus overnight was on the USD, which was on a tear following the EU capitulation and subsequent US-EU trade deal. This saw the USD-index rally 1.0% to reclaim the 98.50-handle, with most G10 currencies under pressure. The 'biggest loser' was, quite naturally,

the EUR which fell 1.5%, with the antipodeans taking silver and bronze with the AUD falling 0.9% and the NZD 0.8%. The degree of AUD weakness is a little surprising given the 'word on the street' is that the Australian superfunds will boost their hedging of US assets within their AUD4.1trn asset base in a bid to shield them from policy uncertainties, which would see the AUD strengthen.

Bond yields are mixed despite the news the US Treasury needs to borrow a whopping USD1.0trn in Q3 ... and last night's 5-year USD70bn auction was well received with a high yield at 3.983% compared to the 'when issued' at 3.975%! Currently, the 2-year is flat at 3.94%, while the 10-year is 2bps higher at 4.42%. These moves are also impacting local curves with the low point of the NZ cycle jumping 4-5bps, while the AUD base is 2-3bps higher.

Equity markets had a yo-yo session with the US bourses opening in positive territory, although they weren't able to hold onto those gains as growth concerns weighed. Broadly speaking, most exchanges down 0.3% to 0.8%.

News that Trump has set a new deadline of 10-12 days for Russia to make progress towards ending the war in Ukraine, or face trade and tariff consequences, saw oil futures spike 2.7% with crude last trading at USD66.90, while Brent firmed to USD70.25. Copper prices came under selling pressure, falling 3.3%, on growth concerns, while most other products were mixed.

## President Trump said ...

the baseline tariff rate for the world will be "in the range of 15%-20% ... probably one of those two numbers. We're going to be setting a tariff for essentially the rest of the world, and that's what they're going to pay if they want to do business in the US, because you can't sit down and make 200 deals."

By all accounts, Germany and France hit out at EU-US deal. German Chancellor Friedrich Merz suggested he wasn't satisfied with the US-EU tariff deal adding the German economy would suffer "significant" as a result of the deal, while French Prime Minister Francois Bayrou said it was tantamount to "submission".

The Dallas Fed's general business activity index for Texas manufacturing rose to 0.9 in July from -12.7 in June, signalling stability after 5-months of decline.

UK retail sales rose to -34 in July 2025, up from June's 17-month low of -46. While the figure marks an improvement, it still fell short of market expectations of -26.

Canadian PM Mark Carney said the trade negotiations with the US are at an "intense phase" ahead of Friday's deadline.

China has launched a USD500 annual baby subsidy in effort to boost births!

Finally ... Jim Cramer ... you naughty, naughty boy!



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# Daily Rates

Tuesday 29 July 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.30					CAD	0.8201 0.8954
NZD/USD	0.5971	0.0006	0.0019	0.0036	0.0063	CHF	0.4796 0.5238
NZD/AUD	0.9159	0.0004	0.0014	0.0024	0.0042	CNY	4.2857 4.6784
NZD/JPY	88.700	-0.21	-0.62	-1.21	-2.25	DKK	3.8435 4.1963
NZD/EUR	0.5151	-0.0005	-0.0015	-0.0030	-0.0059	FJD	1.3287 1.4507
NZD/GBP	0.4471	0.0003	0.0011	0.0020	0.0037	HKD	4.6864 5.1166
						KRW	830.04 906.24
AU TWI	60.70					MYR	2.5241 2.7558
AUD/USD	0.6518	0.0003	0.0011	0.0022	0.0037	NOK	6.0853 6.6439
AUD/NZD	1.0914	-0.0005	-0.0017	-0.0032	-0.0056	SEK	5.7368 6.2634
AUD/JPY	96.63	-0.28	-0.83	-1.59	-2.91	SGD	0.7682 0.8387
AUD/EUR	0.5623	-0.0008	-0.0025	-0.0048	-0.0091	TWD	17.71 19.34
AUD/GBP	0.4880	0.0001	0.0004	0.0009	0.0017	ZAR	10.68 11.66
USD Index	98.64					EQUITIES	
EUR/USD	1.1590	0.0023	0.0070	0.0137	0.0256		Index
USD/JPY	148.56	-0.49	-1.51	-2.92	-5.28	NZX50	12,911
GBP/USD	1.3355	0.0003	0.0010	0.0018	0.0026	ASX200	8,698
EUR/GBP	0.8677	0.0015	0.0045	0.0090	0.0172	Dow Jones	44,838
USD/CNY	7.1778	-0.0168	-0.0483	-0.0933	-0.1790	S&P 500	6,383
						FTSE100	9,081
						DAX 30	23,970
						Nikkei	40,998
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.30%		3.76%		Brent Crude	70.39
90 day bank bills		3.20%		3.75%		Gold	3,317.19
1 year swap		3.10%		3.41%		Silver	38.13
2 year swap		3.17%		3.32%		Iron Ore	98.55
3 year swap		3.30%		3.39%		CRB Index	374.04
5 year swap		3.57%		3.79%			
10 year swap		4.09%		4.24%			
3 year Govt bond		3.57%		3.49%			
5 year Govt bond		3.96%		3.76%			NZD
10 year Govt bond		4.66%		4.45%		NZ Carbon	56.25

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