

Market Alert

Friday 01 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5891	0.0038
NZD/AUD	0.9167	0.0023
NZD/JPY	88.805	-1.21
NZD/EUR	0.5162	-0.0029
NZD/GBP	0.4460	0.0021
NZD/CNH	4.2477	-0.0305
AUD/USD	0.6425	0.0024
AUD/EUR	0.5630	-0.0047
EUR/USD	1.1411	0.0136
USD/CNH	7.2106	-0.0971
GBP/USD	1.3206	0.0022
EUR/GBP	0.8637	0.0088
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.20%	3.73%
2 year swap	3.14%	3.29%
10 year Govt	4.59%	4.36%

What? There's a smoking gun?

Well ... let's not get into the whole Russia-Hillary Clinton thing, nor the renewed talk of a local capital gains tax, from an Australian tax entity no less ... let's focus on the fact its 'Friday, buy day' ... and get ready for what is going to be a glorious weekend!

Could Jerome be correct?

Well ... last night's US PCE reported provided some justification to Jerome Powell's FOMC cautiousness after prices rose 0.3% in June, their largest monthly gain in 4-months, while the annual rate firmed from 2.3% to 2.6%. Core prices printed at 0.3% on the month, and 2.8% on the year, which was a touch firmer than the forecast 2.7%. The overnight unemployment report was robust as well with initial claims increasing by just 1k to

218k, which was lower than the forecast 224k, while continuing claims were flat at 1,946k after last week's number was revised lower by 9k. But for all of the good work that young Jerome does, a certain Orange Man tweeted, "*Jerome 'Too Late' Powell has done it again! He is too late, too angry, too stupid, and too political, to have the job of Fed chair.*" I guess you can't please all of the people all of the time! But while we're on Trump, it should be noted he agreed a 90-day tariff extension with Mexico and announced 25% tariffs on imports from India ... with an unspecified "penalty?"

Elsewhere, the BoJ left its short term rate unchanged at 0.5%, as was expected. The decision was unanimous, reflecting the central bank's cautious approach to policy normalization. While the Bank asserts that underlying inflation remains below its target, the BoJ expects it to gradually accelerate supported by a moderate recovery in consumption, a continued cycle of rising wages and prices, and a gradual pick-up in medium-to long-term inflation expectations after the central bank raised its core inflation forecast for FY25 from 2.2% to 2.7%, with the FY26 outlook adjusted from 1.7% to 1.8%. FY25 GDP growth was also revised slightly higher, from 0.5% to 0.6%. The other headline from Japan saw industrial production rise 1.7% in June, sharply beating market expectations of a 0.6% decline and bouncing back from May's 0.1% fall.

Chinese NBS manufacturing PMIs dropped from June's three-month high at 49.7 to 49.3 in July.

German inflation held steady at 2.0% in July, unchanged from June and slightly above expectations at 1.9%.

Australian retail sales rose 1.2% in June, accelerating from May's revised 0.5% and well above market expectations for a 0.4% gain. Meanwhile, the Australian Q2 terms of trade collapsed after exports fell 4.5% while imports dipped 0.8%.

The tech majors ...

... continue to benefit from their investments into AI and innovation with Microsoft hitting a USD4trn valuation, but while the tech stocks have continued their rally to new highs, the broader indexes are struggling for momentum with the global exchanges falling 0.35% to 1.0%, largely weighed down by political influences despite the stronger than expected corporate earnings. Commodity prices were also broadly lower with US copper prices falling a further 5.0% while oil prices eased 1.0%.

Ahead of tonight's payrolls, wage, and employment releases, financial markets were quiet. The USD-index continued its consolidation above the 99.50 level, while the JPY weakened after yesterday's BoJ meeting. The NZD and AUD were virtually unchanged, apart from strengthening on the JPY crosses. US treasury yields were virtually unchanged with the 2-years flat at 3.96% and the 10-years 1bps lower at 4.38%.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.70					CAD	0.8157 0.8899
NZD/USD	0.5891	0.0006	0.0019	0.0038	0.0067	CHF	0.4782 0.5219
NZD/AUD	0.9167	0.0005	0.0014	0.0023	0.0039	CNY	4.2400 4.6259
NZD/JPY	88.805	-0.21	-0.61	-1.21	-2.29	DKK	3.8514 4.2020
NZD/EUR	0.5162	-0.0005	-0.0014	-0.0029	-0.0060	FJD	1.3219 1.4422
NZD/GBP	0.4460	0.0003	0.0011	0.0021	0.0035	HKD	4.6227 5.0435
						KRW	821.88 896.69
AU TWI	60.30					MYR	2.5087 2.7371
AUD/USD	0.6425	0.0004	0.0011	0.0024	0.0043	NOK	6.0865 6.6404
AUD/NZD	1.0905	-0.0006	-0.0018	-0.0031	-0.0052	SEK	5.7660 6.2908
AUD/JPY	96.56	-0.28	-0.82	-1.57	-2.88	SGD	0.7645 0.8340
AUD/EUR	0.5630	-0.0008	-0.0024	-0.0047	-0.0088	TWD	17.61 19.21
AUD/GBP	0.4864	0.0001	0.0004	0.0010	0.0018	ZAR	10.72 11.70
USD Index	100.06					EQUITIES	
EUR/USD	1.1411	0.0023	0.0069	0.0136	0.0255		Index
USD/JPY	150.74	-0.52	-1.53	-2.99	-5.46	NZX50	12,824
GBP/USD	1.3206	0.0004	0.0011	0.0022	0.0035	ASX200	8,743
EUR/GBP	0.8637	0.0015	0.0045	0.0088	0.0166	Dow Jones	44,131
USD/CNY	7.2002	-0.0174	-0.0490	-0.0951	-0.1830	S&P 500	6,339
						FTSE100	9,133
INTEREST		New Zealand		Australia		DAX 30	24,065
RATES		Mid		Mid		Nikkei	41,070
30 day bank bills			3.28%		3.73%	COMMODITIES	
90 day bank bills			3.20%		3.73%		USD
1 year swap			3.10%		3.37%	Brent Crude	72.55
2 year swap			3.16%		3.30%	Gold	3,291.63
3 year swap			3.29%		3.36%	Silver	36.70
5 year swap			3.54%		3.75%	Iron Ore	99.07
10 year swap			4.05%		4.20%	CRB Index	369.61
3 year Govt bond			3.53%		3.42%		
5 year Govt bond			3.90%		3.68%		NZD
10 year Govt bond			4.59%		4.36%	NZ Carbon	56.45

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