

# Market Alert

Tuesday 05 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5903	0.0034
NZD/AUD	0.9133	0.0024
NZD/JPY	86.795	-1.20
NZD/EUR	0.5104	-0.0029
NZD/GBP	0.4447	0.0021
NZD/CNH	4.2369	-0.0315
AUD/USD	0.6462	0.0019
AUD/EUR	0.5588	-0.0046
EUR/USD	1.1563	0.0129
USD/CNH	7.1840	-0.0931
GBP/USD	1.3270	0.0012
EUR/GBP	0.8710	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.15%	3.74%
2 year swap	3.05%	3.22%
10 year Govt	4.56%	4.35%

## Karate chop!

A big shout out to my nephew this morning. He went for his brown belt grading yesterday, he passed and as there was a little time left, the instructor thought it would be worthwhile to put him in for a few rounds with someone with a higher grading ... to give him something to aspire to ... well, 1 round with a black belt, 35-stiches, and some facial reconstruction surgery later ...

## At the end of the day ...

Someone always pays ... and if you're buying a Ford, it'll most likely be you! Despite making most of its cars in the US, Ford Motor group announced it had already paid an extra USD800m in tariffs in the 3-months to June, and it expects tariffs to cost it around USD2bn this year! But while Ford's CEO believes the tariffs will pass the automobile initiative

to Japanese manufactures, Japan's chief trade negotiator, Ryosei Akazawa, stated the recently announced US-Japan tariff agreement is not a legally binding commitment!

Adding to the cost pressures, China is restricting the supply of critical minerals to Western defense manufacturers, creating production delays and driving up costs across the US defense sector. On a side note, China also announced plans to begin taxing interest earned on government and financial institutions bonds.

JP Morgan has warned the Trump administration's dismissal of Bureau of Labor Statistics (BLS) Commissioner Erika McEntarfer risks undermining the integrity of US economic data and, by extension, the US monetary and fiscal system.

US new orders for manufactured goods fell 4.8% in June, which was close to forecasts for a 4.9% decline. It was the steepest monthly decline since the Covid inspired 13.5% drop in April 2020, although the fall was directly aligned with May's tariff generated 8.3% surge.

Trump tweeted, "I'll be substantially raising the tariffs paid by India to the US," as result of India buying massive amounts of Russian oil and then selling it in the open market ... and, because he can't let it go ... "Last week's job's report was rigged, just like the numbers prior to the Presidential election were rigged."

I guess nothing lasts forever ... despite the recently agreed 15% tariffs between the US-Japan and US-EU, Japanese PM

Shigeru Ishiba said he won't hesitate to hold talks with Trump to ensure an agreed cut to US automobile tariffs is implemented ASAP, while the EU announced it will suspend its planned countermeasures to the tariffs, which were set to take effect Thursday.

Summing it all up, Moody's Chief Economist Mark Zandi probably said it best when he warned, "*The US economy is on the precipice of a recession. Consumer spending has flatlined, construction and manufacturing are contracting, and employment is set to fall. And with inflation set to rise, it is tough for the Fed to come to the rescue.*"

## Despite Friday's shift in sentiment

There was little follow through from Asian markets. Currencies are flatlining, which is a little surprising as one would have thought the NZD and AUD would have conceivably generated a bigger bounce, while swap rates spent most of yesterday's session grinding higher from their opening lows. Overnight, US Treasury yields are flat in the short-end, with the 10-year 2bps lower at 4.20%. Equity markets firmed 1.0%-2.0%, as did commodity prices, although oil prices fell after BP recorded its largest oil and gas discovery in 25 years, off the coast of Brazil, while OPEC+ also announced oil production will increase by 548k barrels per day from next month.

The Tesla board has awarded USD30bn of shares to 'energise and focus' Elon Musk ... hey boss ... want to 'energise and focus' me?



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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	68.60					CAD	0.8130 0.8903
NZD/USD	0.5903	0.0006	0.0019	0.0034	0.0051	CHF	0.4769 0.5224
NZD/AUD	0.9133	0.0004	0.0014	0.0024	0.0039	CNY	4.2396 4.6416
NZD/JPY	86.795	-0.22	-0.60	-1.20	-2.24	DKK	3.8077 4.1697
NZD/EUR	0.5104	-0.0006	-0.0014	-0.0029	-0.0059	FJD	1.3195 1.4450
NZD/GBP	0.4447	0.0003	0.0011	0.0021	0.0034	HKD	4.6322 5.0726
						KRW	817.30 895.00
AU TWI	60.10					MYR	2.4991 2.7367
AUD/USD	0.6462	0.0004	0.0010	0.0019	0.0031	NOK	6.0638 6.6403
AUD/NZD	1.0945	-0.0006	-0.0018	-0.0031	-0.0053	SEK	5.7063 6.2488
AUD/JPY	95.74	-0.29	-0.80	-1.54	-2.83	SGD	0.7597 0.8319
AUD/EUR	0.5588	-0.0009	-0.0024	-0.0046	-0.0086	TWD	17.65 19.32
AUD/GBP	0.4867	0.0001	0.0004	0.0010	0.0019	ZAR	10.59 11.59
USD Index	98.77					EQUITIES	
EUR/USD	1.1563	0.0025	0.0068	0.0129	0.0234		Index
USD/JPY	147.04	-0.54	-1.47	-2.82	-5.04	NZX50	12,684
GBP/USD	1.3270	0.0004	0.0009	0.0012	0.0008	ASX200	8,664
EUR/GBP	0.8710	0.0016	0.0045	0.0089	0.0166	Dow Jones	44,165
USD/CNY	7.178	-0.0182	-0.0475	-0.0912	-0.1755	S&P 500	6,322
						FTSE100	9,128
INTEREST		New Zealand		Australia		DAX 30	23,758
RATES		Mid		Mid		Nikkei	40,291
30 day bank bills			3.24%		3.72%	COMMODITIES	
90 day bank bills			3.15%		3.74%		USD
1 year swap			3.02%		3.33%	Brent Crude	68.64
2 year swap			3.09%		3.23%	Gold	3,374.64
3 year swap			3.22%		3.25%	Silver	37.39
5 year swap			3.48%		3.66%	Iron Ore	99.57
10 year swap			4.01%		4.11%	CRB Index	362.23
3 year Govt bond			3.48%		3.37%		
5 year Govt bond			3.86%		3.63%		NZD
10 year Govt bond			4.56%		4.35%	NZ Carbon	57.50

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