

Market Alert

Wednesday 06 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5896	0.0033
NZD/AUD	0.9113	0.0022
NZD/JPY	87.010	-1.21
NZD/EUR	0.5094	-0.0030
NZD/GBP	0.4435	0.0020
NZD/CNH	4.2351	-0.0323
AUD/USD	0.6467	0.0020
AUD/EUR	0.5588	-0.0046
EUR/USD	1.1573	0.0131
USD/CNH	7.1889	-0.0950
GBP/USD	1.3292	0.0012
EUR/GBP	0.8703	0.0090
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.14%	3.71%
2 year swap	3.05%	3.23%
10 year Govt	4.50%	4.33%

So, there I was, thinking, "That's nice" ...

After the kids offered to pay for dinner last night ... which was a very pleasant surprise ... until they announced their collective funds were in 'unobtainable savings accounts' ... I'm not sure what that means, apart from the fact the muggins here I paid!

In trying to write something interesting ...

I'm getting writers block as nothing's happened! Financial markets are flatlining like the last of the Dodos, so, to make it interesting, I'm going to attempt to write a morning update without any references to Trump ... so here goes ...

The USD-index, NZD, and AUD are all steady this morning, although I guess I should highlight the NZD remains weak on the crosses with NZD/AUD at 0.9110,

and NZD/EUR below 0.5100. Local swap rates are also lower with value across the curve with prices just above their 3-year lows. Overnight, US Treasury yields saw a flattening bias after a poorly received 3-year treasury auction, which saw the 2-year yield rally 4bps to 3.73%, while the 10-year firmed a basis point to 4.21%. Equity markets cemented in gains with Asian and European markets firming 0.3%-0.8%, although US exchanges will likely close flat to 0.5% lower. Commodity markets were quiet.

The US Treasury auctioned off USD58bn of 3-year notes at a high yield of 3.669%. The tail was wider than usual, the bid-to-cover ratio was below its 6-month average, and there was weaker than expected demand from foreign buyers.

The overnight releases saw ...

- The US trade deficit narrow to USD60.2bn in June, its lowest level since 2023 and below forecasts at USD61.6bn. Imports declined 3.7% while exports eased 0.5%.
- US services PMIs unexpectedly fell to 50.1 in July from June's 50.8. Expectations had been at 51.5.
- US economic optimism rose to a 6-month high at 50.9 in August from 48.6 in July, ahead of forecasts at 49.2.
- The NY Fed's quarterly report on household debt and credit reported total household debt increased by 1.0% to USD185bn in Q2 ... and to a whopping USD18.4trn in total!
- Euro-zone industrial producer prices rose 0.8% in June ending three consecutive months of steep declines.

The overnight GDT auction saw a bounce back in dairy prices with the index 0.7% higher as Chinese buyers returned. WMP rose 2.1%, SMP firmed 0.4%, while butter prices fell 3.8%.

From our Japanese desk ...

The BoJ minutes from its June meeting highlighted the central bank will likely raise interest rates further if economic growth and inflation progress as expected, although most members favoured holding rates steady for now, citing uncertainty over the US trade tariffs. Unfortunately, there was a dissenting voice with one member suggesting leaving rates unchanged indefinitely due to concerns over slowing growth and inflation. And speaking of the tariffs, Japanese trade negotiator Akazawa plans to visit the US to push for the auto tariff to be implemented as soon as possible and to confirm the finer details of the latest agreement. Finally, services PMIs were confirmed at 53.6 for July, slightly above the flash estimate of 53.5 and up from the prior months 51.7.

Damn ... I couldn't do it ... the FT has reported Trump is preparing fresh sanctions against Russia's shadow fleet if Putin does not agree to a ceasefire by Friday. He also warned the EU of 35% tariffs if they fail to fulfil their tariff commitments, warned India tariffs will be substantially raised in the next 24-hours as they "have not been a good trading partner", while he also reiterated Friday's allegation that the labour statistics were being rigged.



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Daily Rates

Wednesday 06 August 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.40					CAD	0.8116
NZD/USD	0.5896	0.0006	0.0019	0.0033	0.0054	CHF	0.4757
NZD/AUD	0.9113	0.0004	0.0014	0.0022	0.0035	CNY	4.2346
NZD/JPY	87.010	-0.22	-0.59	-1.21	-2.22	DKK	3.7997
NZD/EUR	0.5094	-0.0005	-0.0014	-0.0030	-0.0057	FJD	1.3178
NZD/GBP	0.4435	0.0003	0.0011	0.0020	0.0037	HKD	4.6258
						KRW	817.06
AU TWI	60.00					MYR	2.4898
AUD/USD	0.6467	0.0004	0.0010	0.0020	0.0032	NOK	6.0473
AUD/NZD	1.0968	-0.0006	-0.0018	-0.0033	-0.0054	SEK	5.6998
AUD/JPY	95.16	-0.29	-0.80	-1.56	-2.81	SGD	0.7585
AUD/EUR	0.5588	-0.0009	-0.0024	-0.0046	-0.0086	TWD	17.61
AUD/GBP	0.4864	0.0001	0.0004	0.0010	0.0019	ZAR	10.54
USD Index	98.78					EQUITIES	
EUR/USD	1.1573	0.0025	0.0068	0.0131	0.0235		Index
USD/JPY	147.59	-0.52	-1.47	-2.85	-5.07	NZX50	12,877
GBP/USD	1.3292	0.0004	0.0009	0.0012	0.0009	ASX200	8,770
EUR/GBP	0.8703	0.0015	0.0045	0.0090	0.0165	Dow Jones	44,112
USD/CNY	7.1834	-0.0178	-0.0470	-0.0917	-0.1737	S&P 500	6,300
						FTSE100	9,143
INTEREST		New Zealand		Australia		DAX 30	23,846
RATES		Mid		Mid		Nikkei	40,550
30 day bank bills			3.23%		3.71%	COMMODITIES	
90 day bank bills			3.14%		3.71%		USD
1 year swap			3.01%		3.33%	Brent Crude	67.68
2 year swap			3.06%		3.24%	Gold	3,379.29
3 year swap			3.19%		3.29%	Silver	37.78
5 year swap			3.45%		3.68%	Iron Ore	100.77
10 year swap			3.96%		4.12%	CRB Index	361.87
3 year Govt bond			3.43%		3.39%		
5 year Govt bond			3.81%		3.64%		NZD
10 year Govt bond			4.50%		4.33%	NZ Carbon	57.50

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