

Market Alert

Monday 11 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5960	0.0034
NZD/AUD	0.9136	0.0022
NZD/JPY	87.940	-1.20
NZD/EUR	0.5118	-0.0029
NZD/GBP	0.4432	0.0021
NZD/CNH	4.2351	-0.0334
AUD/USD	0.6519	0.0019
AUD/EUR	0.5597	-0.0046
EUR/USD	1.1643	0.0125
USD/CNH	7.1862	-0.0952
GBP/USD	1.3438	0.0010
EUR/GBP	0.8654	0.0088
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.15%	3.72%
2 year swap	3.04%	3.26%
10 year Govt	4.49%	4.35%

Another glorious weekend comes to an end ...

And it's back to the day job! There were more than a few ups and downs over the weekend, so we won't mention the Warriors, but a big shout out to Kiwi triathlete, and all-round nice guy, Hayden Wilde who, less the 3-months after being KO'd on his bike in Japan, won a T100 series race in London!

After all of last week's rumours

President Trump nominated Stephen Miran, the chair of the White House's Council of Economic Advisers, to fill the Fed seat vacated by Adriana Kugler. The move is expected to support a more 'dovish' Fed Board despite the ongoing concerns over the new tariffs. And talking of the Fed, Governor Michelle Bowman implied she will call for 3

further rate cuts, before year-end, after she announced, *"The weakening in the labour market outweighs the risks of higher inflation to come. With economic growth slowing this year, and signs of a less dynamic labour market becoming clear, I see it as appropriate to begin gradually moving our moderately restrictive policy stance toward a neutral setting."*

There were a few weekend releases with Chinese consumer inflation surpassing expectations for a 0.1% decline, to print at 0.0% in July, following on from June's 0.1% gain. But despite that 'positive', producer prices fell 3.6% against expectations for a 3.3% decline. This marked the 34th consecutive month of producer deflation with what was the steepest drop since July 2023.

The FAO global food price index increased by 1.6% to 130.1 points in July, which was the index's highest level since February 2023. Overall, the food price index was 7.6% higher than in July 2024, yet prices remain 18.8% below their March 2022 peak.

BoE Chief Economist Huw Pill confirmed, *"Inflation is being driven by one-off effects (although) there is a risk of spillover into more persistent inflation. If price and wage-setting behaviour is changing, we need to question if the recent pace of rate cuts is sustainable. The rate-cutting pace is less clear than it has been over the past year."*

On the open this morning, the NZD and AUD are both starting the week near their respective range-bound mid-points against the USD. As a general rule of thumb, both are also struggling for

momentum against the EUR and GBP but are continuing to strengthen against the JPY. Interest rate pricing remains at low levels, although we may get a slight bump on the open after Treasury yields gained for the 4th session on Friday with the 2 and 10-year firming 3bps to 3.77% and 4.29%. Equity markets were broadly firmer, gaining up to 0.8%, while commodity prices were mixed.

The week ahead ...

Will predominately focus on the continuing US-China tariff talks ahead of the 12-August deadline, while Presidents Trump and Putin are also expected to meet later in the week. In terms of actual data releases, we have a busy week of US releases with CPI, PPI, retail sales, industrial production, and the University of Michigan's consumer sentiment survey. Globally, attention will turn to China's industrial production, retail sales, and new yuan loans; Eurozone GDP; Germany's ZEW economic sentiment; Japanese Q2 GDP, the Tankan survey, and PPIs; and it's also a busy week in the UK with GDP, labour, industrial production, and trade data. From Australia, the Reserve Bank is expected to deliver a 25bps rate cut, lowering its cash rate to 3.60%, on Tuesday, while we also have business confidence, housing loans, and a range of labour market data. Finally, from NZ, we have retail card spending, house prices, manufacturing PMIs, and food inflation.



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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	68.90					CAD	0.8182 0.8964
NZD/USD	0.5960	0.0006	0.0018	0.0034	0.0057	CHF	0.4803 0.5254
NZD/AUD	0.9136	0.0004	0.0013	0.0022	0.0037	CNY	4.2771 4.6842
NZD/JPY	87.940	-0.23	-0.61	-1.20	-2.24	DKK	3.8145 4.1793
NZD/EUR	0.5118	-0.0005	-0.0015	-0.0029	-0.0058	FJD	1.3240 1.4506
NZD/GBP	0.4432	0.0003	0.0010	0.0021	0.0038	HKD	4.6705 5.1172
						KRW	826.27 905.29
AU TWI	60.40					MYR	2.5198 2.7608
AUD/USD	0.6519	0.0004	0.0010	0.0019	0.0028	NOK	6.0354 6.6125
AUD/NZD	1.0943	-0.0006	-0.0018	-0.0033	-0.0065	SEK	5.6825 6.2260
AUD/JPY	96.21	-0.30	-0.81	-1.56	-2.86	SGD	0.7643 0.8374
AUD/EUR	0.5597	-0.0008	-0.0025	-0.0046	-0.0088	TWD	17.76 19.46
AUD/GBP	0.4845	0.0001	0.0004	0.0010	0.0020	ZAR	10.56 11.57
USD Index	98.27					EQUITIES	
EUR/USD	1.1643	0.0024	0.0066	0.0125	0.0227		Index
USD/JPY	147.47	-0.56	-1.47	-2.82	-5.06	NZX50	12,845
GBP/USD	1.3438	0.0004	0.0009	0.0010	0.0002	ASX200	8,807
EUR/GBP	0.8654	0.0015	0.0043	0.0088	0.0165	Dow Jones	44,176
USD/CNY	7.1839	-0.0178	-0.0488	-0.0921	-0.1762	S&P 500	6,389
						FTSE100	9,096
						DAX 30	24,163
						Nikkei	41,820
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.21%		3.67%		Brent Crude	66.59
90 day bank bills		3.15%		3.72%		Gold	3,398.41
1 year swap		3.01%		3.36%		Silver	38.33
2 year swap		3.06%		3.27%		Iron Ore	101.22
3 year swap		3.18%		3.32%		CRB Index	362.92
5 year swap		3.43%		3.71%			
10 year swap		3.95%		4.15%			
3 year Govt bond		3.43%		3.42%			
5 year Govt bond		3.81%		3.66%			
10 year Govt bond		4.49%		4.35%		NZ Carbon	56.00

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