

Market Alert

Thursday 14 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5976	0.0033
NZD/AUD	0.9131	0.0022
NZD/JPY	88.100	-1.19
NZD/EUR	0.5107	-0.0028
NZD/GBP	0.4403	0.0022
NZD/CNH	4.2704	-0.0337
AUD/USD	0.6544	0.0019
AUD/EUR	0.5592	-0.0045
EUR/USD	1.1700	0.0128
USD/CNH	7.1820	-0.0963
GBP/USD	1.3571	0.0006
EUR/GBP	0.8618	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.60%
90 day bills	3.15%	3.68%
2 year swap	2.97%	3.19%
10 year Govt	4.49%	4.33%

We've heard this before ...

There was little in terms of actual data releases yesterday, but we did have a lot of political and central bank chit-chat. China had some worrying data, as new loans decreased by CNY50bn in July, way under expectations of CNY305bn and the first fall in more than 20 years. Closer to home, the Australian June quarter wage price index increased by 0.8% on the quarter and 3.4% on the year. We will have an update on Australia's July labour market this afternoon, which will be key for the future direction of interest rates. Finally, New Zealand electronic retail card spending was positive as total card spending increased by 0.6% in June, while May's figure was revised up, from -0.2% to 0.1%.

In terms of chit-chat, it is mostly a continuation of what we have already

heard so we will try to keep it short(er) and sweet.

- Trump met with European leaders ahead of his forthcoming meeting with Putin. As with all things Trump does, he rated it a 10. He also threw around a slew of new names for the new Fed Chair and couldn't help himself from mentioning that interest rates should be lower.
- US Treasury Secretary, Scott Bessent, commented that interest rates should be 150-175bps lower than they currently are. Maybe it's a good thing he's not in the running for Fed Chair.

- Fed voting member, Raphael Bostic, feels like the Fed has the luxury of time to adjust the Fed policy rate due to a strong labour market, while also noting that consumers, particularly those of low to moderate income, are beginning to show signs of facing stress.

- Fed voting member, Austan Goolsbee, highlighted the importance of the Fed remaining independent and noted his unease around labelling tariff inflation as transitory. He mentioned warning signs in the labour market but raised the possibility that it could be due to lower immigration.

In terms of actual interest rate pricing, markets are now fully pricing in a 25bp cut by the Fed in September.

So, what happened?

Markets were active on all that chit-chat, with the USD index continuing its softening trend, falling below the 98.00

level to currently be at 97.85. This saw both the NZD/USD and AUD/USD firm, with the former sitting near the 0.5975 level, while the latter sits just below 0.6550. US Treasury yields softened across the curve overnight on the expectations of further Fed rate cuts, with the 2 and 10-year yields both down 5bps at 3.68% and 4.24%. This should help our local swap rates move lower on the open. US equities were positive overnight, while in the world of commodities, gold increased while oil softened further on concerns of excess supply.

The stick

US Congressman, Shri Thanedar, was fined a whopping \$200 for the late disclosure of a stock purchase in July 2024. But luckily, the almost 200% return that he 'earned' should make that go down a little bit easier.

It also turns out that an enemy's enemy is not always your friend and unfortunately Canada found this out the hard way. China imposed a provisional 75.8% antidumping tariff on Canadian canola which is one of Canada's largest cash crops, worth almost CAD5bn in 2024. The tariffs were in retaliation to Canadian tariffs on Chinese EVs.



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Daily Rates

Thursday 14 August 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.70					CAD	0.8223
NZD/USD	0.5976	0.0007	0.0018	0.0033	0.0051	CHF	0.4813
NZD/AUD	0.9131	0.0005	0.0013	0.0022	0.0036	CNY	4.2875
NZD/JPY	88.100	-0.21	-0.61	-1.19	-2.25	DKK	3.8108
NZD/EUR	0.5107	-0.0005	-0.0014	-0.0028	-0.0057	FJD	1.3269
NZD/GBP	0.4403	0.0003	0.0011	0.0022	0.0038	HKD	4.6903
						KRW	824.25
AU TWI	60.50					MYR	2.5125
AUD/USD	0.6544	0.0004	0.0010	0.0019	0.0030	NOK	6.0910
AUD/NZD	1.0945	-0.0006	-0.0017	-0.0030	-0.0060	SEK	5.7054
AUD/JPY	96.41	-0.28	-0.81	-1.56	-2.81	SGD	0.7648
AUD/EUR	0.5592	-0.0008	-0.0024	-0.0045	-0.0083	TWD	17.90
AUD/GBP	0.4820	0.0001	0.0005	0.0011	0.0023	ZAR	10.46
							11.45
USD Index	97.83					EQUITIES	
EUR/USD	1.1700	0.0024	0.0068	0.0128	0.0228		Index
USD/JPY	147.43	-0.52	-1.48	-2.79	-4.98	NZX50	12,767
GBP/USD	1.3571	0.0004	0.0007	0.0006	-0.0007	ASX200	8,827
EUR/GBP	0.8618	0.0015	0.0045	0.0089	0.0170	Dow Jones	44,922
USD/CNY	7.1744	-0.0172	-0.0488	-0.0942	-0.1712	S&P 500	6,467
						FTSE100	9,165
INTEREST		New Zealand		Australia		DAX 30	24,186
RATES		Mid		Mid		Nikkei	43,275
30 day bank bills			3.17%		3.62%	COMMODITIES	
90 day bank bills			3.15%		3.68%		USD
1 year swap			3.00%		3.30%	Brent Crude	65.72
2 year swap			3.01%		3.20%	Gold	3,357.27
3 year swap			3.13%		3.25%	Silver	38.54
5 year swap			3.39%		3.65%	Iron Ore	102.41
10 year swap			3.91%		4.10%	CRB Index	364.05
3 year Govt bond			3.42%		3.37%		
5 year Govt bond			3.80%		3.63%		NZD
10 year Govt bond			4.49%		4.33%	NZ Carbon	57.19

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