

# Market Alert

Friday 15 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5920	0.0034
NZD/AUD	0.9111	0.0024
NZD/JPY	87.455	-1.15
NZD/EUR	0.5081	-0.0027
NZD/GBP	0.4373	0.0022
NZD/CNH	4.2761	-0.0320
AUD/USD	0.6495	0.0019
AUD/EUR	0.5575	-0.0045
EUR/USD	1.1649	0.0127
USD/CNH	7.1810	-0.0957
GBP/USD	1.3534	0.0008
EUR/GBP	0.8603	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.60%
90 day bills	3.14%	3.66%
2 year swap	3.01%	3.21%
10 year Govt	4.49%	4.31%

## While it remains freezing in NZ

Yet another heatwave is surging across the UK ... which will make it very difficult for all of those millionaire Premier League footballers to earn their keep with the EPL starting this weekend. Beyond that, it's another big weekend for sport with the start of the Rugby Championship, the Warriors looking to reverse the rot, and a cocktail making night for me ... yes ... making cocktail is a sport ... and I predict it will be in the Olympics within 10-years!

## Wait ... there are inflationary pressures?

Well, according to last night's US PPI release, inflationary pressures within the US system are alive and well. Producer prices surged 0.9% in July, rebounding from June's 0.0% print and well ahead of expectations of 0.2%. It was the largest increase in producer prices since June 2022 with annual producer inflation

accelerating to a 5-month high of 3.3%. Core PPI also rallied, up 0.9% in July, while annual core producer inflation jumped to 3.7%.

The PPI print was enough to take some of the 'heat' out of the US rate cut projections with the 2-year US Treasury yield jumping 4bps to 3.74%, while the 10-year firmed 4bps to 4.29%. The USD-index spiked 0.4% back above the 98.00 level, with the NZD and AUD impacted the most, falling 1.0% and 0.8% respectively, which pushed the NZD/AUD back to the 0.9110 level. The EUR eased 0.1%, while the JPY held up relatively well, easing 0.4%.

Equity markets took the release in their stride with the US exchanges largely flat although, the European bourses locked in 1.0% gains. Commodities were mixed with precious metals 0.5%-1.0% lower, while energy products firmed with oil prices jumping off their 2-month lows, gaining 2.0%.

The other headlines saw ...

- US initial jobless claims fall 3k to 224k, while continuing claims eased 15k to 1,953k.
- UK Q2 GDP grew 0.3%, slowing from a 0.7% expansion in Q1 but surpassing forecasts of just 0.1%.
- Eurozone employment firmed by 0.1% in Q2
- The Australian conference board leading economic index rose by 0.5% in June to 114.8 following on from May's 0.2% increase. Overall, the LEI grew by 0.7% over the first 6-months of 2025, slowing from H2 2024's 1.7% increase.

- Eurozone GDP grew 0.1% in Q2 with the annual figure at 1.4%, both were in line with expectations and softer than the previous quarter.

- Eurozone industrial production for June was weaker than expectations, falling 1.3% on the month, with annual growth slowing to 0.2%. The previous month's figures were also revised downwards.

## All the chit-chat!

San Fran President Mary Daly added, "A 50bps cut sounds, to me, like we see an urgent need - I'm worried it would send off an urgency signal that I don't feel about the strength of the labour market. I just don't see that. I don't see the need to catch up."

Fed member Tom Barkin suggested, "Business sentiment has picked up in some ways, but not yet on the hiring side. The unemployment rate has been remarkably stable, with slowing growth in job gains matched by slowing growth in the labour force. The slowdown in the labour force growth is not yet translating into wage pressures."

US President Trump announced, "Inflation is down to a perfect number. There's hardly any inflation at all." He then announced the administration is in discussions to take a stake in Intel! Intel shares are trading 6.5% higher on the news.

Potential Fed Chair candidate, David Zervos, did his best to talk himself into the role stating, "I'm not concerned about July PPI showing hotter-than-expected pipeline inflation pressures. For the past three Fed meetings, I've called for a 50bps cut."



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# Daily Rates

Friday 15 August 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.90					CAD	0.8175 0.8972
NZD/USD	0.5920	0.0007	0.0018	0.0034	0.0053	CHF	0.4777 0.5245
NZD/AUD	0.9111	0.0004	0.0013	0.0024	0.0035	CNY	4.2491 4.6634
NZD/JPY	87.455	-0.20	-0.59	-1.15	-2.17	DKK	3.7914 4.1611
NZD/EUR	0.5081	-0.0005	-0.0014	-0.0027	-0.0056	FJD	1.3201 1.4488
NZD/GBP	0.4373	0.0004	0.0011	0.0022	0.0038	HKD	4.6356 5.0875
						KRW	822.38 902.56
AU TWI	60.50					MYR	2.4915 2.7344
AUD/USD	0.6495	0.0004	0.0010	0.0019	0.0031	NOK	6.0466 6.6361
AUD/NZD	1.0971	-0.0006	-0.0018	-0.0032	-0.0065	SEK	5.6713 6.2242
AUD/JPY	95.55	-0.27	-0.79	-1.52	-2.77	SGD	0.7598 0.8339
AUD/EUR	0.5575	-0.0008	-0.0023	-0.0045	-0.0084	TWD	17.78 19.52
AUD/GBP	0.4796	0.0001	0.0005	0.0011	0.0022	ZAR	10.42 11.43
USD Index	98.21					EQUITIES	
EUR/USD	1.1649	0.0024	0.0067	0.0127	0.0231		Index
USD/JPY	147.74	-0.51	-1.45	-2.78	-4.94	NZX50	12,834
GBP/USD	1.3534	0.0004	0.0008	0.0008	-0.0005	ASX200	8,874
EUR/GBP	0.8603	0.0015	0.0044	0.0089	0.0170	Dow Jones	44,911
USD/CNY	7.1795	-0.0172	-0.0490	-0.0948	-0.1705	S&P 500	6,472
						FTSE100	9,177
INTEREST		New Zealand		Australia		DAX 30	24,378
RATES		Mid		Mid		Nikkei	42,649
30 day bank bills			3.17%		3.61%	COMMODITIES	
90 day bank bills			3.14%		3.66%		USD
1 year swap			2.99%		3.32%	Brent Crude	66.98
2 year swap			3.03%		3.22%	Gold	3,337.23
3 year swap			3.15%		3.28%	Silver	37.98
5 year swap			3.41%		3.68%	Iron Ore	102.03
10 year swap			3.93%		4.13%	CRB Index	364.43
3 year Govt bond			3.40%		3.36%		
5 year Govt bond			3.79%		3.61%		NZD
10 year Govt bond			4.49%		4.31%	NZ Carbon	55.65

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