

# Market Alert

Monday 18 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5930	0.0034
NZD/AUD	0.9104	0.0023
NZD/JPY	87.230	-1.16
NZD/EUR	0.5069	-0.0028
NZD/GBP	0.4378	0.0022
NZD/CNH	4.2503	-0.0314
AUD/USD	0.6513	0.0020
AUD/EUR	0.5567	-0.0045
EUR/USD	1.1698	0.0127
USD/CNH	7.1860	-0.0946
GBP/USD	1.3542	0.0008
EUR/GBP	0.8631	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.60%
90 day bills	3.15%	3.67%
2 year swap	3.03%	3.22%
10 year Govt	4.52%	4.34%

## What a great weekend that was

... for sport! Great to see the Warriors getting back to winning way, the AB's doing what the AB's do, and what about those Wallabies!

Looking at Friday's price action, there was little to get too excited about ... the USD-index eased back below the 98.00 level, which saw the NZD and AUD lock in small gains, while the EUR was the big winner, reclaiming the 1.1700 handle against the USD. Bond yields firmed, with 2 and 10-year Treasury yields gaining 2bps and 3bps to yield 3.76% and 4.32%. Equity and commodity prices were mixed.

## Friday evening ...

... saw a mixed bag of US releases after ...

- US retail sales increased 0.5% month-on-month in July, following on from June's upwardly revised 0.9% gain.

- Although the University of Michigan consumer sentiment indicator unexpectedly dropped to 58.6 in August from July's 61.7. Expectations had been at 62.0.

- The Atlanta Fed GDPNow growth estimate for Q3 came in unchanged at 2.5%.

- Following June's upwardly revised 0.4% gain, US industrial production edged down 0.1% in July, below forecasts at 0.0%.

We also had a few releases from China ...

- Retail sales grew 3.7% in the year to July against expectations of a 4.6% increase.

- Industrial production grew 5.7%, when a 6.0% gain had been anticipated.

- Unemployment firmed from 5.1% to 5.2%.

- Annual new home prices fell 2.8%, easing from June's 3.2% drop.

The best from the rest saw ...

- Japanese Q2 GDP beat expectations printing at 1.0% with stronger business spending and net exports offsetting a drag from inventories.

- Finally, NZ food prices jumped 0.7% in July to be 5.0% higher on the year, while manufacturing PMIs surged from 48.8 to 52.8.

Fed member Austin Goolsbee confirmed, "There is a note of unease from the last CPI and PPI data.

*Let's not overreact to one month of PPI, CPI, import prices, but it is an area of concern. We will need to see at least one more report to determine if we are still on the golden*

*path. We have added a lot of uncertainty with much of it coming from tariffs."*

Fed nominee to replace Adriana Kugler, Stephen Miran, announced, "Inflation seems benign. I believe the Fed is an independent agency, although the President has the right to his opinion."

## The week ahead ...

Sometimes you've just got to feel sorry for people ... and this morning I feel sorry for Acting RBNZ Governor Christian Hawkesby! If there is ever one week when you want to be the Governor, it's the week when the Fed holds its annual Jackson Hole Symposium ... which is this week from the 21st-23rd August, but we also have the RBNZ meeting on Wednesday, the 20th! Is there enough time for young Christian to brush up the CV, get to Jackson, and to hang out with the other central bank Governors?

Apart from the RBNZ and Jackson Hole, we also have central bank meetings in China and Sweden, and the Fed minutes from its last meeting where members Waller and Bowman dissented. We also have, from the US, housing prices, building starts, new and existing home sales, PMIs, and the Philly Fed manufacturing index. We also have PMIs from the Eurozone, UK, Japan, and Australia, Eurozone consumer confidence and trade, German producer prices, and, from the UK, CPI, retail sales, and consumer confidence. In our part of the world, we have Japanese inflation and trade, Australian consumer confidence and inflation expectations, and NZ trade.



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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	68.50					CAD	0.8185 0.8994
NZD/USD	0.5930	0.0007	0.0018	0.0034	0.0055	CHF	0.4779 0.5233
NZD/AUD	0.9104	0.0005	0.0013	0.0023	0.0037	CNY	4.2579 4.6770
NZD/JPY	87.230	-0.20	-0.59	-1.16	-2.16	DKK	3.7788 4.1524
NZD/EUR	0.5069	-0.0005	-0.0014	-0.0028	-0.0055	FJD	1.3200 1.4506
NZD/GBP	0.4378	0.0003	0.0011	0.0022	0.0038	HKD	4.6384 5.0969
						KRW	823.06 904.43
AU TWI	60.30					MYR	2.4953 2.7420
AUD/USD	0.6513	0.0004	0.0010	0.0020	0.0031	NOK	6.0307 6.6269
AUD/NZD	1.0974	-0.0006	-0.0017	-0.0032	-0.0060	SEK	5.6582 6.2176
AUD/JPY	95.54	-0.27	-0.79	-1.52	-2.78	SGD	0.7600 0.8352
AUD/EUR	0.5567	-0.0008	-0.0024	-0.0045	-0.0084	TWD	17.77 19.53
AUD/GBP	0.4807	0.0001	0.0005	0.0011	0.0021	ZAR	10.44 11.47
USD Index	97.84					EQUITIES	
EUR/USD	1.1698	0.0024	0.0067	0.0127	0.0228		Index
USD/JPY	147.02	-0.51	-1.45	-2.77	-4.94	NZX50	12,889
GBP/USD	1.3542	0.0004	0.0008	0.0008	-0.0002	ASX200	8,939
EUR/GBP	0.8631	0.0015	0.0044	0.0089	0.0171	Dow Jones	44,946
USD/CNY	7.1817	-0.0173	-0.0474	-0.0914	-0.1693	S&P 500	6,450
						FTSE100	9,139
INTEREST		New Zealand		Australia		DAX 30	24,359
RATES		Mid		Mid		Nikkei	43,378
30 day bank bills			3.16%		3.62%	COMMODITIES	
90 day bank bills			3.15%		3.67%		USD
1 year swap			3.00%		3.31%	Brent Crude	65.85
2 year swap			3.04%		3.23%	Gold	3,334.98
3 year swap			3.16%		3.26%	Silver	37.99
5 year swap			3.42%		3.67%	Iron Ore	101.59
10 year swap			3.95%		4.13%	CRB Index	365.03
3 year Govt bond			3.42%		3.37%		
5 year Govt bond			3.81%		3.62%		NZD
10 year Govt bond			4.52%		4.34%	NZ Carbon	55.50

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