

# Market Alert

Thursday 21 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5816	0.0038
NZD/AUD	0.9056	0.0030
NZD/JPY	86.295	-1.09
NZD/EUR	0.5012	-0.0024
NZD/GBP	0.4337	0.0025
NZD/CNH	4.1783	-0.0263
AUD/USD	0.6421	0.0021
AUD/EUR	0.5533	-0.0044
EUR/USD	1.1603	0.0130
USD/CNH	7.1835	-0.0908
GBP/USD	1.3409	0.0009
EUR/GBP	0.8650	0.0090

  

INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	3.02%	3.62%
2 year swap	2.92%	3.25%
10 year Govt	4.44%	4.39%

## Keep the red flag flying!

Yes ... it's true ... there's a raving socialist in my footie team ... and it wasn't even the vegan! While there's nothing worse than a bunch of old todgers discussing politics over a beer, going forward we're going to have play the raving red on the right-wing, as he can only pass to the left!

And talking of red, a big shout out the ginger ninja who has his big exam today. Good luck Luka!

## But moving back to the centre ...

It was a bit of a strange session overnight. To some extent it's understandable ahead of Jerome Powell's Jackson Hole speech, but there's also an alarming amount of focus on Fed colleague Lisa Cook with continuing calls for her resignation.

In terms of the actual data releases ...

- US flash manufacturing PMIs gapped 3.5 points to 53.3.

- The Philadelphia Fed manufacturing index plummeted from July's 5-month high at 15.9 to -0.3 in August.

- Existing US initial jobless claims jumped by 11k to 235k, its highest level in 8 weeks and above expectations at 225k. Continuing claims also surged, from last weeks revised 1,942k to 1,972k.

- American existing home sales rose by 2% to a seasonally adjusted annualized rate of 4.01m in July.

- Eurozone manufacturing PMIs rose to 50.5 in August from 49.8 in July, its highest level in 38 months.

- UK public sector net borrowing eased to GBP1.1bn in July, down from GBP3.4bn in the same month last year.

- UK composite PMIs rose to 53 from 51.5.

In terms of the actual price action, yields firmed after the PMI release with the data suggesting higher prices and a robust economy. This saw the 2 and 10-year yields firm 3bps to 3.80% and 4.33%, respectively. The USD-index also had a positive session firming 0.5% with the JPY and CHF the biggest losers. The NZD continues to flatline around the 0.5820 level against the USD and is flat to a touch firmer on the crosses.

US equity markets are trading 0.25% to 0.50% lower despite both Goldman and JPMorgan announcing 'it's time to buy the dip' while commodity prices are 1.0%-2.0% higher.

## From the 'Fed speak' corner ...

There's been a lot of chit-chat, which is probably not surprising considering they're all hanging out together at Jackson Hole!

Cleveland Fed president Beth Hammack announced, *"Both sides of dual mandate are under pressure. There's a lot of data we're going to get between now and September, but with the data I have right now and with the information I have, if the meeting was tomorrow, I would not see a case for reducing interest rates."*

But on the other side of the ledger, Atlanta Fed President Raphael Bostic indicated he favoured one rate cut this year as that's *"kind of still where I am, but I would just say, in today's world, every point estimate or forecast has a wide confidence band around it, and so I'm not stuck on anything."*

Kansas City Fed President Jeffrey Schmid tempered the outlook, stating *"It seems like that last mile is pretty hard. I believe that there is a real, hard, true cost to that last percent of inflation that's in the system. I would say that the inflation number's probably closer to three than it is two, and I think we've got some work to do."*

Finally, former St. Louis President James Bullard is trying to get in Trump's good books, suggesting *"Rates are a little bit high right now, and I think we can get them down by about 100bps going into 2026. I think that'll start with a rate reduction here at the September meeting, which will probably be followed up (with a further cut) later this year."*



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# Daily Rates

Friday 22 August 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.60					CAD	0.8084
NZD/USD	0.5816	0.0006	0.0019	0.0038	0.0063	CHF	0.4702
NZD/AUD	0.9056	0.0004	0.0014	0.0030	0.0052	CNY	4.1784
NZD/JPY	86.295	-0.20	-0.57	-1.09	-1.99	DKK	3.7400
NZD/EUR	0.5012	-0.0005	-0.0013	-0.0024	-0.0045	FJD	1.3059
NZD/GBP	0.4337	0.0003	0.0011	0.0025	0.0048	HKD	4.5430
						KRW	814.36
AU TWI	59.60					MYR	2.4547
AUD/USD	0.6421	0.0004	0.0011	0.0021	0.0033	NOK	5.9173
AUD/NZD	1.1038	-0.0007	-0.0019	-0.0039	-0.0082	SEK	5.5950
AUD/JPY	94.74	-0.27	-0.78	-1.51	-2.75	SGD	0.7493
AUD/EUR	0.5533	-0.0008	-0.0023	-0.0044	-0.0083	TWD	17.73
AUD/GBP	0.4786	0.0001	0.0005	0.0012	0.0024	ZAR	10.30
USD Index	98.66					EQUITIES	
EUR/USD	1.1603	0.0024	0.0067	0.0130	0.0235		Index
USD/JPY	148.35	-0.51	-1.46	-2.81	-5.01	NZX50	13,194
GBP/USD	1.3409	0.0004	0.0008	0.0009	-0.0002	ASX200	9,019
EUR/GBP	0.8650	0.0015	0.0044	0.0090	0.0173	Dow Jones	44,786
USD/CNY	7.1801	-0.0169	-0.0472	-0.0883	-0.1680	S&P 500	6,373
						FTSE100	9,309
INTEREST		New Zealand		Australia		DAX 30	24,293
RATES		Mid		Mid		Nikkei	42,610
30 day bank bills			3.10%		3.61%	COMMODITIES	
90 day bank bills			3.02%		3.62%		USD
1 year swap			2.84%		3.32%	Brent Crude	67.54
2 year swap			2.96%		3.26%	Gold	3,338.18
3 year swap			3.09%		3.34%	Silver	38.11
5 year swap			3.38%		3.74%	Iron Ore	101.52
10 year swap			3.92%		4.22%	CRB Index	368.84
3 year Govt bond			3.33%		3.40%		
5 year Govt bond			3.73%		3.67%		NZD
10 year Govt bond			4.44%		4.39%	NZ Carbon	56.75

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