

# Market Alert

Friday 29 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5886	0.0037
NZD/AUD	0.9009	0.0030
NZD/JPY	86.490	-1.07
NZD/EUR	0.5038	-0.0023
NZD/GBP	0.4357	0.0025
NZD/CNH	4.1823	-0.0245
AUD/USD	0.6531	0.0019
AUD/EUR	0.5590	-0.0044
EUR/USD	1.1682	0.0125
USD/CNH	7.1207	-0.0856
GBP/USD	1.3506	0.0005
EUR/GBP	0.8644	0.0088
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	3.02%	3.61%
2 year swap	2.85%	3.24%
10 year Govt	4.43%	4.40%

## It's the last game of footy this weekend ...

But there is still plenty of sport which started with high jumper Hamish Kerr winning overnight. We have the Warriors tonight, the ABs against the Wallabies, and the return of F1... and, after watching the movie last night, I'm predicting Liam is going to win! Now, where is my TAB account?

## Why can't we generate numbers like this?

Incredibly, the second estimate of Q2 GDP saw the US economy grow at an annualised 3.3%. The upgrade from the initial 3.0% estimate reflected upward revisions to investment and consumer spending, with downward revisions to government spending. Interestingly, business investment also surged from 1.9% to 5.7% in what was a stellar

performance from the US economy!

Other US headlines were also positive with initial jobless claims easing by 5k to 229k, against expectations at 230k, while continuing claims eased from the revised 1,961k to 1,954k.

The minutes from the ECB's July meeting effectively marked the end of the current easing cycle after eight cuts over the past 12-months with borrowing costs at their lowest levels since November 2022. While confidence was found through the fact that inflation was flatlining at 2.0%, uncertainty remained due to the lingering trade tensions and the potential fallout on growth and inflation.

The other headlines saw ...

- UK services confidence slipped in August as companies continue to face high costs. Companies are raising prices, but the pace of the increases is much slower than earlier in the year.
- Australian private capex spending increased 0.2% in the June quarter. It was better than Q1's -0.1% but below expectations at 0.7%.
- New Zealand August business confidence almost reached expansionary territory improving from 47.8% to 49.7%. Unfortunately, the own-business activity measure eased from 40.6% to 38.7%.

BoJ board member Nakagawa announced, *"If our outlook for economic activity and prices is realised, the BoJ will continue to raise the policy interest rates, (although) high uncertainties remain over the future course of trade policies and their impact. The results of the upcoming September Tankan will also be very important, while the heightened uncertainties over trade policies*

*are likely to affect business and household sentiment."*

Fed Governor Lisa Cook officially sued President Donald Trump claiming, *"An unintentional clerical error may have been behind the mortgage dispute."* Interestingly, the suit names Fed Chair Jerome Powell and the Board of Governors as defendants. The White House responded with, *"President Trump exercised his lawful authority having found there was a cause to remove Cook."*

## Summing it all up ...

The USD-index weakened as traders adjusted positions ahead on month-end with the focus firmly on tonight's US PCE inflation. The CNY jumped to 9-month high with USD/CNY dropping to 7.1215. The NZD and AUD both firmed 0.4% against the USD, while NZD/AUD continues to hover around the 0.9000 level. The VIX also fell to a 12-month low.

The positive US GDP result saw short-end yields rise with the 2-year rallying 2bps to 3.65%, although the long-end eased off with the 10-year falling 3bps to 4.21%. There were also a bit of issuance with the US Treasury auctioning USD44bn of 7-year notes at a high yield of 3.925% versus the when-issued (WI) of 3.922%. But while that was okay, the Japanese 2-year bond auction drew the weakest demand since 2009, with the bid-to-cover ratio slumping to its lowest in over 15 years!

Finally, equity bourses and commodity markets are all trading 0.3%-0.5% higher with natural gas, silver and copper all outperforming.



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# Daily Rates

Friday 29 August 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.70					CAD	0.8093
NZD/USD	0.5886	0.0006	0.0019	0.0037	0.0064	CHF	0.4717
NZD/AUD	0.9009	0.0005	0.0015	0.0030	0.0052	CNY	4.1892
NZD/JPY	86.490	-0.20	-0.56	-1.07	-1.98	DKK	3.7602
NZD/EUR	0.5038	-0.0005	-0.0012	-0.0023	-0.0046	FJD	1.3116
NZD/GBP	0.4357	0.0003	0.0012	0.0025	0.0048	HKD	4.5867
						KRW	815.11
AU TWI	60.30					MYR	2.4799
AUD/USD	0.6531	0.0003	0.0010	0.0019	0.0028	NOK	5.9208
AUD/NZD	1.1096	-0.0006	-0.0020	-0.0040	-0.0081	SEK	5.5762
AUD/JPY	95.89	-0.27	-0.79	-1.51	-2.76	SGD	0.7547
AUD/EUR	0.5590	-0.0008	-0.0023	-0.0044	-0.0084	TWD	17.94
AUD/GBP	0.4833	0.0001	0.0005	0.0011	0.0024	ZAR	10.41
							11.55
USD Index	97.87					EQUITIES	
EUR/USD	1.1682	0.0022	0.0066	0.0125	0.0225		Index
USD/JPY	146.95	-0.49	-1.43	-2.72	-4.83	NZX50	12,903
GBP/USD	1.3506	0.0004	0.0007	0.0005	-0.0013	ASX200	8,980
EUR/GBP	0.8644	0.0014	0.0043	0.0088	0.0173	Dow Jones	45,637
USD/CNY	7.1306	-0.0191	-0.0454	-0.0848	-0.1623	S&P 500	6,505
						FTSE100	9,217
INTEREST		New Zealand		Australia		DAX 30	24,040
RATES		Mid		Mid		Nikkei	42,829
30 day bank bills			3.10%		3.61%	COMMODITIES	
90 day bank bills			3.02%		3.61%		USD
1 year swap			2.82%		3.32%	Brent Crude	68.33
2 year swap			2.86%		3.25%	Gold	3,420.00
3 year swap			3.01%		3.31%	Silver	39.07
5 year swap			3.31%		3.70%	Iron Ore	101.59
10 year swap			3.88%		4.16%	CRB Index	373.26
3 year Govt bond			3.28%		3.41%		
5 year Govt bond			3.69%		3.67%		NZD
10 year Govt bond			4.43%		4.40%	NZ Carbon	57.60

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