

# Market Alert

Thursday 04 September 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5876	0.0036
NZD/AUD	0.8983	0.0032
NZD/JPY	87.045	-1.06
NZD/EUR	0.5041	-0.0022
NZD/GBP	0.4373	0.0026
NZD/CNH	4.1950	-0.0258
AUD/USD	0.6540	0.0017
AUD/EUR	0.5610	-0.0045
EUR/USD	1.1655	0.0123
USD/CNH	7.1399	-0.0877
GBP/USD	1.3435	0.0003
EUR/GBP	0.8671	0.0088
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	3.01%	3.62%
2 year swap	2.86%	3.33%
10 year Govt	4.57%	4.54%

## This is not something that happens every day ...

But I almost ran over a duck on the way to work this morning ... luckily, he stopped on the white middle line and waited for me to drive past!

## Last night was all about the Fed members rather than the data ...

After Fed Governor, and wanna-be Chair, Chris Waller announced, "I've been clear I think we should cut at the next meeting. I see multiple cuts over the next few months, whether it's every meeting, or every other meeting will be data dependent."

Atlanta Fed member Raphael Bostic supported the cause, stating, "Inflation still main concern, though single quarter-point cut likely warranted this year. The September Fed meeting is in play for a rate cut."

However Minneapolis President Neel Kashkari warned, "The Fed is not done with work to bring inflation back to 2.0%. Inflation is still too high, although the labour market is showing signs of cooling. The Fed is getting into a tricky situation with mandates."

This ultimately meant market activity was confined to fixed income. Yesterday saw higher swap rates and yields after the stronger-than-expected Australian GDP print, while Japanese yields followed moves in the UK gilt market with the 20-year JGB yield rallying above 2.68%, its highest level since 1999, while the 30-year JGB firmed to 3.28%. But that all changed following those dovish Fed comments and the US JOLTs release, which saw US Treasury yields weaken with the 2-years easing 2bps to 3.63%, while the 10-years fell 4bps to 4.22%.

FX markets were quiet with the USD-index falling back towards the 98.00 level. Oil prices sank 2.5% after a report suggested OPEC+ was considering a fresh output hike this weekend, following reports OPEC had pumped an additional 400k barrels in August. Ahead of the biggest week for US IPOs this year, global equity markets were mixed ranging between -0.5% and +0.5%.

The Fed's Beige book reported that most of the twelve districts reported little or no change in economic activity since the previous report. Most firms reported little to no change in optimism although there were differing expectations about the direction of change.

Releases over the last 24-hours saw ...

- Australian Q2 GDP surge 0.6% on the

quarter, and 1.8% on the year, which was above forecasts at 0.5% and 1.6% and the largest growth in 2-years.

- Australia services PMIs record their fastest increase in 3-years jumping from 54.1 to 55.8, which saw the composite soar from 53.8 to 55.5!

- The NZ commodity index, which tracks the prices of 17 commodity exports, increased 0.7% in USD terms in August to lock in 9.3% of gains over the last 12-months. In NZD terms, it increased 2.1% on the month and 14.5% on the year.

- JOLTs (US job openings) fell 176k to 7.2m in July. It is the lowest level since September 2024 and well below market expectations of 7.4m.

- US new orders for manufactured goods fell by 1.3% to USD603.6bn in July, which was slightly better than forecasts for a 1.4% drop.

- Japanese services PMIs eased from 53.6 to 53.1 in August, while manufacturing firmed from 48.0 to 48.7, which meant the composite firmed to 52.0, its strongest level since February.

- The Chinese Caixin PMIs saw the services component reach a 15-month high firming from 52.6 to 53.0, which saw the composite firm from 50.8 to 51.9.

## Bridgewater founder ...

Ray Dalio warned the US is on track for a "debt-induced heart attack" within the next few years, citing the excess created by Washington's latest budget. He estimated the tipping point could come "in three years, give or take a year or two."



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# Daily Rates

Thursday 04 September 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.80					CAD	0.8106
NZD/USD	0.5876	0.0006	0.0019	0.0036	0.0061	CHF	0.4724
NZD/AUD	0.8983	0.0004	0.0016	0.0032	0.0062	CNY	4.1949
NZD/JPY	87.045	-0.21	-0.55	-1.06	-2.00	DKK	3.7616
NZD/EUR	0.5041	-0.0005	-0.0012	-0.0022	-0.0045	FJD	1.3162
NZD/GBP	0.4373	0.0003	0.0012	0.0026	0.0050	HKD	4.5820
						KRW	816.84
AU TWI	60.50					MYR	2.4818
AUD/USD	0.6540	0.0003	0.0009	0.0017	0.0021	NOK	5.8994
AUD/NZD	1.1128	-0.0006	-0.0022	-0.0042	-0.0082	SEK	5.5406
AUD/JPY	96.91	-0.29	-0.79	-1.53	-2.89	SGD	0.7566
AUD/EUR	0.5610	-0.0008	-0.0023	-0.0045	-0.0089	TWD	18.04
AUD/GBP	0.4865	0.0001	0.0005	0.0010	0.0020	ZAR	10.37
USD Index	98.17					EQUITIES	
EUR/USD	1.1655	0.0023	0.0065	0.0123	0.0225		Index
USD/JPY	148.13	-0.50	-1.42	-2.71	-4.89	NZX50	13,075
GBP/USD	1.3435	0.0003	0.0006	0.0003	-0.0016	ASX200	8,739
EUR/GBP	0.8671	0.0015	0.0044	0.0088	0.0175	Dow Jones	45,271
USD/CNY	7.1415	-0.0196	-0.0463	-0.0865	-0.1610	S&P 500	6,442
						FTSE100	9,178
INTEREST		New Zealand		Australia		DAX 30	23,595
RATES		Mid		Mid		Nikkei	41,939
30 day bank bills			3.10%		3.60%	COMMODITIES	
90 day bank bills			3.01%		3.62%		USD
1 year swap			2.83%		3.38%	Brent Crude	67.53
2 year swap			2.89%		3.34%	Gold	3,563.40
3 year swap			3.05%		3.41%	Silver	41.19
5 year swap			3.37%		3.81%	Iron Ore	102.53
10 year swap			3.97%		4.26%	CRB Index	374.67
3 year Govt bond			3.34%		3.54%		
5 year Govt bond			3.78%		3.81%		NZD
10 year Govt bond			4.57%		4.54%	NZ Carbon	57.80

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