

Market Alert

Friday 12 September 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5977	0.0034
NZD/AUD	0.8971	0.0032
NZD/JPY	87.960	-1.05
NZD/EUR	0.5092	-0.0021
NZD/GBP	0.4402	0.0026
NZD/CNH	4.2515	-0.0258
AUD/USD	0.6661	0.0013
AUD/EUR	0.5674	-0.0044
EUR/USD	1.1737	0.0114
USD/CNH	7.1142	-0.0827
GBP/USD	1.3574	-0.0005
EUR/GBP	0.8642	0.0086

INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	2.99%	3.63%
2 year swap	2.85%	3.28%
10 year Govt	4.39%	4.35%

It was another shocking night ...

for the US data releases after the US CPI inflation rate accelerated to 2.9% in August, its highest level since January, as retailers gradually pass higher import tariffs on to consumers. On a monthly basis, consumer prices rose 0.4%, above forecasts at 0.3%. The only positive, and it was a very mild positive, was that core inflation held steady at 3.1%. But the bad news didn't stop there ... initial jobless claims surged to 263k, its highest level since 2021, which saw the 4-week average jump from 230.7k to 240.5k! Did I hear someone say stagflation?

Beyond the initial headlines, the data was still weak with wages average hourly earnings declining from 1.2% to 0.7% on the year, and while the US government recorded a USD345bn budget deficit in August, which was a 9% improvement from a year earlier, the year-to-date

deficit expanded to USD1.973trn.

Long story short ... despite the higher than expected inflation print, the poor jobless numbers weighed on sentiment with markets still projecting 4 x 25bps rate cuts across the next 5 FOMC meetings. US treasury yields fell, with the 2-years 1bps lower at 3.54% while the 10-years is clinging on to the 4.00% handle by its fingertips dropping 3bps to 4.02%. In saying that, the IMF warned, *"The Fed should proceed cautiously in lowering rates."*

The USD-index naturally eased, falling 0.3% and, once again, the AUD/USD and NZD/USD out-performed their peers. Over the last week, the Norwegian kroner has rallied 1.8% against the USD, the AUD 1.6%, and the NZD 1.4%. Remember, just because the NZ economy is up the gurgler, it doesn't mean the NZD/USD can't appreciate ... and just to highlight this fact, the NZD gain came despite the RBNZ essentially cemented in a 2.50% OCR by Christmas.

Equity markets still managed to grind higher on the cutting cycle optimism with offshore exchanges locking in gains of 0.5%-1.5% overnight. Commodity prices were mixed, with energy prices lower and oil down 2%.

Reports are circulating that Treasury Secretary Scott Bessent has recently held meetings with the three front runners for the Fed Chair position – namely, former Fed officials Larry Lindsey and Kevin Warsh, and former St Louis Fed President James Bullard. By all accounts, Bessent is pushing forth with his 'Fed agenda' to *"organically reduce the massive bond*

portfolio on its balance sheet."

Looking at the other headlines

with European inflation flatlining around the 2.0% level, the ECB unsurprisingly left its three key interest rate settings unchanged overnight, with the deposit facility at 2.00%, the main refinancing rate at 2.15%, and the marginal lending rate at 2.40%. The outlook is broadly unchanged from June. Post meeting, ECB President Christine Lagarde stated, *"The risks to economic growth are more balanced. Moderating wage growth will keep a lid on domestic price pressures, while core inflation will drop on declining labour cost pressures and a stronger EUR. Higher public spending reforms will add to growth."*

Finally, on the peripheral ...

- Japanese wholesale inflation quickened in August after PPI firmed from 2.5% to 2.7%.
- UK RICS house prices fell to -19 from -13 in July. It was the weakest housing numbers since January 2024 and below economists' forecast of -10.
- The Central Bank of Turkey cut its benchmark interest rate by 250bps to 40.5%, which was more aggressive than expectations of a cut to 41%!

Fire in the hole!

Sums up the apprehension at home because ... tonight is the first time I'll be using my Christmas present ... a pizza oven! What could possibly go wrong?



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Friday 12 September 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.40					CAD	0.8265 0.9213
NZD/USD	0.5977	0.0006	0.0018	0.0034	0.0055	CHF	0.4754 0.5302
NZD/AUD	0.8971	0.0005	0.0016	0.0032	0.0061	CNY	4.2532 4.7423
NZD/JPY	87.960	-0.20	-0.55	-1.05	-1.96	DKK	3.7994 4.2355
NZD/EUR	0.5092	-0.0004	-0.0011	-0.0021	-0.0041	FJD	1.3196 1.4711
NZD/GBP	0.4402	0.0004	0.0012	0.0026	0.0049	HKD	4.6537 5.1880
						KRW	830.27 925.59
AU TWI	61.10					MYR	2.5209 2.8103
AUD/USD	0.6661	0.0003	0.0008	0.0013	0.0015	NOK	5.8877 6.5653
AUD/NZD	1.1146	-0.0007	-0.0021	-0.0042	-0.0081	SEK	5.5594 6.1977
AUD/JPY	97.64	-0.28	-0.80	-1.53	-2.85	SGD	0.7655 0.8533
AUD/EUR	0.5674	-0.0008	-0.0023	-0.0044	-0.0085	TWD	18.10 20.17
AUD/GBP	0.4905	0.0001	0.0005	0.0011	0.0021	ZAR	10.37 11.56
USD Index	97.51					EQUITIES	
EUR/USD	1.1737	0.0022	0.0062	0.0114	0.0202		Index
USD/JPY	147.16	-0.48	-1.37	-2.57	-4.64	NZX50	13,229
GBP/USD	1.3574	0.0002	0.0003	-0.0005	-0.0035	ASX200	8,805
EUR/GBP	0.8642	0.0014	0.0043	0.0086	0.0165	Dow Jones	46,108
USD/CNY	7.1184	-0.0161	-0.0461	-0.0820	-0.1459	S&P 500	6,588
						FTSE100	9,298
INTEREST		New Zealand		Australia		DAX 30	23,704
RATES		Mid		Mid		Nikkei	44,373
30 day bank bills			3.08%		3.60%	COMMODITIES	
90 day bank bills			2.99%		3.63%		USD
1 year swap			2.80%		3.35%	Brent Crude	66.24
2 year swap			2.86%		3.29%	Gold	3,636.61
3 year swap			3.00%		3.33%	Silver	41.60
5 year swap			3.29%		3.70%	Iron Ore	105.80
10 year swap			3.83%		4.12%	CRB Index	372.08
3 year Govt bond			3.26%		3.43%		
5 year Govt bond			3.66%		3.67%		NZD
10 year Govt bond			4.39%		4.35%	NZ Carbon	58.35

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED