

Market Alert

Friday 19 September 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5882	0.0038
NZD/AUD	0.8897	0.0038
NZD/JPY	87.045	-0.97
NZD/EUR	0.4992	-0.0017
NZD/GBP	0.4341	0.0029
NZD/CNH	4.1815	-0.0231
AUD/USD	0.6610	0.0013
AUD/EUR	0.5610	-0.0043
EUR/USD	1.1782	0.0114
USD/CNH	7.1086	-0.0841
GBP/USD	1.3546	-0.0007
EUR/GBP	0.8692	0.0088
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	2.85%	3.61%
2 year swap	2.68%	3.25%
10 year Govt	4.32%	4.31%

When young Ginge said to me ...

"What's your pick for Q2 GDP?" two minutes before the release, I replied, "It's irrelevant ... it's so old now, no one cares." Well, how wrong I was!

That's not a recession that's a depression, baby!

NZ Q2 GDP was a shocker ... plain and simple! While most forecasters had been in the -0.2% to -0.4% range, the 0.9% contraction stifled any hopes of a coming recovery, adding further pressure on the central bank to continue slashing interest rates. The 0.9% fall was broad-based with falls in 10 out of 16 industries with GDP having contracted in three of the last five quarters, while the 0.6% contraction on an annual basis cemented in five consecutive negative annual prints.

As one would expect, local swap rates

and the NZD plummeted, while we've already had two banks call for 75bps of cuts at the next two RBNZ meetings to generate a 2.25% OCR by Christmas. The 2-year swap rate plummeted 12bps to the 2.71% level, while the 5 and 10-year rates fell 8bps and 6bps, which has seen the yield curve steepen further.

US Treasury yields were a touch higher overnight as the markets aligned with the Fed's pricing of 3-rate cuts by 2026, the 2-year is 1bps higher at 3.58%, while the 10-year firmed 3bps to 4.12% with the 4.00% level holding.

The NZD was, unsurprisingly, the worst performing currency overnight, in what was a strong USD-session. While the USD-index firmed 0.4%, the NZD fell 1.4% to be at the base of its recent range against the USD. The NZD/AUD has fallen below the 0.8900 level, reaching a 3-year low despite the AUD weakening 0.6% against the USD after its poor employment release, while the NZD is also approaching monthly lows on most of its crosses with NZD/EUR back below 0.5000.

But despite the doom and gloom in NZ, global equity markets are continuing on their tear with bourses 0.3%-1.3% higher, although commodity prices were the opposite, broadly 0.5% lower.

Following on from the FOMC rate cut ...

The PBoC resisted the temptation to follow its US peers, choosing to leave its key 7-day reverse repo rate unchanged at 1.40%, while ...

- As mentioned, the Australian employment data generated a pessimistic outlook for all of those New Zealanders who want to immigrate there, after 5.4k workers departed the workforce. Most shockingly, full-time employment lost 40.9k workers, while part-time workers increased by 35.5k. Somewhat fortuitously, the unemployment rate remained at 4.2% as the participation rate fell to 66.8%.

- The BoE voted 7-2 to hold its benchmark Bank Rate at 4.00%, following on from August's 25bps cut. Policymakers noted that a gradual and cautious approach to further easing monetary restraint remains appropriate. The central bank also announced it will slow the pace of its QT programme, scaling back its bond sales from GBP100bn per month to GBP70bn.

- The US releases saw initial jobless claims fall by 33k to 231k, which contributed to continuing claims easing 7k to 1,920k. The Philly Fed manufacturing index also generated a positive print after its surged to its highest level since January at 23.2 in September, following August's -0.3. On a side note, Donald Trump has asked the Supreme Court to let him fire Fed Governor Lisa Cook

- Lastly, the Eurozone's current account surplus narrowed to EUR35bn in July from EUR39.3bn a year earlier.

Finally, a big shout out to the young guy at football last night. Not only did he dislocate his finger with a bit of the bone sticking out, he stayed to the end to watch the game!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Friday 19 September 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.90					CAD	0.8111 0.9118
NZD/USD	0.5882	0.0006	0.0019	0.0038	0.0065	CHF	0.4661 0.5241
NZD/AUD	0.8897	0.0005	0.0018	0.0038	0.0072	CNY	4.1819 4.7018
NZD/JPY	87.045	-0.19	-0.51	-0.97	-1.78	DKK	3.7247 4.1871
NZD/EUR	0.4992	-0.0004	-0.0009	-0.0017	-0.0031	FJD	1.3055 1.4676
NZD/GBP	0.4341	0.0004	0.0014	0.0029	0.0058	HKD	4.5733 5.1411
						KRW	816.30 917.65
AU TWI	61.10					MYR	2.4661 2.7722
AUD/USD	0.6610	0.0003	0.0008	0.0013	0.0015	NOK	5.8096 6.5308
AUD/NZD	1.1234	-0.0007	-0.0024	-0.0050	-0.0100	SEK	5.5033 6.1865
AUD/JPY	97.82	-0.27	-0.78	-1.51	-2.82	SGD	0.7538 0.8474
AUD/EUR	0.5610	-0.0008	-0.0022	-0.0043	-0.0083	TWD	17.70 19.90
AUD/GBP	0.4878	0.0001	0.0005	0.0012	0.0022	ZAR	10.20 11.46
USD Index	97.37					EQUITIES	
EUR/USD	1.1782	0.0022	0.0061	0.0114	0.0204		Index
USD/JPY	147.99	-0.48	-1.36	-2.58	-4.59	NZX50	13,120
GBP/USD	1.3546	0.0002	0.0001	-0.0007	-0.0034	ASX200	8,745
EUR/GBP	0.8692	0.0014	0.0044	0.0088	0.0169	Dow Jones	46,142
USD/CNY	7.1121	-0.0150	-0.0430	-0.0790	-0.1380	S&P 500	6,628
						FTSE100	9,228
INTEREST		New Zealand		Australia		DAX 30	23,675
RATES		Mid		Mid		Nikkei	45,303
30 day bank bills			3.00%		3.59%	COMMODITIES	
90 day bank bills			2.85%		3.61%		USD
1 year swap			2.60%		3.33%	Brent Crude	67.57
2 year swap			2.71%		3.30%	Gold	3,646.19
3 year swap			2.86%		3.36%	Silver	41.83
5 year swap			3.17%		3.75%	Iron Ore	105.30
10 year swap			3.74%		4.16%	CRB Index	373.49
3 year Govt bond			3.12%		3.40%		
5 year Govt bond			3.54%		3.64%		NZD
10 year Govt bond			4.32%		4.31%	NZ Carbon	58.00

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