

Market Alert

Monday 22 September 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5868	0.0038
NZD/AUD	0.8893	0.0037
NZD/JPY	86.805	-0.94
NZD/EUR	0.4996	-0.0017
NZD/GBP	0.4354	0.0029
NZD/CNH	4.1686	-0.0219
AUD/USD	0.6588	0.0013
AUD/EUR	0.5608	-0.0043
EUR/USD	1.1744	0.0112
USD/CNH	7.1171	-0.0822
GBP/USD	1.3463	-0.0007
EUR/GBP	0.8713	0.0086

INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	2.84%	3.60%
2 year swap	2.66%	3.27%
10 year Govt	4.29%	4.36%

The good, the bad, and the ugly!

The good ... well done Liam on your best ever F1 finish, and a good showing from the Silver Ferns. The bad ... that's got to be the Black Ferns in a result that hurt to the bone. And the ugly, well that's got to be football in New Zealand ... although it's no fault of theirs ... after a report highlighted amateur football is attracting hundreds of millions in offshore betting. Now, if anyone wants the 'inside track' on who's going to win the 'old todgers' league next season ...

Closing last week off ...

Friday saw the USD-index cement in its 3rd consecutive day of gains, which meant the NZD and AUD continued to weaken with the NZD/USD and AUD/USD struggling to hold on to the 0.5850 and 0.6600 levels. US treasuries

continued their consolidation phase with the 2 and 10-years firming 1 and 2bps to 3.58% and 4.13%, respectively, while US equity markets, for a change, extended to new highs. Commodity prices were mixed, with oil prices falling 1.25%, while arabica coffee futures fell to a 1-month low after reports that US lawmakers are preparing a bill to exempt coffee imports from tariffs!

The BoJ kept its policy rate unchanged at 0.5% for the 5th consecutive meeting, although hawkish sentiment grew with 2 dissenting voters. The central bank said the economy is recovering moderately but flagged pockets of weakness. Ahead of the meeting, Japanese core inflation printed at 2.7% in August, slowing for the 3rd straight month to its lowest level since November 2024.

ECB member Yannis Stournaras signalled that while inflation is forecast to remain slightly below 2.0% for 'several years' he added, *"That alone isn't enough to justify more interest-rate reductions. While policy is in a good equilibrium - not a perfect equilibrium - but for the moment, there's no reason to act on rates."*

UK public sector net borrowing widened to GBP18.0bn in August from GBP14.4bn in the same month last year.

To add to the doom and gloom, the NZ trade deficit surged from July's NZD578m shortfall to NZD1.19bn in August, mainly due to plummeting exports, which fell from NZD6.71bn to NZD5.94bn. Imports eased from NZD7.12bn from NZD7.28bn.

Just to prove that the US needs the rest of the world to help it fund its deficit, foreign ownership of treasuries hit a record USD9.16trn in July. Key buyers were Japan and the UK, with Japan's holdings growing to USD1.15trn while the UK's holdings neared USD900bn. Interestingly, China cut its holdings to USD731bn, its lowest level since 2008, as it seeks to diversify away from the USD ... and to acquire even more gold.

The week ahead ...

... will continue to focus on last week's Fed meeting with various FOMC Board members, including Chairman Powell, providing insights and analysis on their rate cut through various speeches. In addition, there are a few key releases, noticeably PCE inflation, as well as personal consumption, household spending, the latest Q2 GDP update, durable goods orders, PMIs, the current account balance, and the Chicago Fed activity index. We also have the latest PMI updates from the UK, Germany, and the Eurozone, while we'll get the latest update on the German economy via the GfK consumer and Ifo business updates. From China, the PBoC will update their interest rate settings, while the authorities will provide an update on industrial profits. In Japan the focus will be on September PMIs and Tokyo CPI, while the minutes from Friday's BoJ announcement will be closely reviewed. Australia will provide their latest PMI and CPI updates, while we'll also receive the latest consumer confidence update here in NZ.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.60					CAD	0.8066 0.9077
NZD/USD	0.5868	0.0006	0.0019	0.0038	0.0065	CHF	0.4656 0.5218
NZD/AUD	0.8893	0.0005	0.0018	0.0037	0.0075	CNY	4.1684 4.6907
NZD/JPY	86.8050	-0.19	-0.50	-0.9448	-1.73	DKK	3.7193 4.1857
NZD/EUR	0.4996	-0.0004	-0.0010	-0.0017	-0.0032	FJD	1.3012 1.4643
NZD/GBP	0.4354	0.0003	0.0014	0.0029	0.0058	HKD	4.5513 5.1220
						KRW	817.86 920.40
AU TWI	61.00					MYR	2.4610 2.7696
AUD/USD	0.6588	0.0003	0.0008	0.0013	0.0016	NOK	5.7921 6.5183
AUD/NZD	1.1251	-0.0008	-0.0024	-0.0051	-0.0104	SEK	5.5080 6.1986
AUD/JPY	97.64	-0.27	-0.77	-1.48	-2.78	SGD	0.7517 0.8460
AUD/EUR	0.5608	-0.0008	-0.0023	-0.0043	-0.0085	TWD	17.69 19.91
AUD/GBP	0.4883	0.0001	0.0005	0.0012	0.0022	ZAR	10.15 11.43
USD Index	97.65					EQUITIES	
EUR/USD	1.1744	0.0021	0.0060	0.0112	0.0201		Index
USD/JPY	147.88	-0.48	-1.34	-2.54	-4.55	NZX50	13,232
GBP/USD	1.3463	0.0002	0.0001	-0.0007	-0.0037	ASX200	8,774
EUR/GBP	0.8713	0.0014	0.0043	0.0086	0.0167	Dow Jones	46,315
USD/CNY	7.1151	-0.0139	-0.0403	-0.0728	-0.1331	S&P 500	6,664
						FTSE100	9,217
						DAX 30	23,639
						Nikkei	45,046
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		2.99%		3.59%		Brent Crude	66.68
90 day bank bills		2.84%		3.60%		Gold	3,683.73
1 year swap		2.60%		3.34%		Silver	43.08
2 year swap		2.67%		3.32%		Iron Ore	105.44
3 year swap		2.82%		3.38%		CRB Index	370.76
5 year swap		3.14%		3.77%			
10 year swap		3.72%		4.19%			
3 year Govt bond		3.09%		3.44%			
5 year Govt bond		3.52%		3.69%			NZD
10 year Govt bond		4.29%		4.36%		NZ Carbon	57.95

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