

Market Alert

Thursday 2 October 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5818	0.0038
NZD/AUD	0.8793	0.0046
NZD/JPY	85.565	-0.91
NZD/EUR	0.4957	-0.0015
NZD/GBP	0.4314	0.0031
NZD/CNH	4.1282	-0.0215
AUD/USD	0.6615	0.0009
AUD/EUR	0.5636	-0.0047
EUR/USD	1.1737	0.0113
USD/CNH	7.1264	-0.0826
GBP/USD	1.3483	-0.0008
EUR/GBP	0.8700	0.0089

INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	2.78%	3.66%
2 year swap	2.62%	3.46%
10 year Govt	4.31%	4.47%

Danny Glover said it best ...

I'm getting too old for this ... yep ... 2 games of football last night, so I'm walking like a 90-year-old. Still, at least I won a game ... unlike our cricketers!

If there was any doubt, there is now none ...

After US private businesses shed 32k jobs in September, defying market expectations of a 50k increase. The shocking release marks the first back-to-back private sector job losses since 2020, and the steepest decline since March 2023! If there was an internal debate at the Fed as to whether it would cut or not at its 29 October meeting, it is now over.

But here's an interesting question ... what happens if the Federal government shut down drags out for a week or 2 ... will the

central bank have enough information to make an informed decision? Doesn't every central bank end its meeting with ... risks to the economic outlook remain, and we are data dependent!

Fitch ratings agency stated the US government shutdown does not have any near-term implications for its AA+/stable rating, although economists calculate each week of shutdown will reduce US GDP by 0.1%.

Looking at the other releases ...

- US ISM manufacturing PMIs rose from 48.7 to 49.1 in September, slightly above expectations at 49.0. The print marked the 7th consecutive month of contraction, although it was the strongest within this cycle.

- Eurozone CPI inflation firmed above the ECB's mid-point target at 2.0% after it increased to 2.2% in September.

The US Supreme Court rejected a request for President Trump to immediately oust Fed member Lisa Cook ... for now ... instead agreeing to hear oral arguments on the case early next year. The President also tweeted, "I really believe that Jerome 'Too Late' Powell is an obstructionist!"

After cutting its cash rate by 25bps to 2.50%, the BoC minutes revealed, "Overall, members agreed that the labour market had softened. It was difficult to access the amount of slack in the economy, and the outlook for inflation is uncertain. After reviewing a broad range of indicators, it was agreed they continued to point to underlying inflation of around 2.5%."

What it all means ...

US Treasury yields eased back on the poor ADP employment report that provided fresh evidence of a slowing US labour market and backed the case for further Fed rate cuts. Amid a steepening bias, the 2-year eased 6bps to 3.55%, while the 10-year fell 4bps to 4.11%.

The labour market weakness, and closure of the Federal government also weighed on the USD, although it maintained its recent trend of grinding lower. As I type the USD-index is 0.2% lower, with the JPY the biggest beneficiary, rallying 0.6% with the USD/JPY approaching the 147.00 level. Interestingly, the NZD was the second strongest performer, rallying 0.4% to 0.5820, although the NZD/USD is encountering resistance. Somewhat perplexingly, the AUD was unchanged, which saw it weaken on its crosses.

But despite the doom and gloom ... yep, you guessed it ... equity markets are higher. As one of the bright guts in the room said, "It's because they never go down!" and in this environment ... he's right. But here's the thing, there are 19,000 private equity funds in the US, but only 14,000 McDonalds! That's got to tell us something! Anyway, the US exchanges are 0.2%-0.5% higher, while the European bourses gained 1.0%-1.5%.

Commodity prices were mixed with oil and energy products weaker, while metals firmed.



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Daily Rates

Thursday 2 October 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	66.80					CAD	0.8106
NZD/USD	0.5818	0.0007	0.0021	0.0038	0.0068	CHF	0.4633
NZD/AUD	0.8793	0.0007	0.0022	0.0046	0.0093	CNY	4.1347
NZD/JPY	85.5650	-0.18	-0.51	-0.9128	-1.63	DKK	3.6996
NZD/EUR	0.4957	-0.0003	-0.0009	-0.0015	-0.0027	FJD	1.2936
NZD/GBP	0.4314	0.0004	0.0015	0.0031	0.0061	HKD	4.5258
						KRW	815.65
AU TWI	61.20					MYR	2.4456
AUD/USD	0.6615	0.0003	0.0007	0.0009	0.0005	NOK	5.7615
AUD/NZD	1.1367	-0.0009	-0.0029	-0.0062	-0.0127	SEK	5.4485
AUD/JPY	97.26	-0.29	-0.83	-1.56	-2.88	SGD	0.7488
AUD/EUR	0.5636	-0.0008	-0.0024	-0.0047	-0.0091	TWD	17.68
AUD/GBP	0.4903	0.0001	0.0005	0.0009	0.0016	ZAR	10.01
USD Index	97.69					EQUITIES	
EUR/USD	1.1737	0.0022	0.0063	0.0113	0.0199		Index
USD/JPY	147.05	-0.50	-1.40	-2.48	-4.46	NZX50	13,434
GBP/USD	1.3483	0.0002	-0.0001	-0.0008	-0.0036	ASX200	8,846
EUR/GBP	0.8700	0.0015	0.0046	0.0089	0.0169	Dow Jones	46,506
USD/CNY	7.119	-0.0146	-0.0398	-0.0711	-0.1340	S&P 500	6,715
						FTSE100	9,446
INTEREST		New Zealand		Australia		DAX 40	24,114
RATES		Mid		Mid		Nikkei	44,551
30 day bank bills			2.91%		3.59%	COMMODITIES	
90 day bank bills			2.78%		3.66%		USD
1 year swap			2.54%		3.47%	Brent Crude	65.48
2 year swap			2.62%		3.46%	Gold	3,862.45
3 year swap			2.78%		3.52%	Silver	47.47
5 year swap			3.09%		3.68%	Iron Ore	103.62
10 year swap			3.68%		4.08%	CRB Index	373.19
3 year Govt bond			3.05%		3.60%		
5 year Govt bond			3.50%		3.82%		NZD
10 year Govt bond			4.31%		4.47%	NZ Carbon	57.10

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