

# Market Alert

Friday 3 October 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5820	0.0039
NZD/AUD	0.8823	0.0045
NZD/JPY	85.655	-0.89
NZD/EUR	0.4966	-0.0015
NZD/GBP	0.4328	0.0031
NZD/CNH	4.1451	-0.0208
AUD/USD	0.6596	0.0009
AUD/EUR	0.5628	-0.0046
EUR/USD	1.1718	0.0111
USD/CNH	7.1324	-0.0823
GBP/USD	1.3445	-0.0010
EUR/GBP	0.8713	0.0087
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	2.77%	3.66%
2 year swap	2.62%	3.45%
10 year Govt	4.29%	4.44%

## There's not a great deal to report chief!

The USD-index staged a modest recovery, although it was a very modest recovery. The NZD held on to its recent gains, while the AUD eased back to the 0.6600 level. The EUR and JPY flatlined.

US growth concerns, and evidence of a deteriorating labour market, have raised the possibility of two further rate cuts by year end, although it didn't really impact US yields with the 2-year a pip higher at 3.55%, while the 10-year eased a pip to 4.09%.

Equity markets were higher, gaining 0.3%-0.8%, while commodities prices eased 1.0%-2.0%.

The Challenger jobs survey saw US-based employers announced 54k job cuts in September, down 25.8% from a year ago. Further good news was found

in the fact that this is the lowest number in 3-months.

Looking at the other releases ...

- The Eurozone unemployment rate edged up to 6.3% in August, from July's all-time low of 6.2%.
- The Australian goods trade surplus got pummelled in August, plummeting from AUD7.3bn to AUD1.8bn. Expectations had been at for an AUD6.5bn print. Exports contracted 7.8% on the month, while imports increased 3.2%.
- The other Australian release saw August household spending increase 0.1%. On an annualised basis, spending eased from 5.3% to 5.0%.

The Fed's Lorie Logan announced, *"Inflation is running above target, trending higher. We need to be very cautious about rate cuts. We must not ease too much, only to have to reverse course."* Colleague Austin Goolsbee added, *"The immediate impact of the shutdown will be on federal workers who won't get paid on time. We'll be flying blind without any economic data during the shutdown. We want to be careful about overly frontloading rate cuts."*

Scott Bessent advised that the first round of interviews for the next Fed chair will be completed next week.

BoJ Deputy Governor Shinichi Uchida reaffirmed the bank's policy to raise rates should the economy perform in line with forecasts, stating, *"Japan's economy is recovering, despite some weakness. The Tankan survey showed business sentiment is positive overall as uncertainty over the US tariff outlook recedes. Underlying inflation is likely to stagnate for some period before re-accelerating gradually as inflation*

*expectations heighten."*

Japanese bonds fell after yesterday's poorly received 10-year auction which saw the bid-to-cover ratio drop to 3.34x from September's 3.92x. The result highlighted investor caution with yields near multi-year highs as speculation builds for an October rate hike, and ahead of Saturday's leadership election.

The FT reported that China is tightening restrictions on European telecom suppliers Nokia and Ericsson, while other rumours suggest the EU has plans to hike tariffs on its steel imports to 50%.

## The RBA's semi-annual Financial Stability Review ...

Warned that the biggest risks to the Australian financial system mostly stem from abroad, including, but not limited to, elevated asset prices, rising sovereign debt levels, and leverage in markets. The RBA also highlighted the ongoing weakness in China's property sector as a persistent threat.

Domestically, the RBA said the financial system remains resilient, with profitable, well-capitalised banks and households, aided by lower rates and easing inflation. Most borrowers are keeping up with mortgage payments and have buffers, though the drop in mortgage rates has pushed home prices to record highs, raising bubble concerns.

The report urged banks to bolster resilience to cyber and geopolitical risks and cautioned against loosening lending standards or easing macroprudential limits, particularly around high debt-to-income and investor lending.



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# Daily Rates

Friday 3 October 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.00					CAD	0.8125 0.9211
NZD/USD	0.5820	0.0007	0.0021	0.0039	0.0068	CHF	0.4642 0.5264
NZD/AUD	0.8823	0.0007	0.0022	0.0045	0.0092	CNY	4.1340 4.6857
NZD/JPY	85.6550	-0.17	-0.48	-0.8886	-1.61	DKK	3.7061 4.2017
NZD/EUR	0.4966	-0.0003	-0.0009	-0.0015	-0.0027	FJD	1.2952 1.4684
NZD/GBP	0.4328	0.0005	0.0015	0.0031	0.0062	HKD	4.5277 5.1332
						KRW	817.83 927.19
AU TWI	61.30					MYR	2.4453 2.7723
AUD/USD	0.6596	0.0003	0.0007	0.0009	0.0006	NOK	5.8111 6.5882
AUD/NZD	1.1329	-0.0009	-0.0029	-0.0061	-0.0123	SEK	5.4715 6.2032
AUD/JPY	97.12	-0.27	-0.79	-1.51	-2.84	SGD	0.7499 0.8502
AUD/EUR	0.5628	-0.0008	-0.0024	-0.0046	-0.0089	TWD	17.70 20.07
AUD/GBP	0.4904	0.0001	0.0005	0.0009	0.0016	ZAR	10.06 11.41
USD Index	97.87					EQUITIES	
EUR/USD	1.1718	0.0022	0.0061	0.0111	0.0199		Index
USD/JPY	147.17	-0.47	-1.35	-2.48	-4.41	NZX50	13,452
GBP/USD	1.3445	0.0002	0.0000	-0.0010	-0.0037	ASX200	8,946
EUR/GBP	0.8713	0.0015	0.0045	0.0087	0.0168	Dow Jones	46,573
USD/CNY	7.119	-0.0146	-0.0398	-0.0711	-0.1340	S&P 500	6,720
						FTSE100	9,428
						DAX 40	24,423
						Nikkei	44,937
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid		USD	
30 day bank bills		2.90%		3.59%		Brent Crude	64.19
90 day bank bills		2.77%		3.66%		Gold	3,846.00
1 year swap		2.53%		3.46%		Silver	46.71
2 year swap		2.62%		3.45%		Iron Ore	104.02
3 year swap		2.78%		3.46%		CRB Index	373.12
5 year swap		3.10%		3.63%			
10 year swap		3.70%		4.08%			
3 year Govt bond		3.05%		3.56%			
5 year Govt bond		3.49%		3.79%			
10 year Govt bond		4.29%		4.44%		NZ Carbon	56.50

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