

Market Alert

Wednesday 03 December 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5727	0.0040
NZD/AUD	0.8736	0.0059
NZD/JPY	89.355	-0.83
NZD/EUR	0.4934	-0.0010
NZD/GBP	0.4340	0.0031
NZD/CNH	4.0477	-0.0153
AUD/USD	0.6555	0.0001
AUD/EUR	0.5646	-0.0050
EUR/USD	1.1607	0.0102
USD/CNH	7.0674	-0.0752
GBP/USD	1.3195	-0.0003
EUR/GBP	0.8796	0.0078
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.47%	3.72%
2 year swap	2.88%	3.78%
10 year Govt	4.48%	4.73%

The great thing about Christmas

... is the advent calendars ... especially my one, which has a 'surprise' bottle of wine for each day!

But that is the only excitement I'm seeing these days as markets are extremely quiet. Currency markets are extremely quiet, with the main move being a 0.3% weakening of the JPY. Bond markets were quiet with the 2-year Treasury yield 2bps lower at 3.53% while the 10-years is unchanged at 4.09%. Global equity markets staged a modest recovery, firming 0.25%-0.75%, although it should be noted commodity markets are weaker across the board, falling 1.0%-2.0%.

The OECD updated its global growth forecasts ...

... although it was all a bit ho-hum. They anticipate global growth will ease from 3.2% in 2025 to 2.9% in 2026, before

rebounding to 3.1% in 2027 as tariffs, weak trade, and geopolitical uncertainty weigh on activity. Breaking the economies down, US growth is projected to slow to 2.0% in 2025 and 1.7% in 2026, before edging up to 1.9% in 2027 amid a softer labour market, and while China is forecast to grow 5.0% this year, growth will slow to around 4.4%-4.3% in 2026-27 as consumption remains subdued alongside further contraction in its real estate market.

Beyond the OECD, the main headline release overnight saw Eurozone annual inflation edge up to 2.2% in November from 2.1% in October, slightly above expectations of 2.1%. Core inflation held steady at 2.4%. Dipping into the detail, prices grew faster in the services sector, while energy costs continued to decline but at a slower pace.

Looking at the other releases ...

- The US economic optimism index climbed 9.1% to 47.9 in December, rebounding from November's 17-month low of 43.9.
- Australia posted its largest Q3 current account deficit since 2016 after it fell from AUD13.7bn to AUD16.6bn.
- Australian building approvals fell 6.4% in October following September's 12.0% gain.
- UK annual shop-price inflation firmed 0.6% in October despite food prices falling 3.0%.
- New Zealand Q3 terms of trade contracted 2.1% following Q2's 4.1% gain after export prices fell 1.6% while import prices firmed 0.5%.
- The GDT auction saw another collapse,

falling 4.3% overnight. Butter was the biggest contributor, plummeting 12.4%, AMF collapsed, falling 9.8%, while WMP and SMP held up better, falling 'just' 2.4% and 1.6%, respectively. At this pace ... even the NZD9.50 payout price must be looking a little shaky!

US Treasury Secretary Scott Bessent announced, "Inflation is going to roll next year. We will have low inflationary growth in 2026."

On the political front, Russian President Putin accused Europe of sabotaging the Ukraine peace talks, while also threatening, "We are ready for war against Europe if attacks on Russian tankers and energy continue." If there is one thing we should have learned from Munich ... it's that you've got to stand up to bullies!

Watch out ... there's a new sheriff in town!

And in her second day in the job, RBNZ Governor Anna Breman spoke at the parliamentary finance and expenditure committee hearing, confirming her "initial priority is to meet with her team internally and with stakeholders. Under my leadership, the bank will be laser focused on its core mandate which is low and stable inflation. Transparency, accountability and clear communication will be a focus in 2026. While the RBNZ is well regarded internationally on transparency, there is more to be done in that area. I will discuss being more transparent around how members vote with the monetary policy committee. The recent rate cuts will improve growth in New Zealand. Ideally, we would want less substantial swings in house prices over time."



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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	66.50					CAD	0.8005 0.9166
NZD/USD	0.5727	0.0007	0.0021	0.0040	0.0063	CHF	0.4603 0.5272
NZD/AUD	0.8736	0.0010	0.0028	0.0059	0.0115	CNY	4.0562 4.6408
NZD/JPY	89.3550	-0.18	-0.43	-0.8292	-1.61	DKK	3.6835 4.2176
NZD/EUR	0.4934	-0.0002	-0.0005	-0.0010	-0.0023	FJD	1.2839 1.4701
NZD/GBP	0.4340	0.0006	0.0016	0.0031	0.0054	HKD	4.4567 5.1028
						KRW	840.99 962.92
AU TWI	61.30					MYR	2.3644 2.7072
AUD/USD	0.6555	0.0001	0.0002	0.0001	-0.0016	NOK	5.8045 6.6460
AUD/NZD	1.1444	-0.0013	-0.0038	-0.0079	-0.0168	SEK	5.4055 6.1892
AUD/JPY	102.19	-0.32	-0.82	-1.64	-3.22	SGD	0.7425 0.8502
AUD/EUR	0.5646	-0.0009	-0.0024	-0.0050	-0.0106	TWD	17.97 20.58
AUD/GBP	0.4967	0.0001	0.0002	0.0001	-0.0008	ZAR	9.80 11.22
USD Index	99.48					EQUITIES	
EUR/USD	1.1607	0.0020	0.0053	0.0102	0.0185		Index
USD/JPY	156.00	-0.51	-1.31	-2.51	-4.55	NZX50	13,503
GBP/USD	1.3195	0.0000	-0.0002	-0.0003	-0.0015	ASX200	8,580
EUR/GBP	0.8796	0.0015	0.0041	0.0078	0.0145	Dow Jones	47,334
USD/CNY	7.07	-0.0148	-0.0383	-0.0729	-0.1313	S&P 500	6,817
						FTSE100	9,702
						DAX 40	23,711
						Nikkei	49,303
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		2.41%		3.60%		Brent Crude	62.77
90 day bank bills		2.47%		3.72%		Gold	4,188.82
1 year swap		2.54%		3.68%		Silver	58.01
2 year swap		2.88%		3.78%		Iron Ore	106.94
3 year swap		3.14%		3.87%		CRB Index	378.33
5 year swap		3.48%		4.05%			
10 year swap		4.01%		4.43%			
3 year Govt bond		3.36%		3.97%			
5 year Govt bond		3.82%		4.19%			NZD
10 year Govt bond		4.48%		4.73%		NZ Carbon	41.70

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