

Market Alert

Wednesday 10 December 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5779	0.0038
NZD/AUD	0.8706	0.0060
NZD/JPY	90.675	-0.88
NZD/EUR	0.4972	-0.0011
NZD/GBP	0.4345	0.0030
NZD/CNH	4.0808	-0.0164
AUD/USD	0.6637	-0.0003
AUD/EUR	0.5710	-0.0053
EUR/USD	1.1623	0.0101
USD/CNH	7.0619	-0.0746
GBP/USD	1.3298	-0.0004
EUR/GBP	0.8738	0.0078
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.49%	3.75%
2 year swap	3.05%	3.94%
10 year Govt	4.60%	4.88%

If you are going for the top job ...

... it always makes sense to play up to the boss. It's exactly what I do at home most evenings! But White House Economic Director and Fed Governor-hopeful Kevin Hassett took it a whole step further, stating he sees plenty of room to substantially lower the Fed Funds rate, meaning, if given the chance, he'd look to cut more than the projected 25bps!

The key event over the last 24 hours ...

... was yesterday's RBA meeting, where the central bank left its cash rate unchanged at 3.60% for a 3rd consecutive meeting, as was widely expected.

The decision was unanimous, with policymakers warning that price pressures could be persistent and noting

that the labour market remains tight. In the Q&A, Governor Michelle Bullock stated, "We've been judging that financial conditions are still a little bit tight. If inflation continues to be persistent and looks like it is not coming back down towards the target, then I think that does raise questions about how tight financial conditions are and the board might have to consider whether or not it's appropriate to keep interest rates where they are or in fact at some point raise them. But I wouldn't put a timing on that. It's going to be a meeting-by-meeting decision." The Governor also acknowledged that while the Board had not explicitly considered a rate hike, they had actively discussed scenarios in which tightening might be required, particularly if inflation proves persistent.

Following the statement and the press conference, the possibility of a rate hike is firmly back on the table with markets currently fully pricing in a rate hike by Q2 2026.

But apart from the RBA, markets were in a holding pattern ahead of tomorrow's FOMC meeting. The other headlines saw

- US JOLTs job openings increased by 12k to 7.670m in October, up from September's 7.658m and ahead of estimates at 7.15M. A further positive was the fact the September figure showed a 431k jump on August's 7.227m.
- The US NFIB small business optimism index rose to 99 in November, its highest level in 3 months. It was an upgrade on October's 98.2, and ahead of forecasts at 98.4.

The US government is finally working through the back-dated data from its 46-day shutdown, confirming the November CPI inflation report will be released on 18-December, while the December report will be released on 13-January. Non-farm payrolls, and the rest of the employment data that is usually released on the first Friday of each month, will see the December data released on 9-January, one week later than usual.

The meaning of it all?

Well ... if you are looking at the USD-index, you'll notice that is slightly higher, trading just above the 99.20 level, but most of that move was recorded against the JPY with USD/JPY firming to 156.90. The EUR weakened a touch, the NZD is flatlining at 0.5775, while the comments from the RBA Governor saw the AUD/USD firm to the 0.6635 level. NZD/AUD is back down to 0.8705.

The US Treasury sold USD39bn of 10-year notes at a high yield of 4.175%, with a bid-cover ratio of 2.55x. But, despite the positive auction, bond markets remained lacklustre with the 2-year Treasury yield 3bps higher at 3.64% while the 10-years firmed a pip to 4.18%.

Globally equity markets were largely unchanged, although there was a little bit of weakness in the Asian markets while commodity markets were broadly lower with oil prices falling a further 1.0% after the IEA flagged a sizable 2026 glut and OPEC+ revised its Q3 outlook from deficit to surplus. In saying that, silver was the standout performer, rallying a further 4.0% as production fails to keep up with demand.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Wednesday 10 December 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	66.90					CAD	0.8002
NZD/USD	0.5779	0.0007	0.0020	0.0038	0.0057	CHF	0.4658
NZD/AUD	0.8706	0.0009	0.0028	0.0060	0.0123	CNY	4.0805
NZD/JPY	90.6750	-0.19	-0.45	-0.8775	-1.77	DKK	3.7116
NZD/EUR	0.4972	-0.0003	-0.0006	-0.0011	-0.0029	FJD	1.2962
NZD/GBP	0.4345	0.0005	0.0016	0.0030	0.0048	HKD	4.4958
						KRW	849.25
AU TWI	62.10					MYR	2.3761
AUD/USD	0.6637	0.0001	0.0001	-0.0003	-0.0027	NOK	5.8693
AUD/NZD	1.1483	-0.0013	-0.0039	-0.0082	-0.0168	SEK	5.4111
AUD/JPY	103.67	-0.34	-0.86	-1.73	-3.47	SGD	0.7493
AUD/EUR	0.5710	-0.0009	-0.0025	-0.0053	-0.0113	TWD	17.98
AUD/GBP	0.4989	0.0001	0.0001	-0.0001	-0.0016	ZAR	9.85
USD Index	99.27					EQUITIES	
EUR/USD	1.1623	0.0020	0.0053	0.0101	0.0185		Index
USD/JPY	156.89	-0.53	-1.32	-2.54	-4.63	NZX50	13,455
GBP/USD	1.3298	-0.0001	-0.0002	-0.0004	-0.0014	ASX200	8,586
EUR/GBP	0.8738	0.0015	0.0041	0.0078	0.0145	Dow Jones	47,561
USD/CNY	7.0633	-0.0144	-0.0371	-0.0717	-0.1287	S&P 500	6,849
						FTSE100	9,642
INTEREST		New Zealand		Australia		DAX 40	24,163
RATES		Mid		Mid		Nikkei	50,655
30 day bank bills			2.41%		3.60%	COMMODITIES	
90 day bank bills			2.49%		3.75%		USD
1 year swap			2.67%		3.81%	Brent Crude	61.93
2 year swap			3.05%		3.94%	Gold	4,208.42
3 year swap			3.32%		4.05%	Silver	60.54
5 year swap			3.67%		4.20%	Iron Ore	106.42
10 year swap			4.18%		4.55%	CRB Index	377.03
3 year Govt bond			3.48%		4.20%		
5 year Govt bond			3.96%		4.39%		NZD
10 year Govt bond			4.60%		4.88%	NZ Carbon	40.25

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