

Market Alert

Friday 12 December 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5813	0.0037
NZD/AUD	0.8719	0.0059
NZD/JPY	90.375	-0.86
NZD/EUR	0.4948	-0.0011
NZD/GBP	0.4337	0.0030
NZD/CNH	4.0992	-0.0170
AUD/USD	0.6667	-0.0003
AUD/EUR	0.5675	-0.0051
EUR/USD	1.1747	0.0100
USD/CNH	7.0496	-0.0741
GBP/USD	1.3401	-0.0007
EUR/GBP	0.8762	0.0077
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.49%	3.76%
2 year swap	3.07%	4.05%
10 year Govt	4.59%	4.83%

Just don't call it "C@vid!"

It would appear the NHS in the UK is at breaking point with an average of 2,660 patients per day admitted to hospital last week with ... 'super flu!' Just don't call it "C@vid!"

The Federal Reserve stuck to the script ...

Cutting the Fed funds range by 25bps to 3.50%-3.75%, as was expected. This cut followed on from the prior cuts in September and October and, as was the case at those meetings, there was the usual dissension with a 9-3 vote with Stephen Miran pushing for his usual 50bps cut, while Austan Goolsbee and Jeffrey Schmid argued to leave the Fed funds range unchanged.

Policymakers left their Fed funds range projections unchanged from September, maintaining the 1x25bps rate cut for 2026 after they lowered their inflation forecasts from 3.0% to 2.9% in 2025, and from 2.6% to 2.4% in 2026. GDP growth has also been revised higher, while their forecasts for the unemployment rate were left unchanged at 4.5% for 2025 and 4.4% for 2026.

With only another 3 FOMC meetings remaining for Jerome Powell, the focus is now turning to who the next Chair will be, with the bookies currently installing White House Economic Advisor Kevin Hassett as the favourite, and with Trump's appointees starting to gather in numbers on the FOMC, further rate cuts in 2026 will become the focus. This ultimately led to the USD-index weakening in the immediate aftermath of the meeting, falling almost 0.5%. The 'biggest winners' against the USD were the CHF, the EUR, and to a lesser extent, the JPY. The NZD/USD jumped to a 6-week high above the 0.5800 level, while the AUD/USD is cementing in gains around the 0.6675 level. NZD/AUD is continuing to trade just above the 0.8700 level.

US Treasury yields eased lower, although I wouldn't call it a collapse after the 2 and 10-years both eased 3bps to 3.52% and 4.13%, with similar moves recorded in other bond markets. Later in the session the US Treasury auctioned off USD22bn 30-year bonds at 4.773%, against 4.774% prior to the auction, with the bid-to-cover ratio aligning with the 6-month average at 2.36X.

Global equity markets liked the 'cut of the Feds jib' closing 0.5%-1.0% higher, although Oracle shares tanked 15% after earnings missed analysts' expectations. Commodity markets were mixed with oil and energy products 1.8% lower while precious metals continued to make gains with silver rallying 2.5%.

The other headlines saw ...

The usual 'mixed' headlines from the US economy with ...

- One positive was for September the US recorded its lowest trade deficit since June 2020 at USD52.8bn, against the USD59.3bn gap in August and forecasts at USD63.3bn. Exports gain 3.0% amid a surge in gold exports, while imports rose at a slower 0.6%.
- US initial jobless claims rose 44k to 236k breaking a four-week streak of declines. Expectations had been at 220k.
- The Swiss National Bank (SNB) maintained its cash rate at 0.00% amid a short-term weakening in the inflationary outlook.
- Canada posted a marginal trade surplus of CAD153m in September, following August's CAD6.43bn deficit.



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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	67.10					CAD	0.8004 0.9183
NZD/USD	0.5813	0.0007	0.0020	0.0037	0.0052	CHF	0.4615 0.5296
NZD/AUD	0.8719	0.0009	0.0028	0.0059	0.0113	CNY	4.1056 4.7025
NZD/JPY	90.3750	-0.17	-0.45	-0.8614	-1.77	DKK	3.6946 4.2388
NZD/EUR	0.4948	-0.0002	-0.0006	-0.0011	-0.0029	FJD	1.3038 1.4958
NZD/GBP	0.4337	0.0005	0.0016	0.0030	0.0047	HKD	4.5218 5.1879
						KRW	854.90 980.84
AU TWI	62.00					MYR	2.3872 2.7388
AUD/USD	0.6667	0.0001	0.0001	-0.0003	-0.0028	NOK	5.8456 6.7068
AUD/NZD	1.1465	-0.0013	-0.0038	-0.0080	-0.0161	SEK	5.3695 6.1608
AUD/JPY	103.51	-0.31	-0.85	-1.69	-3.39	SGD	0.7504 0.8609
AUD/EUR	0.5675	-0.0009	-0.0025	-0.0051	-0.0110	TWD	18.12 20.79
AUD/GBP	0.4972	0.0001	0.0002	-0.0001	-0.0014	ZAR	9.80 11.24
USD Index	98.23					EQUITIES	
EUR/USD	1.1747	0.0019	0.0053	0.0100	0.0177		Index
USD/JPY	155.47	-0.48	-1.31	-2.47	-4.46	NZX50	13,396
GBP/USD	1.3401	-0.0001	-0.0003	-0.0007	-0.0021	ASX200	8,592
EUR/GBP	0.8762	0.0015	0.0041	0.0077	0.0144	Dow Jones	48,656
USD/CNY	7.0579	-0.0130	-0.0375	-0.0720	-0.1305	S&P 500	6,891
						FTSE100	9,703
						DAX 40	24,295
						Nikkei	50,149
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		2.41%		3.61%		Brent Crude	61.11
90 day bank bills		2.49%		3.76%		Gold	4,265.19
1 year swap		2.71%		3.91%		Silver	63.43
2 year swap		3.07%		4.05%		Iron Ore	106.66
3 year swap		3.35%		4.18%		CRB Index	376.98
5 year swap		3.70%		4.30%			
10 year swap		4.15%		4.61%			
3 year Govt bond		3.52%		4.15%			
5 year Govt bond		3.98%		4.35%			
10 year Govt bond		4.59%		4.83%		NZ Carbon	39.25

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