

Market Alert

Monday 30 June 2025

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.6044 | 0.0034 |
| NZD/AUD | 0.9247 | 0.0015 |
| NZD/JPY | 87.320 | -1.27 |
| NZD/EUR | 0.5150 | -0.0033 |
| NZD/GBP | 0.4408 | 0.0021 |
| NZD/CNH | 4.3438 | -0.0363 |
| AUD/USD | 0.6536 | 0.0024 |
| AUD/EUR | 0.5568 | -0.0047 |
| EUR/USD | 1.1734 | 0.0135 |
| USD/CNH | 7.1677 | -0.1003 |
| GBP/USD | 1.3700 | 0.0011 |
| EUR/GBP | 0.8539 | 0.0092 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 3.25% | 3.85% |
| 90 day bills | 3.28% | 3.66% |
| 2 year swap | 3.16% | 3.15% |
| 10 year Govt | 4.58% | 4.22% |

Despite President Trump's fiscal policies, and his attacks on the Fed ...

... which are putting the US's safe haven status at risk, equity markets continued their stellar recovery, with the S&P and Nasdaq closing at record highs, with most exchanges locking in gains in the region of 0.5%-1.0%. But, despite the positive moves by equity markets, the USD-index once again came under selling pressure, dipping towards the 97.00 level, which saw the EUR, NZD and AUD all cement in solid gains. Treasury yields also saw some profit taking as the week closed out, with the 2-years firming 2bps and the 10-years 5bps, to yield 3.75% and 4.29%, respectively.

Also, well done Liam!

Looking at last week's releases

- US PCE inflation rose 0.1% in May, which was in line with both the prior April print and with forecasts. Looking into the detail, core inflation firmed 0.2%, above the 0.1% from the prior 2 months, while on the year, headline inflation accelerated to 2.3% with the core up to 2.7% from 2.6%.

- US personal consumption fell by 0.1% to USD21.441trn in May, following April's 0.2%.

- Canadian GDP contracted by 0.1% in April 2025, following March's 0.2% rise.

- China's industrial profits fell -1.1% year-to-date from 12 months ago.

- Tokyo headline inflation grew 3.1% in June, slightly below May's 3.4%. Japanese retail sales also under-shot expectations at 2.2% versus the expected 2.7%, while unemployment printed in-line with expectations at 2.5%.

- The South Korean government held an emergency meeting on household debt, which is mainly mortgage debt, with strong loan growth influenced by eased lending policies and rising property prices, particularly in Seoul.

- Everyone in New Zealand must be happy ... because consumer confidence lifted 6pips to 98.8 in June, although the RBNZ will be a little concerned after inflation expectations lifted 3pips to 4.9%, its highest level since April 2023.

President Trump gave another rambling interview, but for markets, the key was, "We should be at a 1.00% or 2.00% interest rate."

US Treasury Secretary Scott Bessent gave an interview over the weekend, stating, "I'm not sure why the US dollar

moves would bother me ... the US still has a strong dollar policy! Currencies move up and down. More fiscal spending in Europe tells you that the EUR should appreciate," before adding on trade, "Approximately 20 nations will either see reciprocal rates kick in, or will see 10.0% baseline if they're negotiating in good faith."

The week ahead ...

... sees a return to 'normality' following the de-escalation in tensions in the Middle East ... whatever normal is these days!

With the first of the 90-day tariff's pauses due to mature on the 9th of July, the markets' focus will invariably revert to tariffs ... which is appropriate given Trump has just cancelled the latest round of tariff negotiations with Canada! Apart from that, we have the ECB Economic Forum, where top policymakers are expected to provide insights into the economic and monetary outlook. Looking at the economic releases, this week we have the US jobs, earnings, and employment reports, JOLTs job openings, Challenger job cuts, ISM manufacturing and services PMIs, and the US trade deficit. We also have the Eurozone and German flash inflation and unemployment releases, and, from Germany, retail sales and factory orders. The UK will finalise Q1 GDP and house prices, China will focus on manufacturing and services PMIs, Japan will release their Tankan business survey and industrial production, while Australia will update their latest trade, retail sales, credit, MI inflation, trade and housing numbers. From NZ we have business confidence and opinion, and the employment indicator.



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Daily Rates

Monday 30 June 2025

| FX | Spot | FECs (mid) | | | | Spot Mid | |
|-------------------|--------|-------------|---------|-----------|---------|-------------|---------------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... |
| NZ TWI | 69.70 | | | | | CAD | 0.8246 0.8941 |
| NZD/USD | 0.6044 | 0.0006 | 0.0018 | 0.0034 | 0.0052 | CHF | 0.4813 0.5214 |
| NZD/AUD | 0.9247 | 0.0003 | 0.0010 | 0.0015 | 0.0020 | CNY | 4.3395 4.6780 |
| NZD/JPY | 87.320 | -0.22 | -0.63 | -1.27 | -2.33 | DKK | 3.8369 4.1602 |
| NZD/EUR | 0.5150 | -0.0006 | -0.0016 | -0.0033 | -0.0066 | FJD | 1.3345 1.4470 |
| NZD/GBP | 0.4408 | 0.0003 | 0.0011 | 0.0021 | 0.0033 | HKD | 4.7316 5.1304 |
| | | | | | | KRW | 822.42 891.73 |
| AU TWI | 60.20 | | | | | MYR | 2.5474 2.7621 |
| AUD/USD | 0.6536 | 0.0004 | 0.0012 | 0.0024 | 0.0041 | NOK | 6.0401 6.5491 |
| AUD/NZD | 1.0774 | -0.0006 | -0.0013 | -0.0024 | -0.0034 | SEK | 5.7089 6.1900 |
| AUD/JPY | 94.54 | -0.28 | -0.79 | -1.56 | -2.74 | SGD | 0.7689 0.8337 |
| AUD/EUR | 0.5568 | -0.0009 | -0.0024 | -0.0047 | -0.0085 | TWD | 17.54 19.02 |
| AUD/GBP | 0.4762 | 0.0002 | 0.0006 | 0.0012 | 0.0024 | ZAR | 10.73 11.63 |
| USD Index | 97.25 | | | | | EQUITIES | |
| EUR/USD | 1.1734 | 0.0024 | 0.0069 | 0.0135 | 0.0245 | | Index |
| USD/JPY | 144.44 | -0.50 | -1.48 | -2.91 | -5.11 | NZX50 | 12,584 |
| GBP/USD | 1.3700 | 0.0002 | 0.0007 | 0.0011 | 0.0010 | ASX200 | 8,514 |
| EUR/GBP | 0.8539 | 0.0016 | 0.0047 | 0.0092 | 0.0168 | Dow Jones | 43,819 |
| USD/CNY | 7.1721 | -0.0160 | -0.0512 | -0.0950 | -0.1918 | S&P 500 | 6,173 |
| | | | | | | FTSE100 | 8,799 |
| | | | | | | DAX 30 | 24,033 |
| | | | | | | Nikkei | 40,151 |
| INTEREST | | New Zealand | | Australia | | COMMODITIES | |
| RATES | | Mid | | Mid | | | USD |
| 30 day bank bills | | 3.33% | | 3.69% | | Brent Crude | 67.77 |
| 90 day bank bills | | 3.28% | | 3.66% | | Gold | 3,273.00 |
| 1 year swap | | 3.15% | | 3.24% | | Silver | 35.98 |
| 2 year swap | | 3.18% | | 3.16% | | Iron Ore | 94.49 |
| 3 year swap | | 3.30% | | 3.19% | | CRB Index | 368.08 |
| 5 year swap | | 3.55% | | 3.58% | | | |
| 10 year swap | | 4.04% | | 4.04% | | | |
| 3 year Govt bond | | 3.55% | | 3.27% | | | |
| 5 year Govt bond | | 3.92% | | 3.53% | | | |
| 10 year Govt bond | | 4.58% | | 4.22% | | NZ Carbon | 59.00 |

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