

# Market Alert

Wednesday 30 July 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5957	0.0034
NZD/AUD	0.9144	0.0021
NZD/JPY	88.455	-1.23
NZD/EUR	0.5157	-0.0031
NZD/GBP	0.4460	0.0019
NZD/CNH	4.2775	-0.0330
AUD/USD	0.6513	0.0020
AUD/EUR	0.5638	-0.0048
EUR/USD	1.1550	0.0135
USD/CNH	7.1804	-0.0963
GBP/USD	1.3354	0.0017
EUR/GBP	0.8646	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.19%	3.76%
2 year swap	3.14%	3.29%
10 year Govt	4.64%	4.44%

## Being a Mummy's boy ...

... I was naturally concerned when I heard she was due in hospital ... for a couple of days for an operation ... until I got a text from her last night that went, "Lo ni hi hi I to you sll can youi msg petrol engine Roc" with a bunch of emojis ... man, you've got to love that morphine!

## Swinging from the yin to the yang ...

... the IMF lifted their global GDP growth forecasts to 3.0% in 2025 and 3.1% in 2026, increases of 0.2% and 0.1%, respectively, reflecting stronger-than-expected early economic activity, lower-than-expected US tariffs, improved financial conditions due in part to a weaker USD, and fiscal expansion in several major economies.

Interestingly, the US trade deficit in goods narrowed sharply to a 22-month low

from USD96.4bn in May to USD86.0bn in June, which was below expectations at USD98.4bn, as imports dropped 4.2% to their lowest level since March 2024, driven by reduced purchases of consumer goods and industrial supplies. Exports also declined slipping 0.6%.

Looking at the other US headlines, the Conference Board's consumer confidence index improved by 2.0 to 97.2 in July, an improvement on June's upwardly revised 95.2. Job openings fell by 275k to 7.437m in June, below expectations at 7.55m, while the S&P 20-city home price index rose 2.8% in the year to May, slightly below April's 3.4% increase.

According to Moody's, PE-owned firms drove an 80.0% jump in defaults in Q2 as credit conditions worsened amid the tariff upheaval, with 21 companies tipping over with more than USD27bn of debt, up from 15 firms defaulting on about USD15bn in Q1.

Does this sound familiar .... UK shop prices rose at their fastest pace since April 2024 in the year to July, increasing 0.7%, mainly due to a 4.0% increase in food prices. But on a positive note, UK net mortgage approvals, a key indicator of future borrowing, rose to 64,167 in June, up from May's upwardly revised 63,288.

On the tariff front, US Commerce Secretary Howard Lutnick urged South Korea to bring its best tariff offer to their 'discussions,' Singapore announced it can "live with" a 10% baseline tariff, while Treasury Secretary Scott Bessent, stated, "We had a very good meeting with the China team on trade. The overall tone of meetings

was very constructive," while China's top trade negotiator Li added, "The two sides had candid, in-depth, constructive discussions." Finally, Procter & Gamble plans to raise prices by 5.0% to help offset additional tariff costs in the region of USD1bn.

Rent-a-quote Ray Dalio has recommended a 15.0% allocation in long-term assets like bitcoin and gold.

## Summing it all up ...

... it was a bit of a yawn-fest. The USD-index posted a modest consolidation, which saw the EUR become the 'biggest loser,' falling -0.3% while the NZD and AUD open this morning a touch lower. Interestingly, the JPY had a positive session as it potentially looks to move beyond its political issues, with the focus moving back to the BoJ.

The US treasury auctioned off USD44bn of 7-year notes at a high yield of 4.092%, which was better than the WI level at the time of the auction at 4.118%. This was a fair reflection of the wider move in yields as markets re-assessed the outlook on US borrowing against an uncertain macroeconomic backdrop. This ultimately saw the 2- and 10-year yields fall -5bps and -9bps to yield 3.88% and 4.33%, respectively.

Commodity markets spent the session trading in the green, with most products 1.0%-3.0% higher, although oil prices outperformed, rallying 4.0%! Finally, equity prices across Asia and Europe firmed 0.5%-1.0%, although US bourses fell by -0.1% to -0.5% as tomorrow's Fed announcement weighed on sentiment.



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# Daily Rates

Wednesday 30 July 2025

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	69.10					CAD	0.8204 0.8973
NZD/USD	0.5957	0.0006	0.0019	0.0034	0.0061	CHF	0.4798 0.5249
NZD/AUD	0.9144	0.0005	0.0014	0.0021	0.0040	CNY	4.2737 4.6741
NZD/JPY	88.455	-0.19	-0.62	-1.23	-2.29	DKK	3.8472 4.2077
NZD/EUR	0.5157	-0.0004	-0.0015	-0.0031	-0.0062	FJD	1.3269 1.4512
NZD/GBP	0.4460	0.0004	0.0011	0.0019	0.0035	HKD	4.6746 5.1126
						KRW	827.31 904.83
AU TWI	60.50					MYR	2.5196 2.7557
AUD/USD	0.6513	0.0003	0.0011	0.0020	0.0036	NOK	6.0732 6.6423
AUD/NZD	1.0933	-0.0007	-0.0018	-0.0032	-0.0054	SEK	5.7416 6.2796
AUD/JPY	96.71	-0.27	-0.82	-1.57	-2.92	SGD	0.7668 0.8386
AUD/EUR	0.5638	-0.0008	-0.0025	-0.0048	-0.0090	TWD	17.65 19.31
AUD/GBP	0.4876	0.0001	0.0004	0.0009	0.0018	ZAR	10.64 11.64
USD Index	98.90					EQUITIES	
EUR/USD	1.1550	0.0022	0.0070	0.0135	0.0249		Index
USD/JPY	148.50	-0.48	-1.51	-2.91	-5.27	NZX50	12,936
GBP/USD	1.3354	0.0003	0.0010	0.0017	0.0022	ASX200	8,705
EUR/GBP	0.8646	0.0014	0.0045	0.0089	0.0170	Dow Jones	44,632
USD/CNY	7.1769	-0.0165	-0.0484	-0.0923	-0.1771	S&P 500	6,370
						FTSE100	9,136
						DAX 30	24,217
						Nikkei	40,675
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.29%		3.74%		Brent Crude	72.71
90 day bank bills		3.19%		3.76%		Gold	3,324.95
1 year swap		3.09%		3.38%		Silver	38.16
2 year swap		3.16%		3.30%		Iron Ore	98.67
3 year swap		3.29%		3.35%		CRB Index	377.14
5 year swap		3.55%		3.75%			
10 year swap		4.07%		4.20%			
3 year Govt bond		3.55%		3.46%			
5 year Govt bond		3.94%		3.73%			
10 year Govt bond		4.64%		4.44%		NZ Carbon	56.30

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