

# Market Alert

Friday 08 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5955	0.0032
NZD/AUD	0.9142	0.0023
NZD/JPY	87.555	-1.20
NZD/EUR	0.5110	-0.0028
NZD/GBP	0.4431	0.0021
NZD/CNH	4.2351	-0.0339
AUD/USD	0.6512	0.0019
AUD/EUR	0.5588	-0.0046
EUR/USD	1.1651	0.0128
USD/CNH	7.1824	-0.0953
GBP/USD	1.3435	0.0009
EUR/GBP	0.8668	0.0089

INT RATES	NZ	Australia
OCR/Cash	3.25%	3.85%
90 day bills	3.16%	3.74%
2 year swap	3.02%	3.25%
10 year Govt	4.50%	4.35%

## After some indecision ...

The BoE finally voted to cut the key Bank Rate by 25bps to 4.00%, by a 5-4 majority, although it took a second vote as the initial decision was a 3-way split. It was the first time two rounds of voting were required to reach a conclusive decision since 1998! Ultimately, the 25bps cut was in line with expectations, marking the fifth rate cut since August last year.

After the meeting, BoE Governor Andrew Bailey continued the cautious trend of central bankers, warning, *"There's more uncertainty now about when steps are to be taken. The market re-pricing is no surprise given the fine balance, and the steepening of the yield curve is a global phenomenon. The path for rates is still downwards over time."*

US initial jobless claims rose by 7k to 226k this week, while continuing claims

also rose, by 38k to 1,936k, its highest level since November 2021. In the other US headlines, nonfarm unit labour costs rose by 1.6% in Q2, slightly above market expectations of 1.5%, while labour productivity in the nonfarm business sector rose by 2.4% in Q2 following Q1's revised 1.8% fall. Finally, US consumers continue to rack up debt at an alarming pace as consumer debt surged from USD5.1bn to USD 7.4bn. Somewhat alarmingly, it was forecast to reach USD7.0bn!

German industrial production remains in challenging times, falling 1.9% in June, while May's number was slashed from 1.2% to -0.1%. At the same time, exports increased by 0.8%, although imports surged by a whopping 4.2%, which meant the German trade balance narrowed to EUR14.9bn in June from May's EUR18.4bn.

It is a bit of a favoured topic for local market participants, but a recently released NZ Treasury report states the previous government spent too much during the Covid-19 pandemic, despite warnings from Treasury officials. The report also stated that while government debt had risen substantially in recent decades, the responses to adverse shocks were not being met by savings between those shocks. The Treasury estimates the total cost of the pandemic was NZD66bn over the 2020-26 financial years, about 20.4% of GDP. On a side note, the IMF and OECD estimate the government's response at the time was amongst the largest Covid-19 responses globally. It's just a shame we're all paying for it now!

Rumours abound that President Trump is to announce CEA Chair Stephen Miran as a temporary Fed Board member, replacing Adriana Kugler, while it's believed Fed Reserve Governor Christopher Waller is the leading candidate to replace Jerome Powell as Fed Governor.

## Overnight ...

The USD-index received a minor boost after a report that Fed Reserve Governor Christopher Waller is emerging as a top candidate to serve as Fed Governor within the Trump administration. But in amongst this USD-strength, the NZD, AUD and GBP held on to their gains, while the EUR, CHF and JPY all weakened.

We saw yet another weak US Treasury auction overnight with the USD25bn 30-year auction achieving a high yield of 4.813%. The tail was an incredible 2.1bps, the bid to cover ratio fell ... again, while the percentage of local and international buyers fell ... again! Despite this, trading was subdued with the 2 and 10-year both 2bps higher at 3.74% and 4.24%.

Equity markets were a mishmash with the global exchanges ranging between -0.5% and +1.0%, while commodity markets were also mixed with energy products, such as oil, all 1.0% lower, while precious metals, such as gold, were all 1.0% higher.



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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	68.70					CAD	0.8183
NZD/USD	0.5955	0.0007	0.0018	0.0032	0.0056	CHF	0.4800
NZD/AUD	0.9142	0.0004	0.0013	0.0023	0.0041	CNY	4.2756
NZD/JPY	87.555	-0.21	-0.60	-1.20	-2.18	DKK	3.8133
NZD/EUR	0.5110	-0.0005	-0.0014	-0.0028	-0.0054	FJD	1.3252
NZD/GBP	0.4431	0.0003	0.0011	0.0021	0.0040	HKD	4.6730
						KRW	823.94
AU TWI	60.40					MYR	2.5181
AUD/USD	0.6512	0.0004	0.0010	0.0019	0.0029	NOK	6.0916
AUD/NZD	1.0930	-0.0006	-0.0017	-0.0034	-0.0059	SEK	5.6992
AUD/JPY	96.04	-0.27	-0.80	-1.55	-2.85	SGD	0.7641
AUD/EUR	0.5588	-0.0008	-0.0024	-0.0046	-0.0086	TWD	17.74
AUD/GBP	0.4844	0.0001	0.0004	0.0010	0.0020	ZAR	10.55
USD Index	98.13					EQUITIES	
EUR/USD	1.1651	0.0024	0.0068	0.0128	0.0231		Index
USD/JPY	147.04	-0.51	-1.46	-2.80	-4.99	NZX50	12,887
GBP/USD	1.3435	0.0004	0.0009	0.0009	-0.0001	ASX200	8,831
EUR/GBP	0.8668	0.0015	0.0045	0.0089	0.0171	Dow Jones	43,914
USD/CNY	7.181	-0.0172	-0.0483	-0.0910	-0.1737	S&P 500	6,330
						FTSE100	9,101
INTEREST		New Zealand		Australia		DAX 30	24,193
RATES		Mid		Mid		Nikkei	41,059
30 day bank bills			3.22%		3.68%	COMMODITIES	
90 day bank bills			3.16%		3.74%		USD
1 year swap			3.02%		3.36%	Brent Crude	66.28
2 year swap			3.06%		3.26%	Gold	3,399.29
3 year swap			3.18%		3.31%	Silver	38.24
5 year swap			3.45%		3.71%	Iron Ore	100.92
10 year swap			3.97%		4.15%	CRB Index	362.63
3 year Govt bond			3.44%		3.40%		
5 year Govt bond			3.82%		3.65%		NZD
10 year Govt bond			4.50%		4.35%	NZ Carbon	56.50

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