

# Market Alert

Monday 25 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5865	0.0037
NZD/AUD	0.9034	0.0024
NZD/JPY	86.160	-1.10
NZD/EUR	0.5003	-0.0026
NZD/GBP	0.4338	0.0024
NZD/CNH	4.2084	-0.0281
AUD/USD	0.6489	0.0018
AUD/EUR	0.5535	-0.0046
EUR/USD	1.1722	0.0125
USD/CNH	7.1694	-0.0907
GBP/USD	1.3517	0.0005
EUR/GBP	0.8667	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	3.03%	3.61%
2 year swap	2.92%	3.21%
10 year Govt	4.47%	4.43%

## To be fair ...

No one fronted up this weekend ... not the ABs, not the Wallabies, not Manchester United, and certainly not my team after we lost 6-0! At least the Warriors and the Black Ferns managed to salvage some pride for us. But here's the real dilemma ... should Ardie Savea accept Racing Paris' offer to make him the "highest-paid player in rugby history," or should he stick around for the next WC?

## Fed Chair pivots ...

In his keynote speech at the Jackson Hole symposium, Fed Reserve Chairman Jerome Powell noted that while the "risks to inflation are tilted to the upside, and risks to employment to the downside", he chose to endorse the market's pricing of a rate cutting cycle, stating "With policy

in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance." This paves the way for a 25bps rate cut at the September meeting.

The Governor also cited "sweeping changes" in tax, trade and immigration policies that means "the balance of risks appears to be shifting," and while he noted that the labour market remains in good shape and the economy shows "resilience," he also noted downside dangers are rising and that inflation could rise again due to the tariffs.

Despite the warnings, the possibility of a September rate cut was enough to send treasury yields tumbling. US futures markets are now pricing in 2x25bps rate cuts by year-end, while the curve steepened with the 2-years falling 9bps to 3.71% and the 10-years easing 7bps to 4.26%. The USD-index also got hit, falling 0.9% with the JPY, CHY and EUR the biggest beneficiaries, and while the AUD and NZD rallied, they under-performed against the USD and remain near their lows on the crosses.

Equity markets also got a boost with the S&P500 and Nasdaq rallying 1.5% and 1.9%, respectively, while the Dow surged 846 points to a record intraday high. The European markets also closed in positive territory rallying 0.25%-0.75%. Commodity markets also closed in positive territory with silver closing in on a 14-year high rallying 1.9% while oil firmed 0.3%.

Funnily enough, on Friday Cleveland Fed President Beth Hammack said she would

be hesitant about lowering interest rates as long as inflation remains a threat while Fed colleague Susan Collins added, "Growth is slowing but economic fundamentals are relatively solid."

Looking at the other headlines, Fitch affirmed the US credit rating at AA+ with the outlook stable, the German economy shrank 0.3% in Q2, and Eurozone wage growth jumped 4.0% from a year ago, supporting ECB and Bundesbank member Joachim Nagels comment that "the bar is high" to further ECB cuts.

## The week ahead ...

... will see markets focusing on global rates markets given the Governor's 'dovish' comments, especially with this week's PCE release. We also have, from the US, Q2 GDP, personal income and spending, consumer confidence, and the Richmond Fed and Kansas City Fed's manufacturing indices.

From Europe we have the ECB's July accounts and Eurozone consumer confidence, German inflation, and consumer and business confidence, and UK house prices.

It's also a busy week in Japan with industrial production, retail sales, unemployment, consumer confidence, and Tokyo inflation, we have Chinese PMIs and industrial profits, while we also have the RBA's meeting minutes, the monthly CPI indicator and capital expenditure figures.

From NZ we have Q2 retail sales, and business and consumer confidence.



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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	67.60					CAD	0.8100 0.8966
NZD/USD	0.5865	0.0007	0.0019	0.0037	0.0063	CHF	0.4694 0.5193
NZD/AUD	0.9034	0.0004	0.0015	0.0024	0.0051	CNY	4.2018 4.6507
NZD/JPY	86.160	-0.20	-0.57	-1.10	-1.95	DKK	3.7319 4.1310
NZD/EUR	0.5003	-0.0005	-0.0013	-0.0026	-0.0047	FJD	1.3094 1.4494
NZD/GBP	0.4338	0.0004	0.0012	0.0024	0.0048	HKD	4.5805 5.0704
						KRW	811.20 897.96
AU TWI	59.70					MYR	2.4767 2.7416
AUD/USD	0.6489	0.0003	0.0010	0.0018	0.0026	NOK	5.8857 6.5153
AUD/NZD	1.1062	-0.0006	-0.0019	-0.0042	-0.0070	SEK	5.5585 6.1531
AUD/JPY	95.53	-0.27	-0.78	-1.52	-2.71	SGD	0.7512 0.8315
AUD/EUR	0.5535	-0.0008	-0.0024	-0.0046	-0.0084	TWD	17.80 19.71
AUD/GBP	0.4799	0.0001	0.0005	0.0011	0.0024	ZAR	10.22 11.31
USD Index	97.73					EQUITIES	
EUR/USD	1.1722	0.0024	0.0065	0.0125	0.0222		Index
USD/JPY	146.79	-0.51	-1.45	-2.74	-4.85	NZX50	13,043
GBP/USD	1.3517	0.0004	0.0007	0.0005	-0.0014	ASX200	8,967
EUR/GBP	0.8667	0.0015	0.0044	0.0089	0.0169	Dow Jones	45,632
USD/CNY	7.1651	-0.0165	-0.0469	-0.0890	-0.1670	S&P 500	6,467
						FTSE100	9,321
INTEREST		New Zealand		Australia		DAX 30	24,363
RATES		Mid		Mid		Nikkei	42,633
30 day bank bills			3.10%		3.61%	COMMODITIES	
90 day bank bills			3.03%		3.61%		USD
1 year swap			2.85%		3.29%	Brent Crude	67.73
2 year swap			2.94%		3.22%	Gold	3,371.67
3 year swap			3.08%		3.32%	Silver	38.82
5 year swap			3.36%		3.73%	Iron Ore	101.42
10 year swap			3.91%		4.21%	CRB Index	370.83
3 year Govt bond			3.35%		3.43%		
5 year Govt bond			3.75%		3.70%		NZD
10 year Govt bond			4.47%		4.43%	NZ Carbon	56.60

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