

Market Alert

Tuesday 26 August 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5847	0.0036
NZD/AUD	0.9023	0.0027
NZD/JPY	86.420	-1.10
NZD/EUR	0.5036	-0.0025
NZD/GBP	0.4346	0.0024
NZD/CNH	4.2014	-0.0271
AUD/USD	0.6478	0.0020
AUD/EUR	0.5579	-0.0044
EUR/USD	1.1610	0.0127
USD/CNH	7.1603	-0.0903
GBP/USD	1.3451	0.0006
EUR/GBP	0.8627	0.0089
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	3.01%	3.60%
2 year swap	2.89%	3.23%
10 year Govt	4.46%	4.40%

That didn't go down so well ...

The only advice I can give this morning is don't dream about spilling your beer as, apparently, it wakes everyone in your bed up!

Breaking the data releases down

- The Chicago Fed's activity index eased to -0.19 in July, from June's revised -0.18.
- New US home sales beat forecasts, rising to 652k in July against expectations at 630k, although the median sales price dropped 6% year-on-year to USD403.8k, its lowest level since July 2021.
- German IFO business confidence unexpectedly improved to 89.0 in August, its highest level since May 2024 and above forecasts at 88.6.
- Despite the RBNZ's pessimism, NZ retail sales volumes rose 0.5% in Q2.

Expectations had been at 0.1% with the data suggesting that consumers are starting to respond to the hefty interest rate cuts since mid-2024. Sales growth was seen in 8 of the 15 retail industries surveyed with electronic goods, supermarkets, and pharmaceutical retailing seeing the largest increases.

- On a side note, the RBNZ is proposing to lower the amount of capital banks should hold. The changes are described as "material," although the impact on the economy and banking is expected to be "modest."

Financial markets were pretty quiet overnight. The USD-index firmed 0.8%, although the impact was mostly felt by the EUR, CHF and JPY, while the NZD and AUD eased 0.4% and 0.2%. US Treasury yields sought to recover some of their losses from the prior session, which saw the 2-year rally 3bps to 3.74%, while the 10-year firmed 2bps to 4.29%. Equity markets also trimmed some of their prior gains with most indices 0.3% to 0.8% lower, while commodity markets were mixed with oil prices the standout performer rallying 1.6%.

The PBoC strengthened the yuan at yesterday's fixing by its largest margin since January, setting its daily reference rate at 7.1161 against the spot rate of 7.1568 at the time. Friday's fixing had been at 7.1321.

ECB President Christine Lagarde announced, "Once there is certainty (on the tariffs) I think enterprises are going to deal with it. The impact on European economic growth will be limited" adding the economy was "resilient, but not thriving."

BoJ Governor Kazuo Ueda announced, "Wage growth is spreading from large enterprises to small-medium enterprises. Barring a major negative demand shock, the labour market is expected to remain tight and continue to exert upward pressure on wages," implying that stable inflation is set to take hold.

US White House NEC director, and candidate for the Fed Chair, Kevin Hassett, referring to comments made by Powell last Friday, announced, "I think the pivot was accurate and data driven. The economy is looking strong but not too strong. I think the Fed is a little late to the game."

Has the world gone crazy? I think so ...

The first human case of screwworm in America has been confirmed. This rare, but dangerous, parasite is a threat to cattle herds with officials under pressure to halt the spread of the disease. Should a wider outbreak occurred, it would rattle beef markets and, I'm assuming, lead to increase red meat imports into the US.

In the US, the number of exchanged trade funds surpassed the actual number of listed stocks!

Here's one for the ESG fans... by all accounts, nuclear weapons manufacturers are tapping into Europe's USD9trn ESG funds as they look to gear up production for the war in Ukraine.

Keurig Dr Pepper will buy JDE Peet's for USD18.4bn in cash in an effort to revive its struggling coffee business. Which raises the question ... who has USD18.4bn in cash?



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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	67.70					CAD	0.8101 0.8979
NZD/USD	0.5847	0.0007	0.0019	0.0036	0.0062	CHF	0.4715 0.5227
NZD/AUD	0.9023	0.0005	0.0014	0.0027	0.0051	CNY	4.1801 4.6320
NZD/JPY	86.420	-0.21	-0.58	-1.10	-1.94	DKK	3.7573 4.1642
NZD/EUR	0.5036	-0.0005	-0.0013	-0.0025	-0.0045	FJD	1.3082 1.4499
NZD/GBP	0.4346	0.0004	0.0011	0.0024	0.0049	HKD	4.5661 5.0606
						KRW	813.24 901.31
AU TWI	60.10					MYR	2.4578 2.7240
AUD/USD	0.6478	0.0004	0.0011	0.0020	0.0030	NOK	5.9217 6.5630
AUD/NZD	1.1077	-0.0006	-0.0020	-0.0040	-0.0074	SEK	5.6076 6.2149
AUD/JPY	95.62	-0.29	-0.79	-1.51	-2.75	SGD	0.7516 0.8330
AUD/EUR	0.5579	-0.0009	-0.0023	-0.0044	-0.0085	TWD	17.80 19.73
AUD/GBP	0.4814	0.0001	0.0005	0.0012	0.0023	ZAR	10.30 11.42
USD Index	98.50					EQUITIES	
EUR/USD	1.1610	0.0025	0.0067	0.0127	0.0228		Index
USD/JPY	147.81	-0.53	-1.47	-2.77	-4.89	NZX50	13,080
GBP/USD	1.3451	0.0004	0.0008	0.0006	-0.0006	ASX200	8,972
EUR/GBP	0.8627	0.0016	0.0044	0.0089	0.0171	Dow Jones	45,282
USD/CNY	7.151	-0.0172	-0.0461	-0.0863	-0.1632	S&P 500	6,449
						FTSE100	9,321
INTEREST		New Zealand		Australia		DAX 30	24,273
RATES		Mid		Mid		Nikkei	42,808
30 day bank bills			3.10%		3.61%	COMMODITIES	
90 day bank bills			3.01%		3.60%		USD
1 year swap			2.84%		3.31%	Brent Crude	68.72
2 year swap			2.91%		3.24%	Gold	3,365.17
3 year swap			3.05%		3.31%	Silver	38.57
5 year swap			3.34%		3.72%	Iron Ore	101.42
10 year swap			3.89%		4.20%	CRB Index	373.08
3 year Govt bond			3.32%		3.40%		
5 year Govt bond			3.72%		3.67%		NZD
10 year Govt bond			4.46%		4.40%	NZ Carbon	56.10

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