

Market Alert

Tuesday 9 September 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5942	0.0034
NZD/AUD	0.9009	0.0032
NZD/JPY	87.585	-1.08
NZD/EUR	0.5052	-0.0022
NZD/GBP	0.4385	0.0026
NZD/CNH	4.2307	-0.0253
AUD/USD	0.6593	0.0014
AUD/EUR	0.5605	-0.0044
EUR/USD	1.1762	0.0117
USD/CNH	7.1217	-0.0829
GBP/USD	1.3548	-0.0004
EUR/GBP	0.8678	0.0088
INT RATES	NZ	Australia
OCR/Cash	3.00%	3.60%
90 day bills	3.00%	3.63%
2 year swap	2.87%	3.27%
10 year Govt	4.44%	4.40%

Is nobody happy?

I suppose the obvious answer is that if you're a politician, nobody is happy with you ... but whereas people normally just complain about their politicians, it would appear these days they're actually doing something about it!

The JPY slumped yesterday after Japanese Prime Minister Ishiba resigned under party pressure following the historic defeat in last month's mid-term elections. Since taking office, the ruling coalition has lost its majorities in both the lower and upper houses of parliament.

The French government collapsed after PM François Bayrou lost a confidence vote. Monsieur Bayrou called the vote after opposition to his restrictive budget. President Emmanuel Macron will look for a replacement who can break the budget impasse, but whoever gets the role will be France's 5th Prime Minister in less

than two years!

Argentina's President Javier Milei suffered a crushing defeat in an Buenos Aires by-election amid a serious cryptocurrency scandal after 'El Presidente' promoted an obscure token called \$Libra, while the economy is also tanking. The defeat comes ahead of the October mid-term elections, where half of the lower house, and a third of the senate, are up for re-election.

But it's business as usual in US politics after Treasury Secretary Scott Bessent threatened White House finance housing rival Bill Pulte with, "I'm gonna punch you in your face," and that's the polite version, at a private dinner.

"Et tu, Brute?"

While very little has changed in the political world since the days of Julius Caesar, financial markets largely look through political shenanigans. Yes, the JPY weakened on the crosses, but it did strengthen against the USD in what was a 'sell USD' session. Once again, the NZD and AUD were the biggest beneficiaries of this weakness, firming 0.8% and 0.6% respectively, while the CHF and JPY also outperformed amid the continued fallout from Friday's payrolls release. The EUR rallied above the 1.1750 level against the USD but underperformed its peers amid the political implications.

The follow-on impact was also felt in bond and swap markets with US Treasury yields continuing to fall with the 2-year falling 2bps to 3.50%, while the 10-year eased 3bps to 4.05% with support at 4.20% well and truly broken. Interestingly, the

30-year yield plummeted 7bps to 4.69%.

Equity markets mostly moved higher rallying 0.3%-0.8%. The Japanese Nikkei 225 index rallied 2.3%, while the Argentinian Merval index plunged to its lowest since October last year after touching a record higher at the start of this year! Commodities, as one would expect, also rallied with most products gaining 1.0%, while silver futures climbed to their highest level since August 2011.

Breaking the overnight releases down ...

- US consumer inflation expectations for the year ahead rose to 3.2% in August, the highest level in 3-months and up from July's 3.1%.

- Chinese exports grew 4.4% to USD321.8bn in the year to August, falling short of forecasts at 5.0% and slowing from July's 7.2% gain.

- Japanese Q2 GDP growth grew at 2.2% on an annualised basis, exceeding the initial estimate of 1.0% and sharply accelerating from Q1. Japan's service sector index also rose to 46.7 in August.

The ECB's Jacques Villeroy confirmed, "We are in a good position with inflation in Europe."

SNB chairman Schlegel announced, "There is a high bar to negative rates. We are aware of the undesirable effects of negative rates." To be fair, the SNB has been repeating this for a while now, but I do wonder whether, "The lady doth protest too much, methinks ..."

It must be the summer ...

because there's a tube strike in London!



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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	68.00					CAD	0.8200 0.9102
NZD/USD	0.5942	0.0007	0.0018	0.0034	0.0055	CHF	0.4710 0.5230
NZD/AUD	0.9009	0.0006	0.0016	0.0032	0.0060	CNY	4.2308 4.6941
NZD/JPY	87.585	-0.19	-0.56	-1.08	-2.00	DKK	3.7705 4.1850
NZD/EUR	0.5052	-0.0004	-0.0011	-0.0022	-0.0043	FJD	1.3218 1.4671
NZD/GBP	0.4385	0.0004	0.0012	0.0026	0.0050	HKD	4.6293 5.1383
						KRW	822.93 913.39
AU TWI	60.80					MYR	2.5037 2.7789
AUD/USD	0.6593	0.0003	0.0009	0.0014	0.0009	NOK	5.9321 6.5842
AUD/NZD	1.1097	-0.0008	-0.0021	-0.0041	-0.0079	SEK	5.5605 6.1718
AUD/JPY	97.20	-0.27	-0.79	-1.53	-2.87	SGD	0.7620 0.8458
AUD/EUR	0.5605	-0.0008	-0.0023	-0.0044	-0.0086	TWD	18.02 20.00
AUD/GBP	0.4865	0.0001	0.0005	0.0011	0.0021	ZAR	10.38 11.52
USD Index	97.43					EQUITIES	
EUR/USD	1.1762	0.0022	0.0063	0.0117	0.0208		Index
USD/JPY	147.40	-0.48	-1.39	-2.62	-4.69	NZX50	13,281
GBP/USD	1.3548	0.0003	0.0004	-0.0004	-0.0030	ASX200	8,850
EUR/GBP	0.8678	0.0014	0.0044	0.0088	0.0171	Dow Jones	45,515
USD/CNY	7.1292	-0.0162	-0.0465	-0.0828	-0.1483	S&P 500	6,493
						FTSE100	9,221
						DAX 30	23,807
						Nikkei	43,644
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.10%		3.60%		Brent Crude	66.11
90 day bank bills		3.00%		3.63%		Gold	3,636.64
1 year swap		2.81%		3.34%		Silver	41.31
2 year swap		2.87%		3.28%		Iron Ore	104.49
3 year swap		3.01%		3.33%		CRB Index	370.82
5 year swap		3.30%		3.71%			
10 year swap		3.86%		4.15%			
3 year Govt bond		3.26%		3.43%			
5 year Govt bond		3.68%		3.69%			
10 year Govt bond		4.44%		4.40%		NZ Carbon	58.10

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