

# Market Alert

Friday 17 October 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5725	0.0040
NZD/AUD	0.8831	0.0049
NZD/JPY	86.080	-0.83
NZD/EUR	0.4898	-0.0010
NZD/GBP	0.4262	0.0033
NZD/CNH	4.0784	-0.0165
AUD/USD	0.6482	0.0009
AUD/EUR	0.5545	-0.0043
EUR/USD	1.1688	0.0106
USD/CNH	7.1241	-0.0786
GBP/USD	1.3430	-0.0011
EUR/GBP	0.8701	0.0085

  

INT RATES	NZ	Australia
OCR/Cash	2.50%	3.60%
90 day bills	2.54%	3.62%
2 year swap	2.49%	3.39%
10 year Govt	4.10%	4.27%

## It's going to be a big weekend ...

As it's the end-of-season dinner for the football team. Anything can, and something will, happen, so ... if I'm not at work by 10:00am on Monday ... someone had better start ringing around the hospitals and the police stations. In terms of who you call first ... that will probably depend on whether you like me or not!

## But in the world of markets ...

US equity markets are in retreat on geopolitical tensions and banking concerns that outweighed positive sentiment from corporate earnings and AI. The cracks are starting to appear amongst the US regional banks amid growing loan concerns after Zions Bancorporation posted a USD50m write-off charge-off, its stock dropping 6.4%, while Western Alliance Bancorporation fell 11.0% after a borrower failed to provide collateral.

As I type, US exchanges are 0.6%-0.7% lower, while the European bourse are ranging between being 0.2% lower and 0.5% higher.

Commodity markets are also showing some interesting signs with crude oil trading below the USD60.000 level having fallen 2.0% to USD57.55, its lowest level since May, driven by a larger-than-expected build in US inventories. The gold rally is now entering 'speculative territory' rallying 2.0% to just below the USD4,300 level, while silver gained 1.5%. Somewhat comfortingly, copper is flat.

As far as fixed income and currency markets are concerned, with a lack of 'official' releases, the sentiment indexes are the only indicators for how well the US economy is performing. Unfortunately, the Philadelphia Fed manufacturing index slumped 36pips to -12.8, well below expectations, highlighting softening activity and raising concerns about broader economic growth. The poor print saw US Treasury yields fall with the key 10-year yield dropping below the psychological 4.00% level, dropping 5bps during the session to be at 3.98%. The 2-years was hit even harder, falling 7bps to yield 3.44%. This will keep the downward pressure on local swap rates.

Currency markets have been 'relatively' steady, as my young sidekick has just been telling me. The USD-index failed to hold onto its gains above the 99.00 level and has eased back to the low-98.00s. This has seen the CHF, JPY, and EUR lock in gains in the 0.4%-0.5% region, the NZD flatline, while the AUD continues to be sold after the unemployment rate

rose to 4.5% in September, a 4-year high, as employment increased by just 14.9k, below forecasts at 20k. This saw NZD/AUD hold onto the 0.8830 handle.

## Looking at the actual releases ...

Beyond the Philly Fed release ...

- The NY Fed's general business activity index fell 4.2 points to -23.6 in October, its weakest reading since January 2021.
- The US NAHB/Wells Fargo housing market index rose to 37 in October, its highest level in 6-months.
- US September net customs receipts jumped to USD29.6bn compared to USD7.3bn a year ago.
- UK's monthly GDP rose 0.1% in August, to off-set July's downwardly revised 0.1% decline.

Fed Governors Stephen Miran and Christopher Waller provided conflicting views on how quickly the central bank should lower interest rates in the face of a weakening labour market with Miran calling for a 50bps cut this month, while Waller backs another 25bps.

The ECB's Christine Lagarde announced, "The ECB is well positioned to face future shocks."

The BoE's Catherine Mann warned there is "very clear upside evidence" of UK inflation lingering above the central bank's 2.0% target for longer.

Last, but by no means least, President Trump tweeted, "President Putin and I will meet to see if we can bring this 'inglorious' war, between Russia and Ukraine to an end."



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# Daily Rates

Friday 17 October 2025

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	66.50					CAD	0.8042	0.9109
NZD/USD	0.5725	0.0007	0.0022	0.0040	0.0067	CHF	0.4537	0.5139
NZD/AUD	0.8831	0.0007	0.0024	0.0049	0.0098	CNY	4.0770	4.6162
NZD/JPY	86.0800	-0.17	-0.46	-0.8314	-1.51	DKK	3.6567	4.1416
NZD/EUR	0.4898	-0.0003	-0.0006	-0.0010	-0.0020	FJD	1.2858	1.4563
NZD/GBP	0.4262	0.0005	0.0017	0.0033	0.0062	HKD	4.4470	5.0368
						KRW	810.89	918.43
AU TWI	60.50					MYR	2.4180	2.7386
AUD/USD	0.6482	0.0003	0.0007	0.0009	0.0005	NOK	5.7647	6.5292
AUD/NZD	1.1322	-0.0011	-0.0033	-0.0066	-0.0131	SEK	5.3940	6.1094
AUD/JPY	98.34	-0.27	-0.79	-1.49	-2.82	SGD	0.7403	0.8384
AUD/EUR	0.5545	-0.0008	-0.0022	-0.0043	-0.0085	TWD	17.52	19.84
AUD/GBP	0.4825	0.0002	0.0006	0.0010	0.0015	ZAR	9.92	11.23
USD Index	98.32					<b>EQUITIES</b>		
EUR/USD	1.1688	0.0021	0.0058	0.0106	0.0186		<b>Index</b>	
USD/JPY	150.35	-0.48	-1.37	-2.49	-4.39	NZX50	13,389	
GBP/USD	1.3430	0.0001	-0.0002	-0.0011	-0.0038	ASX200	9,068	
EUR/GBP	0.8701	0.0015	0.0044	0.0085	0.0161	Dow Jones	45,964	
USD/CNY	7.123	-0.0140	-0.0376	-0.0695	-0.1295	S&P 500	6,625	
						FTSE100	9,436	
<b>INTEREST</b>			<b>New Zealand</b>		<b>Australia</b>	DAX 40	24,272	
<b>RATES</b>			Mid		Mid	Nikkei	48,278	
30 day bank bills			2.65%		3.56%	<b>COMMODITIES</b>		
90 day bank bills			2.54%		3.62%		<b>USD</b>	
1 year swap			2.38%		3.40%	Brent Crude	61.18	
2 year swap			2.49%		3.39%	Gold	4,291.49	
3 year swap			2.67%		3.43%	Silver	53.78	
5 year swap			3.00%		3.60%	Iron Ore	105.55	
10 year swap			3.58%		4.01%	CRB Index	365.44	
3 year Govt bond			2.91%		3.42%			
5 year Govt bond			3.34%		3.63%		<b>NZD</b>	
10 year Govt bond			4.10%		4.27%	NZ Carbon	55.85	

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