

Market Alert

Monday 08 December 2025

CURRENCIES	Spot	6mths
NZD/USD	0.5773	0.0039
NZD/AUD	0.8688	0.0059
NZD/JPY	89.665	-0.83
NZD/EUR	0.4960	-0.0010
NZD/GBP	0.4334	0.0030
NZD/CNH	4.0828	-0.0165
AUD/USD	0.6643	-0.0002
AUD/EUR	0.5705	-0.0053
EUR/USD	1.1634	0.0099
USD/CNH	7.0675	-0.0761
GBP/USD	1.3317	-0.0004
EUR/GBP	0.8733	0.0076
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.47%	3.73%
2 year swap	2.87%	3.95%
10 year Govt	4.46%	4.80%

Wow ... that was some weekend in Aotearoa!

The sun was shining, the drinks were flowing, and the cricket was entertaining. Well done to the West Indies for a mammoth 2nd innings, although the English will be crying into their lukewarm beers this morning after yet another pasting in The Ashes! At least there will be a glass of champagne in the mix after Lando managed to get the F1 Drivers' Championship over the line with a nervy third place at the Abu Dhabi Grand Prix. Right ... now that everything is well in the world, it's time to start thinking about the second worst thing in the world ... Christmas shopping!

After all the anticipation ...

The US PCE inflation report was a bit of a damp squid ... which is probably fair enough given that it was the September

release. Prices rose 0.3% on the month, the same as in August, and 2.8% on the year. The Core increased 0.2% and eased from August's 2.9% to 2.8% in September.

The other headlines from Friday saw ...

- The University of Michigan's consumer sentiment index rose to 53.3 in December, compared to 51.0 in November and above market expectations of 52.0.
- US personal spending rose 0.3% month-over-month in September 2025, an increase of USD65.1bn, according to delayed data.
- China's FX reserves climbed by USD 3.0bn to USD3.3trn in November.
- The Canadian unemployment rate fell to 6.5% from October's 6.9%.

French President Emmanuel Macron warned that the EU may be forced to take 'strong measures' against China, including potential tariffs, should Beijing fail to address its widening trade imbalance with the 'bloc'.

Ultimately, Friday's releases did little to change the dial with the Fed still expected to cut its Fed funds range later this week... despite the divisions over the economic outlook. The NZD/USD closed flat despite a broader weakening of the USD-index, which saw the JPY finally find some support, while the AUD and EUR closed in on the 0.6650 and 1.1650 levels. Bond markets continued to consolidate with the 2 and 10-year US Treasury yields each firming 4bps to 3.57% and 4.14%. Equity markets were mixed, closing between -0.5% and +0.5%, commodity markets firmed with silver and copper gaining 2.0%, while oil prices rallied 0.7%.

The week ahead.

Despite the lack of volatility in financial markets ... all participants will be glued to their screens ahead of this week's FOMC meeting! Yes ... Thursday morning NZ and AU time brings the final Fed meeting of the year. Will it be 3-in-a-row for US policy makers? Most likely yes, although I suspect they'll paint a more modest outlook going into 2026. We also have the delayed releases of the JOLTS employment numbers for September and October and the September trade deficit. We also have Q3 employment costs, the federal budget deficit, consumer inflation expectations, the NFIB business optimism index, initial jobless claims, and the ADP employment report.

We also have central bank meetings in Canada, Switzerland, and Australia. It will be a busy week in the UK with GDP, industrial production, and trade, with the bonus of a speech by BoE Governor Andrew Bailey. Markets will also be monitoring comments from ECB President Christine Lagarde, while we also have German industrial production and trade. China will report on its November consumer and producer inflation prints and trade surplus, Japan will report on Q3 GDP, PPI, industrial production, wage inflation, current account, and business sentiment. Beyond the RBA, Australia will release its employment, business confidence and building permits data, while in NZ we have the latest immigration, manufacturing, business PMIs and card spending releases.



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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	66.80					CAD	0.7968
NZD/USD	0.5773	0.0007	0.0020	0.0039	0.0064	CHF	0.4634
NZD/AUD	0.8688	0.0010	0.0029	0.0059	0.0124	CNY	4.0862
NZD/JPY	89.6650	-0.16	-0.43	-0.8345	-1.62	DKK	3.6953
NZD/EUR	0.4960	-0.0002	-0.0005	-0.0010	-0.0024	FJD	1.2862
NZD/GBP	0.4334	0.0006	0.0016	0.0030	0.0053	HKD	4.4847
						KRW	848.82
AU TWI	61.90					MYR	2.3660
AUD/USD	0.6643	0.0001	0.0001	-0.0002	-0.0025	NOK	5.8070
AUD/NZD	1.1473	-0.0014	-0.0039	-0.0083	-0.0175	SEK	5.4098
AUD/JPY	102.55	-0.31	-0.84	-1.69	-3.38	SGD	0.7460
AUD/EUR	0.5705	-0.0009	-0.0026	-0.0053	-0.0114	TWD	18.02
AUD/GBP	0.4987	0.0001	0.0001	-0.0001	-0.0015	ZAR	9.75
							11.24
USD Index	98.99					EQUITIES	
EUR/USD	1.1634	0.0019	0.0051	0.0099	0.0179		Index
USD/JPY	155.27	-0.49	-1.29	-2.48	-4.51	NZX50	13,484
GBP/USD	1.3317	-0.0001	-0.0002	-0.0004	-0.0018	ASX200	8,635
EUR/GBP	0.8733	0.0015	0.0039	0.0076	0.0142	Dow Jones	47,955
USD/CNY	7.0696	-0.0146	-0.0386	-0.0732	-0.1309	S&P 500	6,870
						FTSE100	9,667
INTEREST		New Zealand		Australia		DAX 40	24,028
RATES		Mid		Mid		Nikkei	50,492
30 day bank bills			2.41%		3.60%	COMMODITIES	
90 day bank bills			2.47%		3.73%		USD
1 year swap			2.55%		3.84%	Brent Crude	63.75
2 year swap			2.87%		3.95%	Gold	4,196.78
3 year swap			3.11%		4.03%	Silver	58.28
5 year swap			3.45%		4.16%	Iron Ore	107.24
10 year swap			3.98%		4.51%	CRB Index	382.53
3 year Govt bond			3.32%		4.06%		
5 year Govt bond			3.79%		4.27%		NZD
10 year Govt bond			4.46%		4.80%	NZ Carbon	41.10

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