

Market Alert

Thursday 11 December 2025

| CURRENCIES | Spot | 6mths |
|--------------|--------|-----------|
| NZD/USD | 0.5791 | 0.0038 |
| NZD/AUD | 0.8710 | 0.0060 |
| NZD/JPY | 90.500 | -0.88 |
| NZD/EUR | 0.4964 | -0.0012 |
| NZD/GBP | 0.4339 | 0.0029 |
| NZD/CNH | 4.0924 | -0.0171 |
| AUD/USD | 0.6647 | -0.0003 |
| AUD/EUR | 0.5699 | -0.0053 |
| EUR/USD | 1.1665 | 0.0102 |
| USD/CNH | 7.0665 | -0.0752 |
| GBP/USD | 1.3345 | -0.0005 |
| EUR/GBP | 0.8739 | 0.0077 |
| INT RATES | NZ | Australia |
| OCR/Cash | 2.25% | 3.60% |
| 90 day bills | 2.49% | 3.77% |
| 2 year swap | 3.07% | 4.06% |
| 10 year Govt | 4.64% | 4.92% |

Fed delivers another cut

After a whirlwind month or so, where markets have shifted the odds back and forth, the Fed delivered another cut this morning, bringing the Fed Funds rate down to a range of 3.50% - 3.75%, the lowest it has been since 2022. Markets had already fully priced in a 25bps cut, so the market focus will be on the guidance given by the statement, dot plots and the Q&A session as to the expected path of monetary policy in 2026.

The decision to cut was not unanimous, with three voting members dissenting. Stephen Miran voted for a larger 50bps cut, while two other members voted to hold rates instead. This is the last rate decision this side of Christmas, with futures markets implying two further cuts next year. The Fed projections pointed to one cut in 2026 and one in 2027.

North of the border, the Bank of Canada held its cash rate at 2.25%. BoC Governor, Tiff Macklem's statement highlighted *"We agreed that a policy rate at the lower end of the neutral range was appropriate to provide some support for the economy as it works through this structural transition while keeping inflationary pressures contained."* While Macklem also noted that uncertainty remained elevated due to the unpredictability of the US trade policy and as such the range of outcomes for monetary policy is wider than usual.

There were a few ECB members hitting the news wires overnight with the general theme being that the current policy rates are at an appropriate level with the ECB's Simkus, stating *"I feel December rate decision won't be difficult."*

More positive news

Closer to home, New Zealand's shiny new RBNZ Governor, Dr Anna Breman, highlighted the RBNZ's data-dependant approach stating, *"It is important to look at all incoming data ahead of the next monetary policy meeting. The RBNZ will maintain a laser focus on the core mandate. There is no preset course for monetary policy. It will be keeping a close watch on key indicators, including inflation and GDP. The RBNZ has achieved substantial progress toward delivering its mandated functions."*

Continuing the theme of more positive economic data out of New Zealand, tourism is continuing its upward trend. There were 263k visitor arrivals in October, not far off 2019 levels, with almost half of them being Australians

hopping the ditch, which is great news as we roll into summer. On the migration side, the latest figures showed annual net migration has slowed to just under 12k, as arrivals ease and departures tick higher, which suggests we might be getting close to finding a base level.

Finally, Chinese CPI showed a bit more life, rising by 0.7% in the year to November, the fastest annual pace since early 2024. The increase was driven largely by higher food prices. However, the monthly CPI figure printed at -0.1% and came alongside yet another month of falling producer prices, underscoring that domestic demand remains tepid.



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Daily Rates

Thursday 11 December 2025

| FX | Spot | FECs (mid) | | | | Spot Mid | |
|-------------------|---------|-------------|---------|-----------|---------|-------------|---------------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... |
| NZ TWI | 66.90 | | | | | CAD | 0.8006 0.9192 |
| NZD/USD | 0.5791 | 0.0007 | 0.0020 | 0.0038 | 0.0056 | CHF | 0.4642 0.5331 |
| NZD/AUD | 0.8710 | 0.0010 | 0.0029 | 0.0060 | 0.0117 | CNY | 4.0927 4.6982 |
| NZD/JPY | 90.5000 | -0.19 | -0.45 | -0.8810 | -1.80 | DKK | 3.7072 4.2566 |
| NZD/EUR | 0.4964 | -0.0002 | -0.0006 | -0.0012 | -0.0031 | FJD | 1.2991 1.4914 |
| NZD/GBP | 0.4339 | 0.0005 | 0.0016 | 0.0029 | 0.0045 | HKD | 4.5053 5.1729 |
| | | | | | | KRW | 850.44 976.32 |
| AU TWI | 62.10 | | | | | MYR | 2.3832 2.7363 |
| AUD/USD | 0.6647 | 0.0001 | 0.0001 | -0.0003 | -0.0028 | NOK | 5.8649 6.7340 |
| AUD/NZD | 1.1480 | -0.0013 | -0.0039 | -0.0081 | -0.0164 | SEK | 5.3830 6.1806 |
| AUD/JPY | 104.17 | -0.34 | -0.86 | -1.72 | -3.47 | SGD | 0.7496 0.8607 |
| AUD/EUR | 0.5699 | -0.0009 | -0.0026 | -0.0053 | -0.0112 | TWD | 18.03 20.70 |
| AUD/GBP | 0.4981 | 0.0001 | 0.0001 | -0.0003 | -0.0015 | ZAR | 9.83 11.29 |
| USD Index | 98.95 | | | | | EQUITIES | |
| EUR/USD | 1.1665 | 0.0019 | 0.0053 | 0.0102 | 0.0178 | | Index |
| USD/JPY | 156.28 | -0.52 | -1.31 | -2.52 | -4.60 | NZX50 | 13,371 |
| GBP/USD | 1.3345 | -0.0001 | -0.0003 | -0.0005 | -0.0023 | ASX200 | 8,579 |
| EUR/GBP | 0.8739 | 0.0015 | 0.0040 | 0.0077 | 0.0147 | Dow Jones | 47,810 |
| USD/CNY | 7.064 | -0.0129 | -0.0370 | -0.0741 | -0.1330 | S&P 500 | 6,840 |
| | | | | | | FTSE100 | 9,656 |
| | | | | | | DAX 40 | 24,130 |
| | | | | | | Nikkei | 50,603 |
| INTEREST | | New Zealand | | Australia | | COMMODITIES | |
| RATES | | Mid | | Mid | | | USD |
| 30 day bank bills | | 2.41% | | 3.60% | | Brent Crude | 62.11 |
| 90 day bank bills | | 2.49% | | 3.77% | | Gold | 4,202.19 |
| 1 year swap | | 2.71% | | 3.90% | | Silver | 60.57 |
| 2 year swap | | 3.07% | | 4.06% | | Iron Ore | 106.29 |
| 3 year swap | | 3.34% | | 4.17% | | CRB Index | 374.75 |
| 5 year swap | | 3.69% | | 4.29% | | | |
| 10 year swap | | 4.17% | | 4.59% | | | NZD |
| 3 year Govt bond | | 3.55% | | 4.25% | | NZ Carbon | 40.00 |
| 5 year Govt bond | | 4.02% | | 4.45% | | | |
| 10 year Govt bond | | 4.64% | | 4.92% | | | |

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