

Market Alert

Monday 9 February 2024

| CURRENCIES | Spot | 6mths |
|--------------|--------|-----------|
| NZD/USD | 0.6016 | 0.0037 |
| NZD/AUD | 0.8575 | 0.0069 |
| NZD/JPY | 94.480 | -0.78 |
| NZD/EUR | 0.5085 | -0.0010 |
| NZD/GBP | 0.4423 | 0.0026 |
| NZD/CNH | 4.1697 | -0.0188 |
| AUD/USD | 0.7015 | -0.0015 |
| AUD/EUR | 0.5929 | -0.0061 |
| EUR/USD | 1.1828 | 0.0095 |
| USD/CNH | 6.9287 | -0.0730 |
| GBP/USD | 1.3598 | 0.0000 |
| EUR/GBP | 0.8680 | 0.0068 |
| INT RATES | NZ | Australia |
| OCR/Cash | 2.25% | 3.85% |
| 90 day bills | 2.49% | 3.98% |
| 2 year swap | 3.07% | 4.25% |
| 10 year Govt | 4.57% | 4.93% |

While we were enjoying the long weekend

financial markets were in turmoil after Silver had another mini meltdown on Thursday, before bouncing back strongly on Friday. The Thursday sell-off saw the precious metal fall from USD90.71 to USD70.63, before Friday's 10% recovery saw it close a smidge under the USD78.00 level. The key relevance for us was that the sell-off helped the USD-index rally, which led the NZD and AUD fall to lows at 0.5928 and 0.6897, before both recovered above the 0.6000 and 0.7000 handles.

Japanese PM Sanae Takaichi's decision to call a snap election appears to have consolidated her power base with her party, the LDP, on track to record one of its best ever election results, sailing past the 233 seats needed for a majority less than two hours after polls closed,

with the coalition expected to deliver a supermajority of two-thirds of seats in parliament's lower house. But while everyone likes political clarity, Takaichi's policies have weakened the JPY, which has opened even lower this morning with the USD/JPY at 157.25, AUD/JPY jumping to 110.30, while NZD/JPY is at 94.50.

The moves also sparked some interest in buying US Treasuries with the 2 and 10-year yields easing to 3.50% and 4.22%. Equity markets staged a broad-based comeback after last week's bruising tech selloff with the European bourses 0.5%-1.0% higher, while the US exchanges surged 2.0%-2.5%.

Looking at the recent headlines

The University of Michigan's US consumer sentiment index rose for a 3rd consecutive month firming by 0.9 pips to 57.3 in February, ahead of expectations at 55.0.

Chinese FX reserves increased by USD41.2bn to USD3.4trn in January.

Following on from the ECB's 'on hold' decision, President Christine Lagarde suggested, "We are in a good place ... and inflation is in a good place. The economy continues to show good resilience in a difficult global environment," but warned, "Further friction in international trade could disrupt supply chains, reduce exports, and weaken consumption and investment."

It was a lot closer with the BoE who, after a 5-4 vote, also left its cash rate unchanged which led Deputy Governor Sarah Breeden to confirm, "The significant

amount of evidence since December has led to a finely balanced decision," while colleague Dave Ramsden was more clear, stating, "I see risks to the latest central projection for inflation as now tilted to the downside. I judge that policy should be less restrictive in order to meet the 2.0% target sustainably in the medium term."

Fed President Mary Daly announced, "I am leaning towards more cuts in 2026, although it's hard to say if it's one or two. To cut, you'd need to be more confident on inflation or see a more challenging labour market. I would be comfortable holding for longer if inflation picks up."

The week ahead

This week is slightly unusual in that we have the delayed US non-farms payrolls, unemployment and average hourly earnings reports, and the CPI releases which impact both sides of the Federal Reserve's dual mandate. We also have retail sales and employment costs data from the US. It is a busy week in the UK with Q4 GDP, industrial production, trade, and construction data. From the Eurozone we have the second estimate of GDP after the preliminary reading of 0.3%, unemployment, and German wholesale sales.

In Asia, it will be an eventful week headlined by the fall-out from this weekend's snap election in Japan, while we also have Chinese CPI, Australian business and consumer confidence, New Zealand manufacturing PMIs and immigration data.

Daily Rates

Monday 9 February 2026

| FX | Spot | FECs (mid) | | | | Spot Mid | |
|-------------------|--------------------|------------|---------|------------------|---------|-----------------|----------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... |
| NZ TWI | 68.30 | | | | | CAD | 0.8209 |
| NZD/USD | 0.6016 | 0.0006 | 0.0019 | 0.0037 | 0.0053 | CHF | 0.4666 |
| NZD/AUD | 0.8575 | 0.0010 | 0.0032 | 0.0069 | 0.0140 | CNY | 4.1651 |
| NZD/JPY | 94.4800 | -0.13 | -0.41 | -0.7822 | -1.63 | DKK | 3.8025 |
| NZD/EUR | 0.5085 | -0.0001 | -0.0005 | -0.0010 | -0.0033 | FJD | 1.3130 |
| NZD/GBP | 0.4423 | 0.0005 | 0.0014 | 0.0026 | 0.0040 | HKD | 4.6995 |
| | | | | | | KRW | 880.21 |
| AU TWI | 64.30 | | | | | MYR | 2.3729 |
| AUD/USD | 0.7015 | -0.0001 | -0.0004 | -0.0015 | -0.0055 | NOK | 5.7952 |
| AUD/NZD | 1.1653 | -0.0014 | -0.0046 | -0.0098 | -0.0201 | SEK | 5.4172 |
| AUD/JPY | 109.28 | -0.28 | -0.90 | -1.82 | -3.69 | SGD | 0.7643 |
| AUD/EUR | 0.5929 | -0.0009 | -0.0028 | -0.0061 | -0.0134 | TWD | 19.01 |
| AUD/GBP | 0.5157 | -0.0001 | -0.0003 | -0.0012 | -0.0039 | ZAR | 9.64 |
| | | | | | | | 11.25 |
| USD Index | 97.68 | | | | | EQUITIES | |
| EUR/USD | 1.1828 | 0.0016 | 0.0049 | 0.0095 | 0.0175 | Index | |
| USD/JPY | 157.06 | -0.38 | -1.18 | -2.25 | -4.05 | NZX50 | 13,444 |
| GBP/USD | 1.3598 | -0.0001 | 0.0000 | 0.0000 | -0.0009 | ASX200 | 8,709 |
| EUR/GBP | 0.8680 | 0.0012 | 0.0036 | 0.0068 | 0.0131 | Dow Jones | 50,116 |
| USD/CNY | 6.9388 | -0.0116 | -0.0356 | -0.0683 | -0.1293 | S&P 500 | 6,932 |
| | | | | | | FTSE100 | 10,370 |
| INTEREST | New Zealand | | | Australia | | | |
| RATES | Mid | | | Mid | | | |
| 30 day bank bills | | | | 2.42% | | 3.84% | |
| 90 day bank bills | | | | 2.49% | | 3.98% | |
| 1 year swap | | | | 2.66% | | 4.17% | |
| 2 year swap | | | | 3.07% | | 4.25% | |
| 3 year swap | | | | 3.34% | | 4.29% | |
| 5 year swap | | | | 3.68% | | 4.36% | |
| 10 year swap | | | | 4.17% | | 4.65% | |
| 3 year Govt bond | | | | 3.50% | | 4.34% | |
| 5 year Govt bond | | | | 3.97% | | 4.49% | |
| 10 year Govt bond | | | | 4.57% | | 4.93% | |
| | | | | | | | |
| | COMMODITIES | | | | | | |
| | USD | | | | | | |
| Brent Crude | | | | | | | 68.05 |
| Gold | | | | | | | 4,959.94 |
| Silver | | | | | | | 77.98 |
| Iron Ore | | | | | | | 100.11 |
| CRB Index | | | | | | | 389.40 |
| | | | | | | | |
| | NZD | | | | | | |
| NZ Carbon | | | | | | | 37.75 |

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