

Market Alert

Tuesday 03 March 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5947	0.0037
NZD/AUD	0.8386	0.0071
NZD/JPY	93.515	-0.81
NZD/EUR	0.5083	-0.0011
NZD/GBP	0.4433	0.0026
NZD/CNH	4.1014	-0.0190
AUD/USD	0.7090	-0.0016
AUD/EUR	0.6059	-0.0065
EUR/USD	1.1700	0.0100
USD/CNH	6.8975	-0.0765
GBP/USD	1.3412	0.0003
EUR/GBP	0.8720	0.0070

INT RATES	NZ	Australia
OCR/Cash	2.25%	3.85%
90 day bills	2.49%	4.02%
2 year swap	2.88%	4.11%
10 year Govt	4.38%	4.73%

Financial markets may be holding their collective breath ...

but not a great deal has changed!

According to President Trump, "We have hit hundreds of targets including Revolutionary Guard facilities, air defense systems and nine ships plus naval buildings. We figured it will be four weeks or so. We're already substantially ahead of our time projections. But whatever the time is, it's okay. We projected 4-5 weeks, but we have capability to go far longer than that. We also projected four weeks to terminate the military leadership, and as you know, that was done in about an hour. I won't rule out US troops in Iran if necessary." Word on the street is that the President has also hinted that he is open to lifting sanctions on Iran if the new leadership shows itself to be a pragmatic partner.

As the attacks spread, the Gulf Arab states are facing tough choices in the coming hours and days, including the possibility of going to war with Iran after Saudi Aramco temporarily halted operations at its Ras Tanura refinery, the kingdom's largest, while assessing damage after an Iranian drone attack targeted the facility.

As one would expect, gas and oil prices surged after the shutdown with Brent rising as much as 13% on the open, to hit USD82.00 as the war threatens to disrupt energy supplies, although since then, some of the gains have reversed to be currently trading around 6.0% higher. Amid forecasts that oil will breach the USD100.00-USD120.00 level, crude is currently at USD71.10, while Brent is at USD77.65. Should the conflict last longer, the concern will turn from production to supply with transport through the Strait of Hormuz suspended after insurers threatened to cancel coverage and hike premiums. Moves in the other commodities were more subdued with bitcoin rallying, gold posting a modest gain, while silver and copper prices fell.

The USD-index had another spike overnight on safe haven flows, but it wasn't the only one, with the AUD benefitting as well. Currently, the USD has surged 1.0%, while the AUD firmed 0.9%, but against this, the CHF collapsed 1.5%, the JPY plummeted 1.0%, the EUR fell 0.8%, while the NZD eased 0.3%. The contrasting moves by the NZD and AUD has seen NZD/AUD crack the 0.8400

level to reach 0.8385, with 0.8300 now in its sights.

Despite the USD surging, investors aren't buying US Treasuries, in fact, they're selling them! With US yields surging, the 2-year yield spiked 12bp to 3.50%, while the 10-year gapped 11bp to 4.06%, as higher inflationary concerns support a more restrictive interest rate outlook. As mentioned, the conflict has triggering a surge in commodity prices raising concerns that higher inflation could force the Fed to keep rates elevated for longer, and while the recent PCE and PPI data added to inflation worries, these concerns were magnified by an unexpected surge in the prices paid component of the ISM manufacturing PMI report to a 3-year high at 70.5 against forecasts at 59.0, with strong order books limiting the argument for the FOMC doves.

Skimming the data ...

for the record ...

- US manufacturing PMIs slipped from 52.6 to 52.4 in February, although the prices paid sub-index surged.
- Australian corporate profits in Australia rose 5.8% in Q4, beating forecasts at 3.6% and accelerating from Q3's upwardly revised 1.5% gain.
- New Zealand 'filled' jobs rose by 0.2% in January to be at 2.3m.



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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	67.50					CAD	0.8135	0.9702
NZD/USD	0.5947	0.0007	0.0020	0.0037	0.0057	CHF	0.4628	0.5521
NZD/AUD	0.8386	0.0011	0.0033	0.0071	0.0144	CNY	4.0939	4.8794
NZD/JPY	93.515	-0.16	-0.42	-0.8056	-1.63	DKK	3.7956	4.5264
NZD/EUR	0.5083	-0.0002	-0.0006	-0.0011	-0.0030	FJD	1.2975	1.5474
NZD/GBP	0.4433	0.0005	0.0014	0.0026	0.0042	HKD	4.6496	5.5451
						KRW	867.60	1034.69
AU TWI	65.40					MYR	2.3328	2.7821
AUD/USD	0.7090	-0.0001	-0.0005	-0.0016	-0.0055	NOK	5.6910	6.7871
AUD/NZD	1.1917	-0.0017	-0.0049	-0.0104	-0.0214	SEK	5.4340	6.4806
AUD/JPY	110.86	-0.35	-0.94	-1.91	-3.82	SGD	0.7566	0.9023
AUD/EUR	0.6059	-0.0011	-0.0031	-0.0065	-0.0139	TWD	18.76	22.38
AUD/GBP	0.5284	-0.0001	-0.0005	-0.0014	-0.0040	ZAR	9.55	11.39
USD Index	98.53					EQUITIES		
EUR/USD	1.1700	0.0020	0.0052	0.0100	0.0180		Index	
USD/JPY	157.26	-0.45	-1.23	-2.34	-4.21	NZX50	13,657	
GBP/USD	1.3412	0.0001	0.0003	0.0003	-0.0009	ASX200	9,201	
EUR/GBP	0.8720	0.0014	0.0036	0.0070	0.0132	Dow Jones	48,901	
USD/CNY	6.8821	-0.0138	-0.0371	-0.0713	-0.1290	S&P 500	6,872	
						FTSE100	10,780	
INTEREST			New Zealand		Australia	DAX 40	24,672	
RATES			Mid		Mid	Nikkei	58,057	
30 day bank bills			2.42%		3.85%	COMMODITIES		
90 day bank bills			2.49%		4.02%		USD	
1 year swap			2.58%		4.15%	Brent Crude	77.73	
2 year swap			2.88%		4.11%	Gold	5,327.91	
3 year swap			3.12%		4.09%	Silver	89.26	
5 year swap			3.41%		4.15%	Iron Ore	98.69	
10 year swap			3.86%		4.43%	CRB Index	394.20	
3 year Govt bond			3.33%		4.23%		NZD	
5 year Govt bond			3.78%		4.34%	NZ Carbon	45.25	
10 year Govt bond			4.38%		4.73%			

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