

Market Alert

Friday 03 July 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5697	0.0031
NZD/AUD	0.8231	0.0071
NZD/JPY	91.790	-0.88
NZD/EUR	0.4984	-0.0012
NZD/GBP	0.4269	0.0022
NZD/CNH	3.8668	-0.0288
AUD/USD	0.6920	-0.0022
AUD/EUR	0.6054	-0.0067
EUR/USD	1.1429	0.0090
USD/CNH	6.7869	-0.0876
GBP/USD	1.3343	0.0000
EUR/GBP	0.8563	0.0065

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.73%	4.51%
2 year swap	3.33%	4.44%
10 year Govt	4.51%	4.94%

TGI ...

Friday!

And let's start with some conspiracy ... because US officials believed Israel was plotting to kill Iran's foreign minister Abbas Araghchi, and the speaker of the parliament, Mohammad Bagher Ghalibaf, during the ceasefire negotiations in April!

US exceptionalism?

Potentially not in the US jobs markets!

- US job growth slowed sharply in June with just 57k jobs added, its weakest gain in four months and well below expectations at 110k. The unemployment rate fell to 4.2% as the labour force participation rate dropped sharply to 61.5%, its lowest level since early 2021, while annual wage growth accelerated slightly to 3.5%.
- On the other side of the ledger, initial

claims fell by 1k to 215k, although continuing claims rose by 2k to 1,814k.

- US factory orders US fell 1.3% in May following April's 5.3% surge. Forecasts had estimated a 1.8% decline.
 - The private credit fund issue hasn't disappeared after two Blue Owl private credit funds were hit with the industry's largest ever redemption requests, forcing the firm to cap withdrawals again.
 - The Euro-area seasonally adjusted unemployment rate flatlined at 6.2% in May, tying the record low from late 2024. Estimates had been at 6.3%. The actual number of unemployed fell by 55k from a month earlier.
 - The FT has reported the BoE is pushing ahead with its plan to limit how much debt hedge funds may use when trading gilts, planning to impose a minimum discount on gilt repos to create more buffer against market volatility.
 - The New Zealand Government deficit came in well below forecasts as better-than-expected income and lower government spending saw a deficit of NZD6.8bn for the 11 months ended May, NZD3bn less than forecast in the budget as the stronger performance of the economy boosted company tax receipts.
 - Unfortunately, local house prices compressed 0.2% on the month while build permits contracted from a revised 11.1% to -4.0%.
- It was a mixed night in financial markets, probably best summed up by equities with the Dow surging to a new high while the S&P and Nasdaq came under fresh selling pressure despite European

bourses posting gains in the 1.0%-2.0% region. Commodity markets were mixed, although gold and silver posted +2.0% gains.

The most significant move in currency markets saw the JPY strengthen 0.9% against the USD amid rising speculation that the currency's continued weakness may prompt a fresh round of intervention, although there has been nothing to suggest they have been active so far. The USD-index experienced a 0.5% dip on the poor jobs numbers, which saw the NZD and AUD post modest 0.4% gains. Treasury yields also compressed slightly with the 2 and 10-years 1bps lower at 4.18% and 4.49%.

The central bank chit-chat continued at Sintra, Portugal ...

With Christine Lagarde stating, "I'm certain ECB made right choice raising rates in June, although the 2nd round effects have yet to materialise. The majority of policymakers were ready to hike in April."

The Fed's Mary Daly announced, "We are in the early stages of a potential exponential rise in productivity gains from AI (although) the AI investment shock has people wondering if it will be inflationary. US monetary policy is slightly restrictive; that should help inflation come down."

BoE policymaker Catherine Mann reiterated her hawkish stance stating, "At the June policy meeting I saw greater upside risks to inflation than downside risks to economic activity. The balance of risks has shifted toward favouring a longer period of restrictive policy and, if necessary, additional tightening."



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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	65.50					CAD	0.8077	0.9813
NZD/USD	0.5697	0.0006	0.0016	0.0031	0.0055	CHF	0.4576	0.5561
NZD/AUD	0.8231	0.0013	0.0037	0.0071	0.0125	CNY	3.8599	4.6843
NZD/JPY	91.790	-0.13	-0.42	-0.8843	-1.85	DKK	3.7246	4.5249
NZD/EUR	0.4984	-0.0001	-0.0005	-0.0012	-0.0034	FJD	1.2666	1.5388
NZD/GBP	0.4269	0.0004	0.0012	0.0022	0.0038	HKD	4.4673	5.4273
						KRW	876.68	1065.06
AU TWI	64.80					MYR	2.3223	2.8213
AUD/USD	0.6920	-0.0004	-0.0011	-0.0022	-0.0039	NOK	5.6026	6.8066
AUD/NZD	1.2145	-0.0020	-0.0057	-0.0109	-0.0189	SEK	5.5098	6.6938
AUD/JPY	111.21	-0.34	-1.00	-2.02	-3.88	SGD	0.7359	0.8940
AUD/EUR	0.6054	-0.0011	-0.0033	-0.0067	-0.0132	TWD	18.16	22.06
AUD/GBP	0.5185	-0.0003	-0.0009	-0.0018	-0.0033	ZAR	9.26	11.25
USD Index	100.91					EQUITIES		
EUR/USD	1.1429	0.0014	0.0043	0.0090	0.0184		Index	
USD/JPY	161.11	-0.39	-1.19	-2.42	-4.73	NZX50	13,582	
GBP/USD	1.3343	0.0000	-0.0001	0.0000	0.0005	ASX200	8,725	
EUR/GBP	0.8563	0.0011	0.0032	0.0065	0.0131	Dow Jones	52,765	
USD/CNY	6.7886	-0.0149	-0.0455	-0.0895	-0.1813	S&P 500	7,460	
						FTSE100	10,653	
INTEREST			New Zealand		Australia	DAX 40	25,581	
RATES			Mid		Mid	Nikkei	68,733	
30 day bank bills			2.60%		4.36%	COMMODITIES		
90 day bank bills			2.73%		4.51%		USD	
1 year swap			3.10%		4.52%	Brent Crude	71.58	
2 year swap			3.33%		4.44%	Gold	4,120.48	
3 year swap			3.48%		4.40%	Silver	60.83	
5 year swap			3.67%		4.37%	Iron Ore	98.36	
10 year swap			4.05%		4.66%	CRB Index	450.75	
3 year Govt bond			3.66%		4.48%		NZD	
5 year Govt bond			3.98%		4.56%	NZ Carbon	54.15	
10 year Govt bond			4.51%		4.94%			

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