

Market Alert

Thursday 09 July 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5708	0.0030
NZD/AUD	0.8227	0.0067
NZD/JPY	92.735	-0.93
NZD/EUR	0.4995	-0.0012
NZD/GBP	0.4259	0.0022
NZD/CNH	3.8676	-0.0312
AUD/USD	0.6936	-0.0021
AUD/EUR	0.6069	-0.0065
EUR/USD	1.1426	0.0086
USD/CNH	6.8046	-0.0904
GBP/USD	1.3401	-0.0002
EUR/GBP	0.8523	0.0064

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.79%	4.52%
2 year swap	3.36%	4.43%
10 year Govt	4.58%	5.00%

"When the facts change, I change my mind - what do you do, Sir?"

If nothing else, we'll be seeing a few chief economists changing their minds this morning following yesterday's 25bps RBNZ rate hike. But while the economists are continuously changing their calls, the Central Bank is sticking to their script. Even though it was the Central Bank's first rate hike in three years, the key narrative was that the hike was about 'removing stimulus' rather than 'tightening'! The other key points were ...

- Headline inflation is now expected to have peaked at 3.9% in Q2, before slowing to 3.3% in Q3 and returning to its 2.0% target by mid-2027.

- In saying that, the members remain divided on inflation ... two members highlighted the upside risks from cost pressures and higher pricing behaviours, while four viewed the risks as balanced.
- While NZ growth lost momentum in Q2, policymakers are expecting GDP to bounce back in Q3.
- A weaker NZD was also identified as a potential source of imported inflation.

Interestingly, given the balanced statement and Q&A session, and the threat of a reignition of inflation with the resumption of hostilities in the Middle East, the NZD was limited in its moves overnight, merely reclaiming the 0.5700 handle against the USD and posting 0.2%-0.4% gains on the crosses. The exception was NZD/JPY, given a new bout of JPY-related selling which saw the cross reclaim 92.75 after USD/JPY reached 162.50 A mere 30 pips from its 40-year high.

Treasury yields continued their grind higher with the 2-years gaining 5bps to 4.22% while the 10-years firmed 2bps to be at 4.58%.

As I type, there are fresh reports of explosions in Iran ... which will contribute to the oil trend ... as prices surged amid the escalating tensions with prices gaining a further 5.8%. Crude is now at USD74.25, Brent is at USD78.75 while gold, silver and copper are all lower.

Equity traders also 'ran for the hills' with the European bourses falling 1.0%-2.0% while the US exchanges are 0.5%-1.0% lower.

Storm clouds gather amid an IMF warning!

Overnight the IMF warned the global economy is on track for a sharp downward trajectory, projecting global GDP will decline from 3.5% in 2025 to 3.0% in 2026 before climbing back up to 3.4% in 2027. They also forecast that while the conflict with Iran hasn't hurt the US and global economies as much as expected, it will leave a lasting legacy with another projected bout of excess inflation that won't disappear quickly!

The minutes from the Fed's FOMC highlighted that "A few participants commented that there was a case for raising the FOMC target range, (although) they supported maintaining the current target range at this meeting" meaning they'll be pushing for a hike at their July meeting. The other key points were that the officials anticipated the labour market remaining stable in the near term although their inflation forecasts 2026 and 2027 were higher than in April reflecting the Middle East war and the impacts of the AI buildout.

RBA Assistant Governor Sarah Hunter confirmed, "The recent oil shock has led to falls in consumer and business confidence, but there are so far few signs of a marked slowdown in activity. It is not always correct to look through supply shocks, and a period of low inflation and higher unemployment might be needed if inflation expectations start to drift up."



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Daily Rates

Thursday 09 July 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	65.50					CAD	0.8081	0.9823
NZD/USD	0.5708	0.0005	0.0016	0.0030	0.0055	CHF	0.4608	0.5604
NZD/AUD	0.8227	0.0012	0.0035	0.0067	0.0119	CNY	3.8829	4.7206
NZD/JPY	92.735	-0.14	-0.44	-0.9270	-1.91	DKK	3.7326	4.5373
NZD/EUR	0.4995	-0.0002	-0.0005	-0.0012	-0.0029	FJD	1.2618	1.5338
NZD/GBP	0.4259	0.0004	0.0012	0.0022	0.0041	HKD	4.4728	5.4370
						KRW	857.24	1042.03
AU TWI	65.10					MYR	2.3246	2.8257
AUD/USD	0.6936	-0.0004	-0.0011	-0.0021	-0.0035	NOK	5.5700	6.7706
AUD/NZD	1.2151	-0.0019	-0.0054	-0.0103	-0.0182	SEK	5.5252	6.7162
AUD/JPY	112.28	-0.34	-1.05	-2.07	-3.95	SGD	0.7377	0.8968
AUD/EUR	0.6069	-0.0011	-0.0034	-0.0065	-0.0124	TWD	18.29	22.23
AUD/GBP	0.5174	-0.0003	-0.0009	-0.0016	-0.0026	ZAR	9.34	11.36
USD Index	100.97					EQUITIES		
EUR/USD	1.1426	0.0014	0.0044	0.0086	0.0172		Index	
USD/JPY	162.46	-0.40	-1.25	-2.50	-4.88	NZX50	13,665	
GBP/USD	1.3401	-0.0001	-0.0001	-0.0002	-0.0004	ASX200	8,785	
EUR/GBP	0.8523	0.0011	0.0033	0.0064	0.0129	Dow Jones	52,349	
USD/CNY	6.8025	-0.0151	-0.0461	-0.0911	-0.1816	S&P 500	7,482	
						FTSE100	10,489	
INTEREST		New Zealand		Australia		DAX 40	24,897	
RATES		Mid		Mid		Nikkei	66,819	
30 day bank bills		2.69%		4.36%		COMMODITIES		
90 day bank bills		2.79%		4.52%			USD	
1 year swap		3.10%		4.50%		Brent Crude	78.54	
2 year swap		3.36%		4.43%		Gold	4,079.59	
3 year swap		3.49%		4.39%		Silver	58.34	
5 year swap		3.71%		4.40%		Iron Ore	98.02	
10 year swap		4.12%		4.67%		CRB Index	468.89	
3 year Govt bond		3.65%		4.51%			NZD	
5 year Govt bond		4.00%		4.60%		NZ Carbon	54.00	
10 year Govt bond		4.58%		5.00%				

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