

Market Alert

Thursday 29 January 2026

CURRENCIES	Spot	6mths
NZD/USD	0.6027	0.0037
NZD/AUD	0.8615	0.0065
NZD/JPY	92.715	-0.81
NZD/EUR	0.5060	-0.0011
NZD/GBP	0.4377	0.0028
NZD/CNH	4.1765	-0.0168
AUD/USD	0.6994	-0.0010
AUD/EUR	0.5872	-0.0058
EUR/USD	1.1909	0.0099
USD/CNH	6.9477	-0.0706
GBP/USD	1.3766	-0.0003
EUR/GBP	0.8649	0.0073
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.50%	3.86%
2 year swap	3.13%	4.21%
10 year Govt	4.66%	4.91%

It was all quiet on the Western Front ahead of the FOMC release ...

and to be fair, there was little change afterwards when it was announced the FOMC had left its Fed Funds range unchanged at 3.50%-3.75%. Interestingly, the vote was 10-2 to hold, with Governors Christopher Waller and Stephen Miran voting to cut 25bps. Could it be that Governor Waller is auditioning for the top job? The minutes saw the Fed remove language from statement that the “downside risks to employment rose in recent months” while it upgraded its view of the economy, suggesting economic activity “has been expanding at a solid pace.” The statement repeated inflation “remains somewhat elevated,” but tweaked its description of the labour market, noting “job gains have remained low” and the jobless rate has “shown some signs of stabilisation.”

Prior to the FED, the BoC ...

held its overnight target rate unchanged at 2.25%, as was expected. The central bank maintained its economic projections from October with GDP expected to print above 1.0% this year and 1.5% next year, while inflation is expected to remain close to the 2.0% target. But despite the positivity, the BoC warned the recent tariff threats from President Trump reignited trade concerns, which could potentially warrant an adjustment in monetary policy in either direction. On a side note, BoC Governor, and the man with the coolest name, Tiff Macklem stated “Our relationship with US has fundamentally changed.”

When asked if the US had supported the BoJ with USD/JPY intervention US Treasury Secretary Scott Bessent emphatically replied, “Absolutely not.” Despite the USD’s weakness, President Trump insisted, “The dollar is doing great, I don’t think the dollar has declined too much!” ECB member Anna Schnabel confirmed she expects interest rates in the Eurozone to remain at, “Current levels for an extended period,” while ECB member Gediminas Šimkus simply stated, “The EUR-USD level doesn’t imply any policy direction.” Against this, colleague Martin Kocher warned, “If the Euro appreciates further and further, at some stage this might create of course a certain necessity to react in terms of monetary policy,” although he did add the recent gains were “modest,” while François Villeroy de Galhau added, “We are closely monitoring the Euro appreciation.”

German Chancellor Friedrich Merz emphasised, “The basis for a ratification of

the EU-US trade agreement is in place, but the US must honour its commitments. We are not prepared to accept a deterioration of the trade deal.” Meanwhile, the German economy ministry lowered its 2026 GDP forecast from 1.3% to 1.0%.

Australia’s headline annual inflation climbed to 3.8% in December from November’s 3-month low of 3.4%, surpassing market forecasts of 3.6% and remaining above the RBA’s 2.0%-3.0% target. Trimmed mean inflation also rose, to 3.4% above forecasts at 3.3%. Simply put, with elevated inflation, services and housing inflation persistently above target, and a resilient labour data, it strengthens the business case for a cautious 25bp hike in February!

In terms of market moves

Prior to the Fed announcement the USD-index staged a minor rebound, firming back towards the 96.50 level, the announcement saw a confirmation of the move. Most of the gains were against the JPY and the EUR, while the NZD and AUD outperformed recording modest declines with the NZD holding at 0.6025, while the AUD is a touch below the 0.7000 level.

US Treasury yields were quiet with the 2 and 10-years 2bp higher at 3.60% and 4.26%, while gold continues to benefit as a safe-haven flow away from Treasuries, rallying a further 1.9%. Oil and copper prices were 1.0% higher. Equity markets were mixed with the European bourses broadly 0.5% lower, while the US exchanges posted modest gains on the FOMC announcement.

Daily Rates

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FX	Spot	FECs (mid)					Spot	Mid
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	68.10					CAD	0.8189	0.9503
NZD/USD	0.6027	0.0007	0.0020	0.0037	0.0054	CHF	0.4651	0.5399
NZD/AUD	0.8615	0.0009	0.0032	0.0065	0.0127	CNY	4.1864	4.8554
NZD/JPY	92.7150	-0.12	-0.40	-0.8068	-1.68	DKK	3.7769	4.3836
NZD/EUR	0.5060	-0.0001	-0.0005	-0.0011	-0.0035	FJD	1.3097	1.5201
NZD/GBP	0.4377	0.0005	0.0015	0.0028	0.0042	HKD	4.7012	5.4564
						KRW	864.93	1003.87
AU TWI	64.20					MYR	2.3592	2.7382
AUD/USD	0.6994	0.0000	-0.0002	-0.0010	-0.0042	NOK	5.8081	6.7411
AUD/NZD	1.1601	-0.0013	-0.0043	-0.0091	-0.0185	SEK	5.3543	6.2144
AUD/JPY	106.71	-0.26	-0.86	-1.75	-3.51	SGD	0.7617	0.8842
AUD/EUR	0.5872	-0.0008	-0.0027	-0.0058	-0.0126	TWD	18.92	21.96
AUD/GBP	0.5079	0.0000	-0.0001	-0.0007	-0.0026	ZAR	9.59	11.13
USD Index	96.74					EQUITIES		
EUR/USD	1.1909	0.0016	0.0050	0.0099	0.0182		Index	
USD/JPY	153.82	-0.37	-1.18	-2.27	-4.17	NZX50	13,413	
GBP/USD	1.3766	-0.0001	-0.0002	-0.0003	-0.0014	ASX200	8,934	
EUR/GBP	0.8649	0.0011	0.0038	0.0073	0.0139	Dow Jones	49,013	
USD/CNY	6.9462	-0.0105	-0.0335	-0.0643	-0.1202	S&P 500	6,973	
						FTSE100	10,154	
INTEREST		New Zealand			Australia	DAX 40	24,823	
RATES		Mid			Mid	Nikkei	53,359	
30 day bank bills		2.41%			3.70%	COMMODITIES		
90 day bank bills		2.50%			3.86%	USD		
1 year swap		2.70%			4.08%	Brent Crude	68.33	
2 year swap		3.13%			4.21%	Gold	5,290.86	
3 year swap		3.40%			4.25%	Silver	112.69	
5 year swap		3.75%			4.38%	Iron Ore	106.03	
10 year swap		4.23%			4.69%	CRB Index	399.15	
3 year Govt bond		3.56%			4.27%			
5 year Govt bond		4.04%			4.44%			
10 year Govt bond		4.66%			4.91%	NZD		
						NZ Carbon	34.15	

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