

Market Alert

Thursday 12 February 2026

CURRENCIES	Spot	6mths
NZD/USD	0.6060	0.0037
NZD/AUD	0.8492	0.0068
NZD/JPY	92.605	-0.78
NZD/EUR	0.5100	-0.0011
NZD/GBP	0.4444	0.0026
NZD/CNH	4.1850	-0.0185
AUD/USD	0.7135	-0.0015
AUD/EUR	0.6004	-0.0062
EUR/USD	1.1881	0.0096
USD/CNH	6.9063	-0.0723
GBP/USD	1.3635	0.0002
EUR/GBP	0.8712	0.0067
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.85%
90 day bills	2.49%	4.00%
2 year swap	3.09%	4.18%
10 year Govt	4.53%	4.86%

US jobs data surprises

Markets took their lead from the US jobs report overnight, which was strong enough to re-anchor expectations that the Federal Reserve can remain patient on rate cuts. Payrolls rose by 130,000 in January, much higher than the 70,000 expected, and the unemployment rate edged down to 4.3%. Despite large revisions pointing to slower hiring momentum through last year, rate-cut expectations were pared back, with pricing for the next Fed cut pushed out to July.

Fed commentary also leaned toward caution. Kansas City Fed President Jeffrey Schmid warned against premature cuts risk allowing inflation to persist for longer, reinforcing the recent rhetoric that the bar for near-term easing remains high. Alongside the data, the fiscal debt backdrop continues to sit in the foreground. The Congressional Budget

Office increased its projected deficits over the next decade by USD1.4trn citing Trump's tax cuts and immigration policies as some of the reasons for the increase.

Trade policy remains a driver of market uncertainty. US House lawmakers are set to vote soon on whether to reject elements of Trump's tariff policy, beginning with a resolution opposing levies on Canada. Separately, there are reports that Trump is considering exiting the USMCA trade agreement (a key trading agreement between the US, Canada and Mexico), even as Mexico's President Sheinbaum publicly downplayed the likelihood of a US withdrawal.

Chinese inflation remains weak

China's CPI rose by 0.2% in the January year, lower than market expectations of 0.4%. Core CPI was up 0.8% on the year. The index was also up by 0.2% on the month, below forecasts of a 0.3% rise. The producer price index ("PPI"), fell by 1.4% on the year, slightly better than forecasts of a 1.5% decrease, and better than the previous month's reading of a 1.9% drop. It should be noted that holiday-related spending (or lack thereof) might have influenced the figures, as the Chinese Lunar New Year falls in mid-February this year, whereas it fell in January last year.

In Australia, RBA commentary remained pointed. Deputy Governor Andrew Hauser warned inflation is still elevated and may exceed the 2-3% target band this year, keeping the risk of further tightening in play should progress on inflation stall. Despite the real threat of higher interest rates and Australian

consumers already believing that mortgage rates will increase further over the coming year, the housing market is still red hot as the number of new home loans granted grew by 10.6% in the December quarter.

ECB projections indicating wage growth may pick up in the second half of this year support the view among officials that policy rates can remain on hold for now.

Market reaction

The stronger than expected US non-farm payrolls data saw the US 10-year Treasury yield climb 3bp, to 4.17%. However, most of the action was in currency markets as the USD saw an immediate strengthening but has since eased to be where it ended yesterday, around the 96.80 level. The AUD/USD outperformed, to be at the 0.7130 level, near a 3-year high, with the NZD/USD largely unchanged. The NZD/AUD has now pushed below the 0.8500 level.

For oil, the underlying supply picture remains heavy. Bank of America is expecting that an oversupplied Brent market will push the price toward USD60 if Iran-related tensions remain contained. Gold and silver continue to recover some of their losses, up by 1.3% and 4.4% respectively.

Somewhat unsurprisingly, following Bitcoin's 50% plunge from its highs last year, Val Vavilov, an early cryptocurrency adopter and Billionaire has suggested buying the dip, stating, "For us, the fall in Bitcoin is an opportunity to rebalance our portfolio and purchase a certain amount of Bitcoin at a low price."



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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	68.30					CAD	0.8214
NZD/USD	0.6060	0.0006	0.0020	0.0037	0.0056	CHF	0.4665
NZD/AUD	0.8492	0.0009	0.0032	0.0068	0.0136	CNY	4.1725
NZD/JPY	92.6050	-0.13	-0.40	-0.7819	-1.59	DKK	3.8090
NZD/EUR	0.5100	-0.0002	-0.0005	-0.0011	-0.0031	FJD	1.3073
NZD/GBP	0.4444	0.0005	0.0014	0.0026	0.0041	HKD	4.7354
						KRW	874.87
AU TWI	65.40					MYR	2.3699
AUD/USD	0.7135	-0.0001	-0.0004	-0.0015	-0.0054	NOK	5.7359
AUD/NZD	1.1770	-0.0014	-0.0046	-0.0097	-0.0195	SEK	5.3804
AUD/JPY	109.92	-0.27	-0.87	-1.80	-3.63	SGD	0.7636
AUD/EUR	0.6004	-0.0009	-0.0028	-0.0062	-0.0137	TWD	18.97
AUD/GBP	0.5232	0.0000	-0.0003	-0.0012	-0.0039	ZAR	9.61
USD Index	96.82					EQUITIES	
EUR/USD	1.1881	0.0015	0.0049	0.0096	0.0178		Index
USD/JPY	152.79	-0.37	-1.14	-2.20	-4.00	NZX50	13,507
GBP/USD	1.3635	-0.0001	0.0001	0.0002	-0.0005	ASX200	9,015
EUR/GBP	0.8712	0.0012	0.0035	0.0067	0.0131	Dow Jones	50,155
USD/CNY	6.9125	-0.0117	-0.0350	-0.0681	-0.1258	S&P 500	6,948
						FTSE100	10,472
INTEREST		New Zealand		Australia		DAX 40	24,856
RATES		Mid		Mid		Nikkei	57,651
30 day bank bills		2.41%		3.84%		COMMODITIES	
90 day bank bills		2.49%		4.00%			USD
1 year swap		2.68%		4.16%		Brent Crude	69.54
2 year swap		3.09%		4.18%		Gold	5,088.68
3 year swap		3.35%		4.21%		Silver	84.39
5 year swap		3.69%		4.30%		Iron Ore	100.84
10 year swap		4.14%		4.58%		CRB Index	388.06
3 year Govt bond		3.48%		4.30%			NZD
5 year Govt bond		3.94%		4.44%		NZ Carbon	44.00
10 year Govt bond		4.53%		4.86%			

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