

Market Alert

Thursday 19 February 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5972	0.0037
NZD/AUD	0.8472	0.0069
NZD/JPY	92.415	-0.77
NZD/EUR	0.5065	-0.0010
NZD/GBP	0.4422	0.0025
NZD/CNH	4.1153	-0.0179
AUD/USD	0.7048	-0.0014
AUD/EUR	0.5977	-0.0061
EUR/USD	1.1790	0.0097
USD/CNH	6.8900	-0.0718
GBP/USD	1.3505	0.0006
EUR/GBP	0.8728	0.0067
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.85%
90 day bills	2.50%	4.02%
2 year swap	3.01%	4.16%
10 year Govt	4.40%	4.82%

RBNZ in no hurry

Yesterday's RBNZ announcement helped suppress OCR hiking expectations, which had been getting ahead of themselves. The clear messaging was for a gradual domestic recovery, supported by high export prices and low interest rates, but that time would be needed for the recovery to strengthen. The OCR track was revised marginally higher but is well below where market pricing, and some bank economists, had extended to. An improving inflation environment gives the RBNZ time, with inflation expected to decline to the magic 2.0% within the next year.

While the commentary and forecasts were in line with our expectations, they were clearly viewed as dovish by markets, with swap rates down between 5-8bps following the announcement and

the NZD/USD falling half a cent to be back under 0.6000 this morning. With the RBNZ and the RBA on diverging policy paths, the NZD/AUD finds itself at 0.8470 this morning - a fresh 13-year low.

As always, inflation dynamics will be the ultimate driver of policy, with a 0.6% headline quarterly increase pencilled in for the March quarter (not released until 21 April). Helpfully, the large 0.9% reading from March 2025 will drop out of the annual equation, also helping optics. Growth is expected to be almost 3.0% this year, a welcome improvement after several years of rolling recession. Perhaps the biggest takeaway from yesterday was that the central bank has a safe pair of hands in the new Governor, a necessity for an institution tasked with shaping perception.

The boogie man

The recent mix of data out of the US paints a picture of a resilient economy with an inflation outlook that remains uncertain. US industrial production rose 0.7% in January, following a 0.2% gain in December, and capacity utilisation lifted to 76.2%. Housing starts also surprised on the high side, rising 6.2% in December. On the manufacturing side, durable goods orders fell 1.4% in December, but the detail was less soft than the headline: orders excluding transport rose 0.9%, with the drag largely coming from transportation equipment.

There was no shortage of scepticism overnight with Fed Governor Bowman

flagging that the recent jobs report looked "a bit strange" and said she remains concerned about the labour market, keeping the bar high for near-term policy shifts. Meanwhile, the internal politics around inflation measurement and tariffs is heating up again: a New York Fed inflation trend gauge recently moved higher, while the White House has been publicly critical of NY Fed analysis arguing the bulk of tariff costs are borne domestically, with Kevin Hassett calling the report "an embarrassment". US equity markets saw modest gains overnight, while the benchmark US 10-year Treasury yield lifted 2bps to 4.08%.

Wage growth remains strong in Australia as the Wage Price Index rose 0.8% in the December quarter, with annual wage growth ticking up to 3.4%. We will get a further update on the strength of the Australian labour market later today, which although a volatile monthly data set, remains key to future RBA hiking expectations. Markets have another RBA hike priced in by the middle of this year, which remains a real risk if the data continues its recent strong run.

Elsewhere, UK inflation cooled to its lowest level since March 2025, bolstering the case for a BoE rate cut next month. CPI rose 3.0% in January from a year earlier, down from 3.4% the previous month.

Separately, reports are circulating that current ECB president Christine Lagarde is set to step down before next year's French presidential election.

Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.10					CAD	0.8173
NZD/USD	0.5972	0.0006	0.0020	0.0037	0.0056	CHF	0.4613
NZD/AUD	0.8472	0.0009	0.0032	0.0069	0.0138	CNY	4.1704
NZD/JPY	92.4150	-0.14	-0.39	-0.7671	-1.63	DKK	3.7828
NZD/EUR	0.5065	-0.0002	-0.0005	-0.0010	-0.0032	FJD	1.2981
NZD/GBP	0.4422	0.0005	0.0014	0.0025	0.0038	HKD	4.6652
						KRW	862.75
AU TWI	65.10					MYR	2.3271
AUD/USD	0.7048	-0.0001	-0.0004	-0.0014	-0.0051	NOK	5.6883
AUD/NZD	1.1797	-0.0014	-0.0047	-0.0098	-0.0200	SEK	5.3895
AUD/JPY	108.64	-0.30	-0.88	-1.80	-3.67	SGD	0.7562
AUD/EUR	0.5977	-0.0009	-0.0028	-0.0061	-0.0135	TWD	18.80
AUD/GBP	0.5218	0.0000	-0.0004	-0.0013	-0.0041	ZAR	9.60
USD Index	97.67					EQUITIES	
EUR/USD	1.1790	0.0016	0.0049	0.0097	0.0179	Index	
USD/JPY	154.74	-0.41	-1.17	-2.24	-4.03	NZX50	13,247
GBP/USD	1.3505	0.0000	0.0003	0.0006	-0.0001	ASX200	9,007
EUR/GBP	0.8728	0.0012	0.0035	0.0067	0.0131	Dow Jones	49,676
USD/CNY	6.908	-0.0122	-0.0368	-0.0705	-0.1295	S&P 500	6,887
						FTSE100	10,686
INTEREST		New Zealand		Australia		DAX 40	25,278
RATES		Mid		Mid		Nikkei	57,144
30 day bank bills		2.41%		3.84%		COMMODITIES	
90 day bank bills		2.50%		4.02%		USD	
1 year swap		2.66%		4.11%		Brent Crude	70.31
2 year swap		3.01%		4.16%		Gold	4,990.58
3 year swap		3.27%		4.18%		Silver	77.32
5 year swap		3.59%		4.26%		Iron Ore	99.74
10 year swap		4.04%		4.55%		CRB Index	380.55
3 year Govt bond		3.33%		4.28%			
5 year Govt bond		3.78%		4.42%			
10 year Govt bond		4.40%		4.82%		NZ Carbon	43.05

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