

Market Alert

Tuesday 3 February 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5994	0.0037
NZD/AUD	0.8638	0.0065
NZD/JPY	93.315	-0.80
NZD/EUR	0.5088	-0.0011
NZD/GBP	0.4391	0.0027
NZD/CNH	4.1618	-0.0179
AUD/USD	0.6938	-0.0011
AUD/EUR	0.5889	-0.0058
EUR/USD	1.1779	0.0097
USD/CNH	6.9422	-0.0719
GBP/USD	1.3648	-0.0002
EUR/GBP	0.8628	0.0071
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.51%	3.90%
2 year swap	3.14%	4.14%
10 year Govt	4.65%	4.90%

America

Markets were a touch more positive overnight, as investors responded to stronger-than-expected US manufacturing data. The US ISM manufacturing survey printed at its highest level since 2020 which was enough to help improve sentiment after the recent risk-off moves. The USD found support, with the USD-Index firming 0.7% to be at 97.66. Meanwhile, Fed member Raphael Bostic pushed back on the idea that inflation concerns are fading quickly, suggesting that *"rates may stay higher for longer"*.

US political risk is back in the spotlight (did it ever go away?). The partial government shutdown that began over the weekend is now a material risk as it threatens to compound uncertainty

and disrupt the normal data calendar: most notably with the January non-farm payrolls release that was scheduled to be out this Friday but has now been delayed. Trade policy also remains volatile with Trump announcing plans for a USD12bn critical-minerals stockpile in a direct effort to reduce reliance on Chinese rare earths and other industrial metals. Separately, Trump also announced that he would reduce the tariff on India from 25% to 18%, in exchange for India's agreement to stop buying Russian oil.

In this part of the world

The RBA decision is the main event today. Markets are pricing around an 70% chance of a hike to 3.85%. We agree that a hike is more likely than not, given the recent mix of higher inflation outcomes, a resilient labour market, and continued momentum in house prices, with inflation pressures not appearing to cool on their own. For markets, the guidance will drive the bigger reaction. A hike accompanied by a firmer tone on inflation risks would more plausibly lift short-dated yields and support the AUD. The AUD/USD has gained more than 4% already this year.

Japanese PM Sanae Takaichi publicly highlighted the advantages of a weaker yen before walking back her remarks amid market and political backlash. Framing the JPY's depreciation as beneficial for exporters, she arguing that currency weakness has helped cushion the impact of external headwinds, including US trade barriers. The

comments stood in contrast to the more guarded tone struck by Japan's finance ministry, which has repeatedly refused to rule out action to counter excessive foreign exchange volatility.

Markets remain volatile

Markets generally saw a more positive sentiment and an easing in recent 'risk-off' moves. The strengthening of the USD-Index saw the NZD/USD fall back below the 0.6000 level, while the AUD/USD is at 0.6940, leaving the NZD/AUD cross rate around 0.8640. US Treasury yields are slightly higher, with the 2-year and 10-year yields both up 4bp at 3.57% and 4.27% respectively, which will likely see local swap rates open higher. Equities were more positive as the US indices halted a three-day slide.

In the world of commodities, oil prices fell sharply on signs of easing US-Iran tensions after Iran indicated nuclear talks could begin soon, although the underlying situation remains fragile, and that premium can return just as fast if talks sour. Gold and silver saw a continuation of their recent sell off, while conversely Bitcoin, after reaching its lowest level since Trump took office for the second time, managed to recover later in the overnight session but it remains more than 11% lower since the start of the year.

Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.50					CAD	0.8205
NZD/USD	0.5994	0.0006	0.0019	0.0037	0.0053	CHF	0.4677
NZD/AUD	0.8638	0.0009	0.0031	0.0065	0.0130	CNY	4.1615
NZD/JPY	93.3150	-0.13	-0.42	-0.7965	-1.68	DKK	3.7984
NZD/EUR	0.5088	-0.0002	-0.0005	-0.0011	-0.0035	FJD	1.3106
NZD/GBP	0.4391	0.0005	0.0015	0.0027	0.0041	HKD	4.6798
						KRW	869.92
AU TWI	64.20					MYR	2.3602
AUD/USD	0.6938	0.0000	-0.0003	-0.0011	-0.0043	NOK	5.8239
AUD/NZD	1.1573	-0.0013	-0.0042	-0.0090	-0.0185	SEK	5.3804
AUD/JPY	107.63	-0.27	-0.88	-1.75	-3.53	SGD	0.7626
AUD/EUR	0.5889	-0.0008	-0.0027	-0.0058	-0.0127	TWD	18.92
AUD/GBP	0.5082	0.0000	-0.0001	-0.0008	-0.0029	ZAR	9.66
USD Index	97.66					EQUITIES	
EUR/USD	1.1779	0.0016	0.0049	0.0097	0.0180	Index	
USD/JPY	155.67	-0.37	-1.21	-2.27	-4.17	NZX50	13,412
GBP/USD	1.3648	0.0000	-0.0002	-0.0002	-0.0012	ASX200	8,779
EUR/GBP	0.8628	0.0011	0.0037	0.0071	0.0137	Dow Jones	49,408
USD/CNY	6.9463	-0.0109	-0.0342	-0.0657	-0.1235	S&P 500	6,987
						FTSE100	10,342
INTEREST		New Zealand		Australia		DAX 40	24,798
RATES		Mid		Mid		Nikkei	52,655
30 day bank bills		2.42%		3.75%		COMMODITIES	
90 day bank bills		2.51%		3.90%		USD	
1 year swap		2.72%		4.04%		Brent Crude	66.02
2 year swap		3.14%		4.14%		Gold	4,654.14
3 year swap		3.41%		4.20%		Silver	78.76
5 year swap		3.75%		4.32%		Iron Ore	103.38
10 year swap		4.22%		4.67%		CRB Index	402.43
3 year Govt bond		3.56%		4.27%			
5 year Govt bond		4.04%		4.44%			
10 year Govt bond		4.65%		4.90%		NZ Carbon	37.00

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