

Market Alert

Tuesday 3 February 2026

CURRENCIES	Spot	6mths
NZD/USD	0.6045	0.0037
NZD/AUD	0.8624	0.0069
NZD/JPY	94.140	-0.80
NZD/EUR	0.5118	-0.0011
NZD/GBP	0.4418	0.0027
NZD/CNH	4.1910	-0.0183
AUD/USD	0.7008	-0.0014
AUD/EUR	0.5934	-0.0061
EUR/USD	1.1810	0.0097
USD/CNH	6.9360	-0.0722
GBP/USD	1.3682	-0.0002
EUR/GBP	0.8630	0.0071
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.50%	3.92%
2 year swap	3.15%	4.19%
10 year Govt	4.63%	4.94%

The RBA ...

hiked the cash rate by 25bps to 3.85%, which is what everyone had anticipated, but from there on, the forecasts went out the window as the central bank's outlook was more hawkish than anyone had anticipated.

The decision was unanimous, with the central bank warning that inflationary pressures had strengthened significantly stating, "A wide range of data over recent months have confirmed that inflationary pressures picked up materially in H2 2025. While part of the pick-up in inflation is assessed to reflect temporary factors, it is evident that private demand is growing more quickly than expected, capacity pressures are greater than previously assessed, and labour market conditions are a little tight." Ultimately, "The Board judged that inflation is likely to remain above target for some time, and it was appropriate to increase the cash rate target." The central bank also lifted its

inflation track higher with headline CPI projected to peak above 4.0% by mid-year, before the electricity rebates roll off. It also upgraded its growth forecasts in the near-term, although the profile fades further out. The statement also highlighted that, "The unemployment rate has been a little lower than expected and measures of labour underutilisation remain at low rates." The RBA is now forecasting a 4.20% cash rate by year end, which aligns with market pricing.

The AUD and Australian swap rates all jumped higher, which aligned with the broader trend. While the USD-index is lower, the antipodean currencies outperformed with AUD/USD back above 0.7000 and NZD/USD closing in on the 0.6050 level. The 10-year Australian bond yield jumped 5bps to 4.85%, the Treasury yield firmed a pip to 4.28%, while the 10-year NZ yield eased to 4.61%.

Equity markets fell 1.0%-2.0% as losses mounted in the tech sector amid costs pressures after Oracle announced it plans to raise equity and undertake a USD25bn bond issue to finance its AI infrastructure build. Finally, bargain hunting saw commodities bounce with gold and silver both rallying 5.0%, copper gaining 3.7%, and oil firming 1.6%. FYI ... the GDT auction results have been delayed due to technical issues.

The 2nd tier data releases ...

saw US consumer optimism rise to its highest level since August at 48.8, while the 6-month outlook gained 1.2% to 43.8. The US logistics manager's index rose to a 7-month high at 59.6.

Fed voter Tom Barkin confirmed, "I am concerned about employment and inflation. The Fed is facing a different question now, with inflation above target, than the Greenspan-led Fed did in the 1990s" although colleague Stephen Miran continued to make the case for aggressive rate cuts this year stating, "I'm probably looking for a little bit more than a point of interest rate cuts over the course of the year." By a 'point' he means 100bps of cuts.

Japanese finance minister Katayama avoided confirming or denying there had been any FX intervention. She also pushed back on the idea that PM Takaichi was "talking up" a weak JPY.

The US military shot down an Iranian drone that approached a US Navy aircraft carrier in the Arabian Sea.

An interesting piece on gold ...

which backs up what we've been saying for a while now. Goldmans believes the recent rally in gold is structurally driven by central bank USD-dollar diversification, not speculative excess. Gold markets are small, which amplifies the price impact of incremental demand, with speculative positioning remaining limited relative to historical episodes. With central bank diversification away from the USD the key catalyst, Goldmans favours pairing equities with gold, not bonds, thus supporting gold as a long-term role in portfolios. Somewhat unsurprisingly, gold rose more than 5.0% to above \$4,900 per ounce as bargain hunting emerged after two consecutive sessions of selling.

Daily Rates

Tuesday 3 February 2026

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.50					CAD	0.8248
NZD/USD	0.6045	0.0006	0.0020	0.0037	0.0056	CHF	0.4687
NZD/AUD	0.8624	0.0010	0.0032	0.0069	0.0138	CNY	4.1886
NZD/JPY	94.1400	-0.13	-0.41	-0.7967	-1.64	DKK	3.8213
NZD/EUR	0.5118	-0.0002	-0.0005	-0.0011	-0.0033	FJD	1.3133
NZD/GBP	0.4418	0.0005	0.0015	0.0027	0.0043	HKD	4.7221
						KRW	876.63
AU TWI	64.70					MYR	2.3753
AUD/USD	0.7008	-0.0001	-0.0004	-0.0014	-0.0048	NOK	5.8285
AUD/NZD	1.1585	-0.0014	-0.0045	-0.0094	-0.0189	SEK	5.3871
AUD/JPY	109.31	-0.27	-0.89	-1.79	-3.61	SGD	0.7675
AUD/EUR	0.5934	-0.0009	-0.0028	-0.0061	-0.0131	TWD	19.09
AUD/GBP	0.5122	-0.0001	-0.0002	-0.0010	-0.0032	ZAR	9.67
USD Index	97.48					EQUITIES	
EUR/USD	1.1810	0.0016	0.0049	0.0097	0.0182	Index	
USD/JPY	155.73	-0.37	-1.20	-2.26	-4.11	NZX50	13,422
GBP/USD	1.3682	0.0000	-0.0002	-0.0002	-0.0011	ASX200	8,857
EUR/GBP	0.8630	0.0012	0.0037	0.0071	0.0138	Dow Jones	48,878
USD/CNY	6.9377	-0.0120	-0.0351	-0.0678	-0.1306	S&P 500	6,868
						FTSE100	10,315
INTEREST		New Zealand		Australia		DAX 40	24,781
RATES		Mid		Mid		Nikkei	54,721
30 day bank bills		2.41%		3.76%		COMMODITIES	
90 day bank bills		2.50%		3.92%		USD	
1 year swap		2.73%		4.05%		Brent Crude	66.96
2 year swap		3.15%		4.19%		Gold	4,916.10
3 year swap		3.43%		4.25%		Silver	84.24
5 year swap		3.80%		4.33%		Iron Ore	102.66
10 year swap		4.27%		4.69%		CRB Index	383.74
3 year Govt bond		3.56%		4.34%			
5 year Govt bond		4.03%		4.50%			
10 year Govt bond		4.63%		4.94%		NZ Carbon	36.75

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