

Market Alert

Thursday 5 February 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5996	0.0037
NZD/AUD	0.8587	0.0071
NZD/JPY	94.025	-0.79
NZD/EUR	0.5081	-0.0011
NZD/GBP	0.4393	0.0028
NZD/CNH	4.1624	-0.0173
AUD/USD	0.6981	-0.0014
AUD/EUR	0.5916	-0.0061
EUR/USD	1.1799	0.0097
USD/CNH	6.9429	-0.0725
GBP/USD	1.3647	-0.0002
EUR/GBP	0.8644	0.0071
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.85%
90 day bills	2.50%	3.98%
2 year swap	3.13%	4.22%
10 year Govt	4.59%	4.98%

Breaking the price action down

it is a little surprising to see the NZD and AUD a touch lower this morning, and even more surprising when one considers Trump tweeted, "There's not much doubt that interest rates will be lowered. Warsh wouldn't have gotten the job if he favoured hikes!" but here we are with the USD-index a tad firmer, and the NZD the worst performer after yesterday's employment release. The NZD is also weaker on its crosses, below 0.8600 against the AUD, and below 0.5100 and 0.4400 against the EUR and GBP.

Swap rates are lower, with the 2-year falling 7bp, although US Treasury yields are flat. Equity and commodity markets are mixed.

While Friday was shaping up to be a busy day in markets

as it is Waitangi Day in New Zealand, and

a public holiday, the US has decided to delay some of Friday's key releases:

- Friday's planned non-farm payrolls and CPI inflation releases have now been delayed with the payrolls data to be released on Wednesday, 11 February, with the CPI to be released Friday week, the 13th. Early indications suggest the jobs report will worsen after this morning's ADP employment report showed just 22k private jobs were created in January, compared with the 48k expected. Furthermore, the employment component of the ISM services report was also soft falling from 52.0 to 50.3 despite the headline services PMI number flatlining at 53.8.
- Friday's planned US-Iran nuclear talks have also been cancelled. This saw oil prices spike 3.2% with crude at USD65.30 and brent closing in on the USD70.00 level at USD69.50. Trump tweeted, "Iran's Supreme Leader should be worried."

Isn't that considerate of the Americans! Looking at the other releases, and following on from the US PMI releases ...

- China's services PMIs started 2026 on firmer footing edging higher to 52.3 from 52.0 in December.
- Eurozone inflation dropped to 1.7% from 2.0% in January as expected.
- The New Zealand labour update showed early signs of stabilisation in Q4, although the headline release highlighted the unemployment rate had edged up from 5.3% to 5.4%, a 10-year high. But beneath the surface, the details were more encouraging. Employment rose by

0.5%, above forecasts and the RBNZ's projections, while the participation rose from 70.3% to 70.5%, also ahead of expectations. In effect, the stronger labour market will offset the unemployment increase.

- The NZ commodity price index rose in January as higher commodity prices offset the stronger NZD. In USD terms, the index rose 2.0% in January, while it rose 1.3% in NZD terms.

Despite the CNY rallying 6.0% in the last 9-months, most analysts expect the yuan to strengthen further in 2026. With USD/CNY below the psychological 7.00 level, export inflows and FX conversions have surged to record levels as foreign currency inflows into Chinese banks surged to a record USD452bn in December, with USD311bn converted into CNY.

What do we make of Kevin Warsh?

While he has only been nominated to the position of Fed Chair, with the move needing to be confirmed by the senate, it has not had a detrimental impact or triggered a decisive shift in market pricing. Mr. Warsh is widely viewed as institutionally credible and independence-minded with a further reduction in the Fed's balance sheet and mandate discipline seen as his likely priorities.

But despite the positivity, Republican Senator Thom Tillis has stated he will oppose any Fed nominee until the Justice Department completes its investigation into incumbent Jerome Powell covering his Senate Banking Committee testimony.

Daily Rates

Thursday 5 February 2026

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	68.50					CAD	0.8197
NZD/USD	0.5996	0.0006	0.0020	0.0037	0.0054	CHF	0.4656
NZD/AUD	0.8587	0.0010	0.0033	0.0071	0.0142	CNY	4.1741
NZD/JPY	94.0250	-0.13	-0.41	-0.7858	-1.62	DKK	3.7935
NZD/EUR	0.5081	-0.0001	-0.0005	-0.0011	-0.0031	FJD	1.3067
NZD/GBP	0.4393	0.0005	0.0015	0.0028	0.0044	HKD	4.6834
						KRW	875.74
AU TWI	64.80					MYR	2.3554
AUD/USD	0.6981	-0.0001	-0.0004	-0.0014	-0.0050	NOK	5.8039
AUD/NZD	1.1639	-0.0014	-0.0047	-0.0099	-0.0200	SEK	5.3920
AUD/JPY	110.03	-0.28	-0.89	-1.80	-3.65	SGD	0.7629
AUD/EUR	0.5916	-0.0009	-0.0028	-0.0061	-0.0133	TWD	18.96
AUD/GBP	0.5114	-0.0001	-0.0002	-0.0010	-0.0033	ZAR	9.66
							11.25
USD Index	97.69					EQUITIES	
EUR/USD	1.1799	0.0015	0.0049	0.0097	0.0181	Index	
USD/JPY	156.82	-0.37	-1.18	-2.27	-4.14	NZX50	13,467
GBP/USD	1.3647	-0.0001	-0.0002	-0.0002	-0.0012	ASX200	8,928
EUR/GBP	0.8644	0.0011	0.0037	0.0071	0.0138	Dow Jones	49,311
USD/CNY	6.9415	-0.0116	-0.0354	-0.0688	-0.1337	S&P 500	6,874
						FTSE100	10,402
INTEREST		New Zealand			Australia	DAX 40	24,603
RATES		Mid			Mid	Nikkei	54,293
30 day bank bills		2.41%			3.84%	COMMODITIES	
90 day bank bills		2.50%			3.98%	USD	
1 year swap		2.68%			4.17%	Brent Crude	69.24
2 year swap		3.13%			4.22%	Gold	4,944.88
3 year swap		3.41%			4.30%	Silver	86.77
5 year swap		3.76%			4.37%	Iron Ore	102.16
10 year swap		4.24%			4.66%	CRB Index	390.04
3 year Govt bond		3.51%			4.39%		
5 year Govt bond		3.98%			4.54%		
10 year Govt bond		4.59%			4.98%	NZ Carbon	37.40

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