

Market Alert

Monday 12 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5616	0.0029
NZD/AUD	0.8040	0.0061
NZD/JPY	88.920	-0.87
NZD/EUR	0.5014	-0.0013
NZD/GBP	0.4244	0.0020
NZD/CNH	3.7531	-0.0355
AUD/USD	0.6982	-0.0017
AUD/EUR	0.6232	-0.0064
EUR/USD	1.1201	0.0084
USD/CNH	6.6927	-0.0980
GBP/USD	1.3232	0.0003
EUR/GBP	0.8462	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.22%	4.82%
2 year swap	4.01%	4.90%
10 year Govt	5.14%	5.46%

Financial markets ...

Absorbed a series of high-stake geopolitical breakthroughs over the weekend after US President Donald Trump announced a historic 'Energy Ceasefire' between Russia and Ukraine, coupled with a strict directive threatening to block US military aid if Ukraine continues targeting Russian oil infrastructure.

A deadly Houthi missile attack on a Saudi airport has put the Gulf region on high alert, and fresh drone strikes near the Strait of Hormuz have crushed preliminary October US Consumer Sentiment to a multi-month low. Furthermore, fixed-income markets face an immediate liquidity constraint today, with US markets closed for the Columbus Day bank holiday, capping bond trading until Tuesday morning.

In an unexpected multi-asset relief catalyst, President Donald Trump publicly promised that the US will not launch any attacks on Iran prior to the November midterm elections, describing ongoing New York negotiations as highly "productive."

Friday saw US exceptionalism take a hit

As the University of Michigan consumer survey saw sentiment plummet to a near record low at 46.3, driven by a collapse in current conditions to 44.7. Crucially for the Fed, consumer inflation expectations ticked higher, with 1-year expectations climbing to 4.7% while the critical 5-year rose to 3.5%.

The combination of plunging near-term consumer confidence and rising price expectations triggered a pronounced flattening of the US yield curve. The policy-sensitive short-term maturities marched higher, with the 2-year yield climbing 4bps to 4.79%, although the longer durations held relatively flat, with the 10-year Treasury note settling at 5.24% and the 30-year bond erasing micro-gains to close at 5.60%.

The USD-index delivered a fragmented performance generating small gains against the JPY and the CAD although the AUD out-performed. The NZD was flat.

Commodities saw a quiet close to the week with oil prices 'treading water' although gold and silver traders had a good session as prices surged 1.05% and 2.75% respectively.

With US fixed-income desks sidelined today for the Columbus Day ...

Bank holiday, Monday will see a slow start to the week, although it will get busier later in the week with the

US September CPI and PPI releases. Together, these prints represent the final major inflation parameters available to calculate the PCE deflator before the Fed's next high-stakes policy review. We also have US retail sales and home sales. European markets will also release their latest inflation numbers, as well as industrial production and trade metrics, while the UK will provide their latest GDP numbers. It's also a busy week in China with the publication of their trade balance and consumer inflation metrics while the RBA will publish the minutes from their September meeting evaluating the internal rationale behind Governor Bullock's unanimous hike to a 15-year cash rate high of 4.60%. Local desks will also digest September Business Confidence and the latest Labour report, where the unemployment rate is forecast to hold flat at 4.6% alongside a moderate 20,000 net jobs gain. In New Zealand we have the latest migration and PSI releases.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED

Monday 12 October 2026

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.