

Market Alert

Wednesday 14 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5615	0.0029
NZD/AUD	0.8037	0.0060
NZD/JPY	88.875	-0.86
NZD/EUR	0.5013	-0.0013
NZD/GBP	0.4235	0.0020
NZD/CNH	3.7581	-0.0351
AUD/USD	0.6984	-0.0017
AUD/EUR	0.6235	-0.0064
EUR/USD	1.1200	0.0087
USD/CNH	6.6935	-0.0969
GBP/USD	1.3255	0.0004
EUR/GBP	0.8448	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.23%	4.82%
2 year swap	3.98%	4.90%
10 year Govt	5.07%	5.39%

Financial markets ...

Shifted into a cautious and consolidating mode over the last 24-hour, with both energy benchmarks and high-flying technology equities pulling back from their recent peaks.

The primary catalyst for the multi-asset correction was the IMF's bi-annual Global Financial Stability Report. The IMF delivered a sobering warning, stating that sky-high valuations and building corporate debt piles have left global markets dangerously exposed to a systemic AI market correction. While the IMF marginally upgraded its 2026 global growth forecast to 3.1% (citing robust tech capex offsetting Middle East headwinds), it warned that an unravelling of the AI trade or a prolonged Persian Gulf conflict could derail financial stability. 2027 growth is projected to rebound to 3.4%.

Geopolitical crosscurrents remained highly fluid. A technical correction in oil prices offered a brief respite to fixed-income desks, but underlying sentiment remains on a knife-edge. Diplomatic talks in New York on a Russia-Ukraine 'energy ceasefire' face deep scepticism while a Saudi-led coalition launched targeted military operations in Sana'a following the recent Houthi airport attacks.

The good news saw ...

Brent fell almost 1.0% to settle at USD105.75 a barrel, while crude firmed 0.5% to USD94.20. The price retreat was driven by a report from energy intelligence platform Vortexa that confirmed the US naval blockade successfully kept Iranian crude exports at absolute zero for October. To bridge the gap, non-Iranian OPEC+ flows rebounded to 81% of pre-war baselines, propelled by Saudi Arabia expanding its output by 900k barrels per day in September. The positive news outweighed a US Energy Information Administration (EIA) projection raising its Q4 Brent forecast to a restrictive USD105.00 average.

New York Fed Chair John William's confirmed, "I see no need for rate hike in 2027 at this time. There are still signs inflation will slow 'quite a bit' and approach the Fed's 2.0% target next year. One more interest rate hike is appropriate this year. I am not seeing broader price pressure outside AI and energy. There are no signs the labour market is contributing to inflation." Treasury yields moved lower following the comments with the 10-years easing 1bps to 5.22%, while the 30-year fell 3bps to 5.56%. The rate sensitive 2-years was unchanged at 4.81%.

ECB Chief economist Nathan Lane confirmed, "An increase in long-term interest rates constitutes a material tightening (which is) relevant for the ECB in setting its policy stance."

The USD-index eased back from its 18-month highs to the 102.17 level, although it continues to retain its positive momentum for safe-haven capital flows. The USD weakness saw the NZD and AUD stage modest recoveries with the NZD/USD regaining the 0.5600 handle while AUD/USD firmed towards the 0.7000 level. The EUR/USD also firmed back above 1.1200 while the JPY continues to hover in the low 158.00's.

But the bad news saw ...

- US NFIB small business optimism fell to a 3-month low at 97.9 in September.
- US existing home sales rose 1.5% to 3.99m in September, slightly above forecasts at 3.95m.

US equity markets finished -0.10% to -0.50% lower, dragged down by a sharp structural rotation away from AI and healthcare although the financial giants showed some resilience as the corporate earnings season kicked off. The technology sector endured a brutal session following revelations that China's CXMT has made substantial proprietary breakthroughs in domestic chip architecture, stoking institutional fears that US technological dominance is peaking. Adding to the negative sentiment, and concerns of cash-burn, generative AI start-up "Character.AI" filed for bankruptcy, liquidating its remaining physical and data assets for a meagre USD20.0m.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	63.60					CAD	0.7980
NZD/USD	0.5615	0.0005	0.0016	0.0029	0.0053	CHF	0.4673
NZD/AUD	0.8037	0.0012	0.0034	0.0060	0.0101	CNY	3.7554
NZD/JPY	88.875	-0.14	-0.42	-0.8613	-1.85	DKK	3.7463
NZD/EUR	0.5013	-0.0002	-0.0006	-0.0013	-0.0034	FJD	1.2487
NZD/GBP	0.4235	0.0003	0.0011	0.0020	0.0038	HKD	4.4059
						KRW	752.84
AU TWI	64.70					MYR	2.2928
AUD/USD	0.6984	-0.0004	-0.0009	-0.0017	-0.0024	NOK	5.3422
AUD/NZD	1.2435	-0.0019	-0.0053	-0.0097	-0.0172	SEK	5.5915
AUD/JPY	110.04	-0.34	-0.99	-1.91	-3.68	SGD	0.7183
AUD/EUR	0.6235	-0.0012	-0.0033	-0.0064	-0.0119	TWD	18.06
AUD/GBP	0.5268	-0.0004	-0.0009	-0.0015	-0.0019	ZAR	9.25
							11.51
USD Index	102.18					EQUITIES	
EUR/USD	1.1200	0.0014	0.0044	0.0087	0.0176		Index
USD/JPY	158.29	-0.40	-1.20	-2.36	-4.72	NZX50	13,750
GBP/USD	1.3255	0.0002	0.0004	0.0004	0.0000	ASX200	8,784
EUR/GBP	0.8448	0.0010	0.0030	0.0061	0.0130	Dow Jones	51,709
USD/CNY	6.6937	-0.0162	-0.0475	-0.0958	-0.2037	S&P 500	7,803
						FTSE100	10,650
INTEREST		New Zealand		Australia		DAX 40	25,260
RATES		Mid		Mid		Nikkei	67,778
30 day bank bills			3.01%		4.62%	COMMODITIES	
90 day bank bills			3.23%		4.82%		USD
1 year swap			3.70%		4.89%	Brent Crude	105.66
2 year swap			3.98%		4.90%	Gold	4,163.49
3 year swap			4.13%		4.91%	Silver	59.28
5 year swap			4.34%		4.96%	Iron Ore	90.83
10 year swap			4.69%		5.17%	CRB Index	539.78
3 year Govt bond			4.22%		4.94%		NZD
5 year Govt bond			4.54%		5.03%	NZ Carbon	50.90
10 year Govt bond			5.07%		5.39%		

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