Market Alert

Friday 16 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5613	0.0030
NZD/AUD	0.8113	0.0059
NZD/JPY	88.775	-0.87
NZD/EUR	0.5008	-0.0013
NZD/GBP	0.4230	0.0020
NZD/CNH	3.7556	-0.0347
AUD/USD	0.6918	-0.0015
AUD/EUR	0.6172	-0.0062
EUR/USD	1.1208	0.0087
USD/CNH	6.6905	-0.0970
GBP/USD	1.3268	0.0005
EUR/GBP	0.8445	0.0062

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.23%	4.84%
2 year swap	3.99%	4.90%
10 year Govt	5.03%	5.33%

Always the bridesmaid, never the bride!

But what a game … it may well rank up there as one of the greatest … apart from the result. The fact that I was able to stay awake to the end tells you something! Well done to the Kangaroos, and a huge shout-out to the Kiwis! Hopefully it will be the same two teams in the final … with a slightly different result!

Following the superhot US CPI print

The secondary effects of inflation are well and truly imbedded in the US economy after producer inflation surged a staggering 1.3% in September to reach an astounding 6.3%! Adding to the misery, the core rose 0.7% to reach 5.0%.

But while higher energy prices continue to drive inflation higher, the US consumer remains resilient after retail sales rose 0.8% in September following August's revised 1.3% gain, although excluding gas purchases, retail sales rose just 0.2%. Adding to mix, the Philadelphia Fed Manufacturing Index fell from 37.8 to 20.9, but the good news is that Americans are working after initial jobless claims rose by just 1k to 199k with continuing claims easing 2k to 1,709k. Growth is also holding up with the Atlanta Fed GDPNow holding at 3.6% for Q3 as gas consumer spending accelerated while the NY Empire Manufacturing Index rose from 7.6 to 25.5.

Maybe the Fed should take a page out of the RBA's playbook given that the Australian economy is slowing after employment unexpectedly fell 39.3k in September with the jobless rate at a 5-year high of 4.7%. There was a positive in that full-time jobs rose 34.4k, although part-time jobs fell 73.7k.

UK GDP grew 0.1% in August, slowing from June and July's 0.4% gains.

RBNZ chief economist Paul Conway confirmed, *"The late-October decision is completely open. The bank wants optionality between holding and a 25bp hike. The RBNZ still sees the OCR as most likely to rise but has not decided on the timing. Recent moves in oil and the NZD have added short-term upward pressure on inflation, but we remain confident inflation will slow to its 1.0%-3.0% target band next year."*

The hotter-than-expected US CPI and PPI prints, and heavy AI borrowing worries, sent the Nasdaq into negative territory for a 4th consecutive session, although the Dow Jones hit all-time highs as capital moved toward value stocks and safe-haven government bonds. But while the US exchanges are ranging between -0.5% and +1.0%, the tech sell-off spilled over into the other tech heavy exchanges with the KOSPI falling 7.5% while the Nikkei 'eased' 4.9%! The European bourses were 0.50%-1.0% higher.

While debt issued by AI infrastructure and cloud companies has sunk towards stressed territory, cash has been re-allocated back into sovereign bonds, driving Treasury yields significantly lower. Currently the 2, 10 and 30-year yields are 0.5bps, 10bps, and 7bps lower to be yielding 4.76%, 5.09% and 5.43% respectively. That is quite a move from their recent highs!

This weighed on the USD, with the index dropping 0.5% to be just above 102.00, although the AUD/USD was hit hardest after the labour report falling 0.75% to be at 0.6920. The AUD was also weak on the crosses with its biggest move against the NZD falling 1.1% to 1.2325, or 0.8115 in NZD/AUD terms, after NZD/USD firmed 0.35% to 0.5615.

Oil prices were mixed as geopolitical risk premiums waivered. Crude out-performed rallying 2.75% to be at USD97.85 while brent flatlined at USD105.85.

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Daily Rates

Friday 16 October 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	63.90				
NZD/USD	0.5613	0.0005	0.0016	0.0030	0.0052
NZD/AUD	0.8113	0.0012	0.0032	0.0059	0.0099
NZD/JPY	88.775	-0.14	-0.43	-0.8697	-1.84
NZD/EUR	0.5008	-0.0002	-0.0006	-0.0013	-0.0032
NZD/GBP	0.4230	0.0003	0.0010	0.0020	0.0038
AU TWI	64.60				
AUD/USD	0.6918	-0.0003	-0.0009	-0.0015	-0.0020
AUD/NZD	1.2319	-0.0018	-0.0051	-0.0095	-0.0165
AUD/JPY	109.32	-0.32	-0.97	-1.88	-3.59
AUD/EUR	0.6172	-0.0011	-0.0032	-0.0062	-0.0116
AUD/GBP	0.5213	-0.0003	-0.0008	-0.0014	-0.0017
USD Index	102.06				
EUR/USD	1.1208	0.0014	0.0044	0.0087	0.0175
USD/JPY	158.14	-0.39	-1.21	-2.39	-4.74
GBP/USD	1.3268	0.0001	0.0004	0.0005	0.0003
EUR/GBP	0.8445	0.0010	0.0030	0.0062	0.0128
USD/CNY	6.6909	-0.0156	-0.0484	-0.0968	-0.2045

	Spot Mid NZD/...	AUD/...
CAD	0.7961	0.9816
CHF	0.4641	0.5724
CNY	3.7496	4.6251
DKK	3.7419	4.6135
FJD	1.2606	1.5543
HKD	4.4032	5.4288
KRW	753.16	928.60
MYR	2.2893	2.8225
NOK	5.3179	6.5566
SEK	5.5890	6.8909
SGD	0.7194	0.8870
TWD	18.16	22.39
ZAR	9.26	11.42

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	3.02%	4.63%
90 day bank bills	3.23%	4.84%
1 year swap	3.70%	4.91%
2 year swap	3.99%	4.90%
3 year swap	4.13%	4.91%
5 year swap	4.33%	4.95%
10 year swap	4.66%	5.18%
3 year Govt bond	4.21%	4.87%
5 year Govt bond	4.52%	4.96%
10 year Govt bond	5.03%	5.33%

EQUITIES	Index
NZX50	13,833
ASX200	8,720
Dow Jones	52,174
S&P 500	7,736
FTSE100	10,840
DAX 40	25,383
Nikkei	64,426

COMMODITIES	USD
Brent Crude	105.85
Gold	4,161.79
Silver	57.23
Iron Ore	90.74
CRB Index	539.06

	NZD
NZ Carbon	51.35

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