

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.

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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 outperformed 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	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	63.90					CAD	0.7961 0.9816
NZD/USD	0.5613	0.0005	0.0016	0.0030	0.0052	CHF	0.4641 0.5724
NZD/AUD	0.8113	0.0012	0.0032	0.0059	0.0099	CNY	3.7496 4.6251
NZD/JPY	88.775	-0.14	-0.43	-0.8697	-1.84	DKK	3.7419 4.6135
NZD/EUR	0.5008	-0.0002	-0.0006	-0.0013	-0.0032	FJD	1.2606 1.5543
NZD/GBP	0.4230	0.0003	0.0010	0.0020	0.0038	HKD	4.4032 5.4288
						KRW	753.16 928.60
AU TWI	64.60					MYR	2.2893 2.8225
AUD/USD	0.6918	-0.0003	-0.0009	-0.0015	-0.0020	NOK	5.3179 6.5566
AUD/NZD	1.2319	-0.0018	-0.0051	-0.0095	-0.0165	SEK	5.5890 6.8909
AUD/JPY	109.32	-0.32	-0.97	-1.88	-3.59	SGD	0.7194 0.8870
AUD/EUR	0.6172	-0.0011	-0.0032	-0.0062	-0.0116	TWD	18.16 22.39
AUD/GBP	0.5213	-0.0003	-0.0008	-0.0014	-0.0017	ZAR	9.26 11.42
USD Index	102.06					EQUITIES	
EUR/USD	1.1208	0.0014	0.0044	0.0087	0.0175		Index
USD/JPY	158.14	-0.39	-1.21	-2.39	-4.74	NZX50	13,833
GBP/USD	1.3268	0.0001	0.0004	0.0005	0.0003	ASX200	8,720
EUR/GBP	0.8445	0.0010	0.0030	0.0062	0.0128	Dow Jones	52,174
USD/CNY	6.6909	-0.0156	-0.0484	-0.0968	-0.2045	S&P 500	7,736
						FTSE100	10,840
						DAX 40	25,383
						Nikkei	64,426
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.02%		4.63%		Brent Crude	105.85
90 day bank bills		3.23%		4.84%		Gold	4,161.79
1 year swap		3.70%		4.91%		Silver	57.23
2 year swap		3.99%		4.90%		Iron Ore	90.74
3 year swap		4.13%		4.91%		CRB Index	539.06
5 year swap		4.33%		4.95%			NZD
10 year swap		4.66%		5.18%		NZ Carbon	51.35
3 year Govt bond		4.21%		4.87%			
5 year Govt bond		4.52%		4.96%			
10 year Govt bond		5.03%		5.33%			

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