

Market Alert

Monday 19 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5659	0.0028
NZD/AUD	0.8118	0.0058
NZD/JPY	89.390	-0.89
NZD/EUR	0.5050	-0.0014
NZD/GBP	0.4250	0.0019
NZD/CNH	3.7794	-0.0378
AUD/USD	0.6969	-0.0016
AUD/EUR	0.6217	-0.0062
EUR/USD	1.1205	0.0084
USD/CNH	6.6853	-0.0996
GBP/USD	1.3313	0.0003
EUR/GBP	0.8429	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.26%	4.81%
2 year swap	4.05%	4.83%
10 year Govt	5.09%	5.33%

AI meltdown, riots in France, blackouts in Spain, fresh war-jitters,

A comprehensive win for Kiwis, and a disappointing result in the football tells us one thing ... it was just another normal weekend! To our Australian readers, you will note I didn't mention the All Blacks!

Over the weekend, it was reported that two oil tankers caught fire after hitting naval mines while crossing the critical Strait of Hormuz. This followed Friday's strike where an unknown projectile hit another tanker off the coast of Saudi.

Driven by regional supply and transit fears, Brent crude surged over 3.7% on Friday to settle at USD109.86. Adding to the mix, Ukrainian President Zelenskyy accused US President Trump of pressuring Kyiv into surrendering to Russia while the US threatened Europe with Starlink restrictions.

Equity markets had a poor session as the Nasdaq plummeted 2.5% amid concerns America's USD10.0trn AI infrastructure boom is starting to fray on rumours CoreWeave could use equity to meet its debt obligations. Could this be AI's 'canary in the coal mine' moment? The Dow and S&P also had negative sessions, although the European bourses recorded gains in the 0.5%-1.0% range.

Investors actively fled the crumbling tech sector, pouring capital into the safety of government bonds. This safe-haven demand capped longer-dated yields despite Chair Warsh's comments (below). The 2-year yield eventually closed 3bps lower at 4.72%, although the 10-years firmed 1bps to finish at 5.09%. Crucially, this was down from its weekly high near 5.24%, securing G7 bond markets their strongest weekly performance since May.

The USD slumped again in another sign of the correlation between AI investment and the Dollar. Remarkably, the NZD was the top performer against the USD and on the crosses, with the NZD/AUD closing above the 0.8100 level, or below 1.2350.

The big news from Friday

Unsurprisingly saw Fed Chair Kevin Warsh decline to offer any hints as to his bias to the central bank's next rate decision although he stressed, *"The world has broadly conformed with our expectations"*. He also reiterated his concerns over persistent inflation noting, *"We made it very clear that we would deliver price stability, and we removed a dose of accommodation about a month ago."*

While other officials suggested there

is less urgency to tighten further, Fed colleague Austin Goolsbee acknowledging, *"It's been a disappointing month for inflation,"* adding, *"If inflation stems from demand overheating due to AI, it's more concerning and must be addressed."*

BoJ Governor Kazuo Ueda vowed to keep raising rates and anchor inflation at the central bank's 2.0% target adding, *"We cannot tolerate inflation from accelerating further."*

The US government recorded a USD27.0bn budget deficit in September, reversing a USD198.0bn surplus from a year earlier. The cumulative deficit for fiscal year 2026 has now reached USD1.99trn with interest now the main driver of the deficit accounting for two-thirds of the USD217.0bn increase in the full-year shortfall.

The week ahead ...

Will focus on geopolitical developments, oil prices, and US earnings. On the economic data front, PMIs across the US, Eurozone, Japan, and Australia will offer initial insights for October. The US will also release key housing data and the University of Michigan survey. In Europe, other sentiment surveys will draw attention, including Germany's ZEW and the European Commission economic sentiment indicator, while a busy week in the UK revolves around CPI, PPI and the labour releases. Elsewhere, China's monthly data dump will include the PBoC's LPR rate settings, Q3 GDP growth, industrial production and retail sales, Japan will release its inflation and trade figures, while NZ will update its trade and Q3 inflation numbers.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 19 October 2026

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	64.20					CAD	0.7987 0.9851
NZD/USD	0.5659	0.0005	0.0015	0.0028	0.0051	CHF	0.4656 0.5743
NZD/AUD	0.8118	0.0012	0.0032	0.0058	0.0095	CNY	3.7819 4.6491
NZD/JPY	89.390	-0.14	-0.44	-0.8896	-1.89	DKK	3.7684 4.6482
NZD/EUR	0.5050	-0.0002	-0.0007	-0.0014	-0.0037	FJD	1.2570 1.5504
NZD/GBP	0.4250	0.0003	0.0010	0.0019	0.0035	HKD	4.4336 5.4686
						KRW	753.82 929.80
AU TWI	64.40					MYR	2.3046 2.8427
AUD/USD	0.6969	-0.0004	-0.0009	-0.0016	-0.0019	NOK	5.3186 6.5603
AUD/NZD	1.2310	-0.0018	-0.0050	-0.0092	-0.0159	SEK	5.6013 6.9089
AUD/JPY	109.92	-0.33	-0.97	-1.89	-3.62	SGD	0.7230 0.8918
AUD/EUR	0.6217	-0.0011	-0.0033	-0.0062	-0.0119	TWD	18.32 22.60
AUD/GBP	0.5234	-0.0003	-0.0008	-0.0014	-0.0019	ZAR	9.31 11.48
USD Index	101.78					EQUITIES	
EUR/USD	1.1205	0.0014	0.0043	0.0084	0.0174		Index
USD/JPY	157.95	-0.39	-1.21	-2.38	-4.65	NZX50	13,754
GBP/USD	1.3313	0.0002	0.0003	0.0003	-0.0002	ASX200	8,807
EUR/GBP	0.8429	0.0009	0.0030	0.0061	0.0128	Dow Jones	52,002
USD/CNY	6.6861	-0.0161	-0.0483	-0.0975	-0.2061	S&P 500	7,659
						FTSE100	10,882
						DAX 40	25,623
						Nikkei	65,324
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid		USD	
30 day bank bills		3.03%		4.62%		Brent Crude	109.86
90 day bank bills		3.26%		4.81%		Gold	4,165.01
1 year swap		3.74%		4.86%		Silver	57.01
2 year swap		4.05%		4.83%		Iron Ore	90.90
3 year swap		4.19%		4.83%		CRB Index	542.15
5 year swap		4.36%		4.87%			
10 year swap		4.67%		5.10%			
3 year Govt bond		4.29%		4.90%			
5 year Govt bond		4.59%		4.99%			
10 year Govt bond		5.09%		5.33%		NZD	
						NZ Carbon	51.20

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.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED