

Market Alert

Tuesday 20 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5662	0.0029
NZD/AUD	0.8111	0.0058
NZD/JPY	89.755	-0.90
NZD/EUR	0.5050	-0.0014
NZD/GBP	0.4256	0.0019
NZD/CNH	3.7800	-0.0358
AUD/USD	0.6979	-0.0016
AUD/EUR	0.6224	-0.0063
EUR/USD	1.1211	0.0087
USD/CNH	6.6824	-0.0965
GBP/USD	1.3301	0.0004
EUR/GBP	0.8425	0.0062
INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.30%	4.82%
2 year swap	4.07%	4.84%
10 year Govt	5.10%	5.34%

This is the only market summary that looks at ...

A USD 1.99trn American deficit, a melting tech sector, and exploding sea mines, and asks: "So, how's your Tuesday going?"

Global financial markets staged a tentative stabilisation session overnight, pausing to catch their breath following last week's brutal AI rout and escalating geopolitical tensions. In what promises to be a critical week on multiple fronts, investors are actively repositioning ahead of the heavy hitting 'Magnificent 7' earnings releases.

After rocketing past the USD110.00 threshold on Friday

Despite concerns of Middle East supply risks, Brent eased 0.35% to trade at USD109.50 following US Energy Secretary Chris Wright's announcement

that regional oil flows have recovered to approximately 80% of pre-conflict levels. Unfortunately, crude prices didn't take the Secretary at his word, rallying 1.9% to USD103.35.

Sovereign bond curves steepened as the cold, hard math of government balance sheets returned to haunt fixed income markets:

- Investors are grappling with new US Treasury data showing a mammoth USD1.99trn FY2026 deficit, paired with a historic milestone: annual interest expense on US national debt has officially surpassed USD1.0trn. This saw yields rise 5bps across the curve with the 2, 10 and 30-years yielding 4.76%, 5.13% and 5.47% respectively.
- In Europe, peripheral French yield premiums widened sharply to 147bps over German yields, acting as a direct drag on the EUR, as the French bond sell-off intensified following violent domestic protests.

The USD-index consolidated around the USD101.75 level, fading bets on an October Fed hike - which dropped from 25% to 16% following Chair Warsh's recent comments - to keep a firm lid on the greenback. The AUD was the sessions biggest 'winner' gaining 0.35%, while the NZD consolidated with a modest 0.15% gain. The EUR remains near its multi-month low at 1.1200 - amid the unrest in France - while the JPY was the biggest 'loser' falling 0.35%.

Equity market had a mixed session with the European bourses falling 1.0%-2.0% as they played catch up with

the weekends US close, while the US exchanges made modest gains with the Nasdaq gaining 1.4%. Struggling tech darling CoreWeave initially jumped after Goldman Sachs upgraded the stock from 'Neutral to Buy' ... begging the question: 'which fund manager is trapped long and needed the rescue line?'

Chinese GDP beat expectations, although the internal mechanics reveal the same old structural imbalances. Simply put, Q3 GDP firmed from 0.9% to 1.2% QoQ to reach 4.6% YoY, and while industrial output hit a solid 5.5% YoY, consumption - retail sales - lagged trickling in at just 0.35% MoM. The PBoC reacted by setting the Dollar's reference rate at a new multi-year low.

Canadian inflation accelerated to 3.1% in September, marking its highest level in four months' up from 3.0% previously. The only silver lining for the BoC was that it landed fractionally below market forecasts of 3.2%.

New Zealand posted a September trade deficit of nearly NZD2.0bn, far wider than the NZD0.8bn expected and NZD1.5bn prior, as imports rose to NZD8.4bn and exports flatlined at NZD6.5bn. The larger external deficit implies more reliance on foreign funding, but the issue for the RBNZ will be the impact of the oil on the import numbers given the weaker NZD and the risk of imported inflation, which the RBNZ warned against 2-meetings ago.



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Daily Rates

Tuesday 20 October 2026

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	64.40					CAD	0.7986 0.9845
NZD/USD	0.5662	0.0005	0.0015	0.0029	0.0052	CHF	0.4679 0.5770
NZD/AUD	0.8111	0.0012	0.0032	0.0058	0.0096	CNY	3.7856 4.6633
NZD/JPY	89.755	-0.16	-0.45	-0.9009	-1.89	DKK	3.7737 4.6523
NZD/EUR	0.5050	-0.0002	-0.0007	-0.0014	-0.0035	FJD	1.2690 1.5644
NZD/GBP	0.4256	0.0003	0.0010	0.0019	0.0039	HKD	4.4429 5.4773
						KRW	754.05 929.60
AU TWI	64.70					MYR	2.3097 2.8474
AUD/USD	0.6979	-0.0004	-0.0009	-0.0016	-0.0022	NOK	5.3282 6.5688
AUD/NZD	1.2324	-0.0019	-0.0050	-0.0093	-0.0161	SEK	5.6158 6.9232
AUD/JPY	110.31	-0.36	-0.98	-1.91	-3.66	SGD	0.7247 0.8935
AUD/EUR	0.6224	-0.0012	-0.0033	-0.0063	-0.0119	TWD	18.38 22.66
AUD/GBP	0.5244	-0.0003	-0.0008	-0.0015	-0.0018	ZAR	9.30 11.47
USD Index	101.97					EQUITIES	
EUR/USD	1.1211	0.0015	0.0044	0.0087	0.0176		Index
USD/JPY	158.52	-0.43	-1.20	-2.38	-4.76	NZX50	13,652
GBP/USD	1.3301	0.0001	0.0003	0.0004	-0.0001	ASX200	8,846
EUR/GBP	0.8425	0.0010	0.0031	0.0062	0.0131	Dow Jones	52,036
USD/CNY	6.6806	-0.0170	-0.0474	-0.0974	-0.2031	S&P 500	7,701
						FTSE100	10,765
						DAX 40	25,320
						Nikkei	64,917
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid		USD	
30 day bank bills		3.07%		4.63%		Brent Crude	109.14
90 day bank bills		3.30%		4.82%		Gold	4,143.70
1 year swap		3.74%		4.87%		Silver	57.17
2 year swap		4.07%		4.84%		Iron Ore	90.90
3 year swap		4.19%		4.83%		CRB Index	540.76
5 year swap		4.37%		4.91%			
10 year swap		4.67%		5.14%			
3 year Govt bond		4.31%		4.89%			
5 year Govt bond		4.60%		4.98%			
10 year Govt bond		5.10%		5.34%			
							NZD
						NZ Carbon	51.20

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