

Market Alert

Wednesday 21 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5682	0.0029
NZD/AUD	0.8117	0.0058
NZD/JPY	89.890	-0.90
NZD/EUR	0.5057	-0.0015
NZD/GBP	0.4247	0.0020
NZD/CNH	3.7800	-0.0364
AUD/USD	0.6998	-0.0015
AUD/EUR	0.6228	-0.0063
EUR/USD	1.1236	0.0087
USD/CNH	6.6746	-0.0970
GBP/USD	1.3379	0.0003
EUR/GBP	0.8396	0.0062

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.31%	4.84%
2 year swap	4.09%	4.86%
10 year Govt	5.14%	5.36%

Trump's Russian roulette fails to cool crude ...

Trump's Russian roulette fails to cool crude oil prices with markets still digesting President Trump's U-turn on Russia. On Friday he signed an executive order waiving the sanctions and tariffs in the Graham Act, just two days before they were due to take effect. The waived measures included 500% tariffs on Russian goods and tariffs of up to 100% on countries including China and India that are among the top five purchasers of Russian crude oil or gas. Trump framed the move as diplomacy, saying he was negotiating a Russia-Ukraine peace and did not want to push Moscow away from the bargaining table. He also blamed Ukraine's strikes on Russian diesel refineries for hurting world diesel markets, including in the US. Secretary of State Rubio said the Administration

would take up to 60 days to assess the economic impact. The less diplomatic reading is Trump chasing cheaper fuel less than three weeks before the midterms. Either way, crude oil didn't take the bait and Brent closed 0.78% higher at USD110.40 and WTI firmed 0.42% to USD98.64 on Tuesday's close, as renewed Houthi attacks and reports of vessel strikes in the Gulf heightened concerns over Middle East supply security. As analysts note, the waiver may let more Russian fuel reach the market, but it does not resolve the underlying supply disruptions in the Middle East. In short, Moscow gets a lifeline, while motorists are still waiting for theirs.

Overnight releases

- UK's ILO unemployment rate unexpectedly fell to 4.7% in the three months to August, down from 4.9%, the market had expected 5.0%. UK employment rose 102k in August from the 67k recorded in July.
- US housing starts for September fell to 5.2% to an annualised 1.221m, from a revised 1.288m. The market had expected 1.305m.
- US pending home sales fell 7.3% month over month and 11.3% over the year.
- Eurozone ZEW expectations saw the October survey fall to 18.5 from 25.8, missing forecasts of 23.6 and reaching its lowest level in four months.

Higher for longer is now just "higher"

US Treasuries offered some relief overnight. The US 10-year yield eased around 2bps to 5.12% and the 30-year fell 4bps to 5.43%, after the weak housing starts. The US 2-year was little changed at around 4.79%, so the curve flattened. Even so, the 10-year remains more than 100bps higher than a year ago. Goldman Sachs says higher bond yields are now the global norm, driven by competition for capital as governments borrow for defence and energy while firms raise record sums for AI investment. Bonds are once again a real source of return, but they are not always a reliable hedge for equities. Forward valuations for the S&P 500 have slipped toward April's lows even as the index sits near record highs, with strong earnings, especially in AI-linked names, masking the pressure.

Morgan Stanley believes rising US Treasury yields reflect strong nominal growth of around 6.5%, not economic stress. The investment arm continues to favour US and Japanese stocks, is underweight Europe and duration, prefers credit, and believes the private credit correction as over. This is part of the story on why the US dollar remains well supported above 101.00 and the NZD/USD is near its lows.

BlackRock suggested the French bond sell-off highlights why investors must be selective on investments as competition for capital grows. In their case, they have upgraded their outlook on US Treasuries while remaining neutral on Euro-area government debt.



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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	64.40					CAD	0.7986
NZD/USD	0.5682	0.0005	0.0015	0.0029	0.0050	CHF	0.4683
NZD/AUD	0.8117	0.0011	0.0032	0.0058	0.0095	CNY	3.7937
NZD/JPY	89.890	-0.15	-0.44	-0.9035	-1.92	DKK	3.7779
NZD/EUR	0.5057	-0.0002	-0.0006	-0.0015	-0.0037	FJD	1.2583
NZD/GBP	0.4247	0.0003	0.0010	0.0020	0.0038	HKD	4.4580
						KRW	753.28
AU TWI	64.70					MYR	2.3183
AUD/USD	0.6998	-0.0004	-0.0009	-0.0015	-0.0020	NOK	5.3404
AUD/NZD	1.2316	-0.0018	-0.0050	-0.0092	-0.0158	SEK	5.6233
AUD/JPY	110.57	-0.35	-0.98	-1.90	-3.64	SGD	0.7257
AUD/EUR	0.6228	-0.0011	-0.0033	-0.0063	-0.0118	TWD	18.53
AUD/GBP	0.5229	-0.0003	-0.0008	-0.0013	-0.0015	ZAR	9.30
							11.46
USD Index	101.73					EQUITIES	
EUR/USD	1.1236	0.0014	0.0044	0.0087	0.0180		Index
USD/JPY	158.20	-0.42	-1.20	-2.37	-4.75	NZX50	13,632
GBP/USD	1.3379	0.0001	0.0003	0.0003	-0.0003	ASX200	8,817
EUR/GBP	0.8396	0.0010	0.0031	0.0062	0.0135	Dow Jones	52,429
USD/CNY	6.6779	-0.0159	-0.0476	-0.0970	-0.2047	S&P 500	7,713
						FTSE100	10,733
INTEREST						DAX 40	25,304
RATES						Nikkei	64,075
						COMMODITIES	
							USD
30 day bank bills			3.07%		4.64%	Brent Crude	109.21
90 day bank bills			3.31%		4.84%	Gold	4,121.99
1 year swap			3.81%		4.89%	Silver	57.76
2 year swap			4.09%		4.86%	Iron Ore	90.95
3 year swap			4.24%		4.87%	CRB Index	538.66
5 year swap			4.40%		4.93%		NZD
10 year swap			4.72%		5.18%	NZ Carbon	50.20
3 year Govt bond			4.34%		4.91%		
5 year Govt bond			4.64%		5.00%		
10 year Govt bond			5.14%		5.36%		

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