

Market Alert

Friday 23 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5686	0.0028
NZD/AUD	0.8101	0.0060
NZD/JPY	89.150	-0.89
NZD/EUR	0.5068	-0.0015
NZD/GBP	0.4243	0.0020
NZD/CNH	3.7800	-0.0363
AUD/USD	0.7016	-0.0020
AUD/EUR	0.6253	-0.0067
EUR/USD	1.1219	0.0086
USD/CNH	6.6730	-0.0967
GBP/USD	1.3398	0.0000
EUR/GBP	0.8370	0.0063

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.32%	4.89%
2 year swap	4.05%	4.91%
10 year Govt	5.07%	5.35%

If you liked the look of yesterday's subdued relief rally ...

I hope you enjoyed it while it lasted.

Over the last 12 hours, the market's bullish tone reversed sharply overnight. Driven by fading AI conviction and escalating Middle East tensions, markets reversed sharply following a NY Times report the US and Israel are planning further strikes on Iran while President Trump warned that Washington is done negotiating.

Following on from yesterday's cooler NZ CPI print, hedge fund guru Ray Dalio also warned that the bond bear market is coming for your equities! Oh well ... at least my morning coffee is hot!

In the Kiwi corner ...

Yesterday's highly anticipated NZ macro card delivered a genuine sigh of relief

for Kiwi households and interest rate desks alike after the local CPI report highlighted a noticeable downshift after annual NZ inflation slowed to 3.7% in Q3, down comfortably from Q2's 4.1%. Crucially, this landed below the RBNZ's own 3.9% forecast and beat market expectations of 3.8%.

On a quarterly basis, CPI rose 0.7% (against expectations of 0.8%). Tradeable inflation behaved itself perfectly, matching expectations at 0.2%, while the sticky underbelly - non-tradeable inflation - softened below forecasts to land at 1.0%. Petrol remained the largest single contributor to the quarterly inflation matrix, despite easing somewhat from its June peak. Unsurprisingly, house-building costs also continued their steady upward march.

Combined with the Treasury's recent PREFU deficit haircut, this cooler print pulls some immediate teeth out of the hawkish narrative, validating the recent consolidation ranges for the currency.

Despite the softer domestic data cooling immediate local swap pressures, global fixed-income desks remain highly sensitive to the broader, synchronised global cycle as attacks on Saudi oil fields and weaker corporate earnings failed to impress investors, fuelling renewed concerns over the AI trade and a rotation back into safe-haven assets.

This saw US Treasury yields fall as equity market volatility boosted demand for government bonds. The move was most noticeable in the short-end of the curve with the 2 and 10-years falling 16bps to yield 4.66% and 4.98% respectively,

while the 30-years eased 11bps to 5.30%.

Somewhat surprisingly, FX markets remain relatively calm. The USD-index continues to consolidate tightly around 101.60 as markets increasingly bet the Fed will hold rates flat this month. The EUR remains heavily anchored just above 1.1200 by the French fiscal mess, while the NZD and AUD are largely unchanged at 0.5685 and 0.7015 respectively. The undisputed king of the session was the JPY which rallied 0.85% against the USD to 156.85, gaining 1.0% against the NZD and AUD.

The geopolitical headlines offered a glimmer of diplomatic hope, though energy traders refused to take the bait after unconfirmed reports suggested mediators from Qatar and Pakistan have tabled a fresh diplomatic framework to de-escalate Middle East hostilities. Energy traders looked through the rumours as oil prices rallied to their highest levels since May with WTI crude gaining 2.35% to reach USD99.50 while Brent crude firmed 4.0% to be at USD113.20.

Institutional equity managers are growing deeply concerned about AI given the fragile financing and whether hyper-scale capital expenditure is driving corporate productivity after the Nvidia CEO warned of a capital crunch amid soaring demand for debt. Ultimately, global exchanges are between 1.0% and 3.0% lower.



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Daily Rates

Friday 23 October 2026

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	64.80					CAD	0.7962
NZD/USD	0.5686	0.0005	0.0015	0.0028	0.0049	CHF	0.4664
NZD/AUD	0.8101	0.0012	0.0033	0.0060	0.0109	CNY	3.7945
NZD/JPY	89.150	-0.13	-0.44	-0.8854	-1.87	DKK	3.7871
NZD/EUR	0.5068	-0.0002	-0.0007	-0.0015	-0.0037	FJD	1.2550
NZD/GBP	0.4243	0.0004	0.0010	0.0020	0.0039	HKD	4.4554
						KRW	753.83
AU TWI	64.90					MYR	2.3200
AUD/USD	0.7016	-0.0004	-0.0011	-0.0020	-0.0031	NOK	5.3033
AUD/NZD	1.2339	-0.0019	-0.0052	-0.0096	-0.0170	SEK	5.6324
AUD/JPY	110.10	-0.35	-1.01	-1.93	-3.68	SGD	0.7261
AUD/EUR	0.6253	-0.0012	-0.0035	-0.0067	-0.0125	TWD	18.53
AUD/GBP	0.5235	-0.0004	-0.0009	-0.0015	-0.0019	ZAR	9.38
USD Index	101.61					EQUITIES	
EUR/USD	1.1219	0.0014	0.0044	0.0086	0.0175		Index
USD/JPY	156.79	-0.40	-1.19	-2.32	-4.59	NZX50	13,747
GBP/USD	1.3398	0.0001	0.0002	0.0000	-0.0013	ASX200	8,793
EUR/GBP	0.8370	0.0010	0.0031	0.0063	0.0135	Dow Jones	52,760
USD/CNY	6.6745	-0.0164	-0.0474	-0.0971	-0.2045	S&P 500	7,646
						FTSE100	10,725
						DAX 40	25,372
						Nikkei	62,908
						COMMODITIES	
							USD
						Brent Crude	113.39
						Gold	4,029.67
						Silver	54.68
						Iron Ore	90.85
						CRB Index	536.25
							NZD
						NZ Carbon	50.00

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