Market Alert

Tuesday 3 November 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5619	0.0032
NZD/AUD	0.8027	0.0071
NZD/JPY	88.710	-0.81
NZD/EUR	0.5019	-0.0010
NZD/GBP	0.4191	0.0024
NZD/CNH	3.7346	-0.0324
AUD/USD	0.6998	-0.0024
AUD/EUR	0.6250	-0.0068
EUR/USD	1.1195	0.0083
USD/CNH	6.6460	-0.0951
GBP/USD	1.3405	-0.0001
EUR/GBP	0.8349	0.0063

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.15%	4.96%
2 year swap	3.89%	4.85%
10 year Govt	4.91%	5.24%

The walk of shame ...

Was relatively minor as I walked a few streets to pick up the car this morning ... but to all the people that greeted me, and the bloke in lycra who shouted my name from the other side of the street, and Jacko with whom I almost ran over ... good morning!

But on the important stuff ...

It is Melbourne Day! I would love to be able to give you all the winner, in advance, but my gambling record is terrible. In fact, it's atrocious. Thank heavens I know something about markets ...

Talking about markets ... Monday saw financial markets attempt to embed a positive November opening following October's brutal tech massacre, although the real show is happening behind the scenes where geopolitical smoke-and-mirrors high-jinks have sent oil prices sliding.

Heading into tonight's mid-terms, rumours are circulating of a Qatar-brokered plan that could reopen the Strait of Hormuz within 2-days. Currently, crude and Brent are trading 7.50%-8.0% lower, with crude at USD96.25 and Brent at USD104.40, as hopes build for a ceasefire, although there are also rumours of a phone call between President Trump and Israeli PM Netanyahu where they discussed the possibility of fresh strikes on Iran.

Equity markets staged a modest recovery despite remaining deeply anxious about the amount of funding required to keep the AI machine fed. Oracle shook up fixed-income desks by filing plans to unload a staggering USD10.0bn in stock and an additional USD10.0bn in bonds solely to bankroll its AI pipeline. Meanwhile, Meta is reportedly eyeing a historic staggering USD95.0bn equity fundraising plan - its largest ever - to avoid draining its cash reserves for its data centre roll-out while Anthropic revealed USD900.0bn of AI spending commitments ahead of its IPO.

Speaking of bond markets, US yields are trading lower with the benchmark 10-year yield dropped 4bps to land squarely at 4.89%, hitting its lowest levels in over a month, while the key 30-years has fallen 5bps to 5.26%. The policy-sensitive 2-year yield remained flat at 4.59%.

The USD-index eased to the 101.75 handle, extending its losing streak into a 4th consecutive session, with the EUR the main beneficiary. While markets are still pricing in a December Fed hike at a 75%-85% probability, the structural collapse in Brent crude removed the immediate 'inflation-forever' panic that had been artificially pumping the greenback's tyres through October. The NZD managed to crawl out of intensive care, stabilising just above its 0.5600 structural support baseline, while the AUD/USD slipped to test support at 0.7000. The cross is flatlining just above the psychological 0.8000 boundary ahead of today's fateful RBA Melbourne Cup Day rate decision. The big 4 Australian banks are unified in predicting a 25bps hike to 4.85%, although last week's RBNZ decision highlights the fact we can't take anything for granted. Should the RBA deliver, expect the cross to aggressively test the 0.7975 downside trapdoor.

Looking at the numbers ...

- US ISM Manufacturing PMI climbed to 55.5 in October 2026, up from 54.5 in September and comfortably exceeding market expectations of 54.6.
- US construction spending slipped 1.9%.
- China private factory PMIs expanded at 52.0, beating forecasts to record its fastest output growth fastest since April.

Finally, in an interesting side note, the PBoC has implemented a daily on 1.25% overnight repo, moving to Fed-style anchor. In an effective interest rate cut, China's central bank has started a daily reverse repo operation at a fixed rate of 1.25%, below its prior 7-day 1.40% rate. This is a major step towards making the overnight rate its main policy anchor, similar to the overnight operations of the Fed, ECB and BoJ.

Daily Rates

Tuesday 3 November 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	63.90				
NZD/USD	0.5619	0.0006	0.0017	0.0032	0.0054
NZD/AUD	0.8027	0.0014	0.0039	0.0071	0.0120
NZD/JPY	88.710	-0.12	-0.39	-0.8072	-1.73
NZD/EUR	0.5019	0.0000	-0.0004	-0.0010	-0.0029
NZD/GBP	0.4191	0.0005	0.0012	0.0024	0.0043
AU TWI	65.10				
AUD/USD	0.6998	-0.0005	-0.0013	-0.0024	-0.0039
AUD/NZD	1.2457	-0.0022	-0.0062	-0.0114	-0.0198
AUD/JPY	110.77	-0.35	-1.03	-1.99	-3.80
AUD/EUR	0.6250	-0.0012	-0.0035	-0.0068	-0.0130
AUD/GBP	0.5219	-0.0003	-0.0010	-0.0018	-0.0025
USD Index	101.75				
EUR/USD	1.1195	0.0013	0.0043	0.0083	0.0170
USD/JPY	157.88	-0.40	-1.18	-2.32	-4.56
GBP/USD	1.3405	0.0000	0.0001	-0.0001	-0.0012
EUR/GBP	0.8349	0.0010	0.0031	0.0063	0.0133
USD/CNY	6.648	-0.0148	-0.0476	-0.0947	-0.1940

	Spot Mid NZD/...	AUD/...
CAD	0.7854	0.9785
CHF	0.4597	0.5730
CNY	3.7335	4.6536
DKK	3.7482	4.6705
FJD	1.2432	1.5489
HKD	4.4074	5.4910
KRW	755.14	940.80
MYR	2.2850	2.8468
NOK	5.2216	6.5066
SEK	5.4926	6.8431
SGD	0.7183	0.8950
TWD	18.30	22.80
ZAR	9.32	11.61

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.92%	4.79%
90 day bank bills	3.15%	4.96%
1 year swap	3.58%	4.96%
2 year swap	3.89%	4.85%
3 year swap	4.03%	4.80%
5 year swap	4.19%	4.83%
10 year swap	4.51%	5.04%
3 year Govt bond	4.11%	4.91%
5 year Govt bond	4.40%	4.95%
10 year Govt bond	4.91%	5.24%

EQUITIES	Index
NZX50	13,699
ASX200	8,857
Dow Jones	52,249
S&P 500	7,597
FTSE100	10,761
DAX 40	25,981
Nikkei	63,082

COMMODITIES	USD
Brent Crude	104.50
Gold	3,952.28
Silver	50.62
Iron Ore	90.87
CRB Index	531.72

	NZD
NZ Carbon	48.50

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