

Market Alert

Wednesday 14 January 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5739	0.0037
NZD/AUD	0.8590	0.0061
NZD/JPY	91.285	-0.79
NZD/EUR	0.4926	-0.0009
NZD/GBP	0.4272	0.0028
NZD/CNH	4.0273	-0.0133
AUD/USD	0.6679	-0.0005
AUD/EUR	0.5733	-0.0051
EUR/USD	1.1648	0.0095
USD/CNH	6.9742	-0.0680
GBP/USD	1.3429	-0.0003
EUR/GBP	0.8670	0.0073
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.50%	3.79%
2 year swap	2.92%	3.98%
10 year Govt	4.46%	4.81%

I do like a bit of lemon meringue 'pie'

And it was nice to get home last night and find a freshly made one in the fridge. Yum, a nice little bit of dessert after dinner, and I was set for the night, but as is often the case, around 9:00pm I started feeling a little peckish. That's okay I thought, I've a lemon 'pie' in the fridge ... which was all good until I dropped it on the floor. I did manage to 'save' it and scrape it back onto the plate ... but it didn't look as appealing!

The headlines at a glance ...

The monthly and annual US CPI inflation rates printed at 0.3% and 2.7% in December, the same as in November and in line with market expectations. Core consumer prices, excluding food and energy, rose 0.2% in December,

which was below forecasts, while the annual core inflation rate held at 2.6%. Meanwhile, small business optimism rose for a second consecutive month, reaching 99.5 in December, its highest level since August and in line with market expectations.

Federal Reserve Bank of New York President John Williams struck an upbeat tone on the strength of the U.S. economy, stating, *"Interest rates are near neutral and well positioned to guide inflation back to target without harming jobs. Monetary policy is well positioned to manage the current economic risks."*

The Fed's Musalem added: *"Expect economy to grow at or above potential in 2026. Policy is well-positioned to balance risks on both sides. Inflation nearing 3.0% but expected to decline this year (while the labour market is cooling steadily. My sense is that policy is right around neutral."*

Credit rating company Fitch has warned the Federal Reserve's independence is key pillar of the US sovereign credit rating.

UK consumer spending slumped 1.7% in December as household caution deepened.

Australian consumer sentiment fell from 94.5 to 92.9 in January, following December's sharp 9.0% decline.

The NZIER's QSBO business update saw confidence surge to a decade high, lifting from Q3's 17% to 39% in Q4 as firms anticipate an improvement in economic conditions as we enter 2026. Firms' own trading activity has also stabilised,

with just 3% reporting a decline in activity, 22% of firms plan to increase staff numbers in the next quarter, while investment plans for buildings and plant have turned positive after being negative in Q3.

President Trump 'tweeted' support to the Iranian protestors, announcing, *"Help is on its way."*

So, what does it all mean?

US treasury yields eased a pip lower on the presumption the FOMC will still have room to cut rates this year following the CPI release with the 2 and 10-year yields currently at 3.53% and 4.17%. But despite this weakness, the USD-index recovered yesterday's losses, closing back in on the 99.00 level, with selling of the NZD, AUD and JPY outweighing the weakness in the CNH, CHF and EUR. Most concerning has been the moves in the JPY with NZD/JPY back above 91.25 and AUD/JPY at 106.25.

Equity markets were mixed with the US exchanges 0.3%-0.8% lower, while the European and Asian bourses, generally, ranged between 0.5% lower and 0.3% higher, although the Nikkei rallied 3.9% to fresh all-time highs amid speculation that Prime Minister Sanae Takaichi could call a snap election as soon as next month.

Commodity markets were also mixed with oil prices rallying 2.0% as Iran-related supply risks outweighed expectations of increased Venezuelan supply, silver prices firmed a further 2.5%, although prices for gold, copper and soft commodities all fell.

Daily Rates

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FX	Spot	FECs (mid)				Spot	Mid
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	66.50					CAD	0.7969
NZD/USD	0.5739	0.0007	0.0020	0.0037	0.0059	CHF	0.4592
NZD/AUD	0.8590	0.0010	0.0029	0.0061	0.0123	CNY	4.0014
NZD/JPY	91.2850	-0.15	-0.40	-0.7919	-1.63	DKK	3.6797
NZD/EUR	0.4926	-0.0002	-0.0004	-0.0009	-0.0026	FJD	1.2803
NZD/GBP	0.4272	0.0006	0.0015	0.0028	0.0046	HKD	4.4753
						KRW	845.97
AU TWI	62.50					MYR	2.3264
AUD/USD	0.6679	0.0000	0.0000	-0.0005	-0.0028	NOK	5.7889
AUD/NZD	1.1633	-0.0014	-0.0040	-0.0085	-0.0171	SEK	5.2892
AUD/JPY	106.48	-0.30	-0.82	-1.68	-3.39	SGD	0.7392
AUD/EUR	0.5733	-0.0009	-0.0024	-0.0051	-0.0112	TWD	18.13
AUD/GBP	0.4971	0.0001	0.0001	-0.0003	-0.0019	ZAR	9.41
USD Index	99.10					EQUITIES	
EUR/USD	1.1648	0.0018	0.0049	0.0095	0.0176	Index	
USD/JPY	159.06	-0.46	-1.23	-2.40	-4.39	NZX50	13,656
GBP/USD	1.3429	-0.0001	-0.0002	-0.0003	-0.0014	ASX200	8,809
EUR/GBP	0.8670	0.0014	0.0038	0.0073	0.0134	Dow Jones	49,211
USD/CNY	6.9775	-0.0130	-0.0314	-0.0634	-0.1215	S&P 500	6,957
						FTSE100	10,137
INTEREST		New Zealand			Australia	DAX 40	25,421
RATES		Mid			Mid	Nikkei	53,549
30 day bank bills		2.41%		3.61%		COMMODITIES	
90 day bank bills		2.50%		3.79%		USD	
1 year swap		2.61%		3.85%		Brent Crude	65.61
2 year swap		2.92%		3.98%		Gold	4,585.96
3 year swap		3.16%		4.05%		Silver	86.98
5 year swap		3.52%		4.17%		Iron Ore	108.25
10 year swap		4.04%		4.51%		CRB Index	381.56
3 year Govt bond		3.34%		4.13%			
5 year Govt bond		3.80%		4.32%			
10 year Govt bond		4.46%		4.81%		NZ Carbon	36.15

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