

Market Alert

Friday 16 January 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5745	0.0037
NZD/AUD	0.8568	0.0060
NZD/JPY	91.065	-0.78
NZD/EUR	0.4946	-0.0009
NZD/GBP	0.4291	0.0028
NZD/CNH	4.0273	-0.0128
AUD/USD	0.6705	-0.0005
AUD/EUR	0.5772	-0.0052
EUR/USD	1.1615	0.0096
USD/CNH	6.9624	-0.0670
GBP/USD	1.3387	-0.0003
EUR/GBP	0.8673	0.0072
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.50%	3.78%
2 year swap	2.91%	3.92%
10 year Govt	4.42%	4.79%

Time to brush up the CV ... and coaching skills ...

with the ABs after a new coach!

With no military action undertaken overnight against Iran, FX and IR markets remain in 'limbo' although, there were some significant moves in commodity and equity markets.

Oil prices tumbled 5.0%, its sharpest drop since October, after President Donald Trump said he had received assurances from Iranian authorities that they would stop killing protesters, thereby lowering the odds of a military strike. Silver and gold prices also retreated although it should be noted that lumber futures surged 9.5% to their highest level 3-months as higher demand outweighed a tightening supply.

Equity markets firmed 0.3%-0.8%, while the NASDAQ outperformed gaining 1.1% led by a strong rally in the tech and banking sectors.



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US Treasury yields are slightly higher with the 2-year jumping 4bps to 3.56%, while the 10-year firmed 2bps to 4.16%. The NZD and AUD were largely unchanged although the NZD/AUD is approaching the 0.8550 level.

Breaking the headlines down

- US initial jobless claims fell by 9k to 198k, its 2nd lowest print in 2-years and below forecasts at 215k. This saw the 4-week moving average fall to 205k, while continuing claims fell by 19k to 1,884k.
- The NY Empire State manufacturing index jumped from -3.7 to 7.7 in January, ahead of forecasts at 1, while the Philadelphia Fed's manufacturing index surged from -1.0 to 12.6.
- Chinese banks wrote CNY910bn in new yuan loans in December. This was sharply higher than November's CNY390bn although it was below last December's CNY 990bn.
- Eurozone industrial production rose strongly in November gaining 0.7% to record its 3rd consecutive rise.
- German GDP grew 0.2% in 2025, rebounding from 2024's 0.5% contraction.
- The UK economy fared better than expected in November with GDP rising 0.3% on the month following October's narrow contraction.
- Australian consumers are continuing to anticipate heightened inflation with consumer inflation expectations at 4.6% in January.

Word on the street is that the PBoC is considering a batch of monetary and

financial stimulus measures, which will include interest rate cuts on structural policy tools, among which could be a cut to the 1-year relending rate, from 1.50% to 1.25%.

The odds of a BoJ March rate hike in March jumped to 22% following a Bloomberg report that the BoJ officials are paying more attention to the weakening yen and its potential impact on inflation. At this stage it appears the central bank will likely pause at next week's meeting.

PIMCO announced it is beginning a multi-year diversification away from US bonds citing the unpredictability of the US president and his administration as per the Jerome Powell investigation.

NATO is deploying troops to Greenland for a 'joint military exercise'.

In the 'Fed speak' corner

Raphael Bostic announced, "I expect to see GDP growth north of 2.0% in 2026, although I expect inflationary pressures will continue. We need to stay restrictive as inflation is too high. The labour market is not that tight today, but it's not loose either. The recent government shutdown will distort the data until April or May."

To some extent, Thomas Barkin agreed with that last point stating, "It's hard to put weight on data from the past 3-months," before adding, "The economy has 2 growth engine - AI and the rich!"

Austin Goolsbee confirmed, "The most important issue facing the Fed is the need to get inflation back to 2.0%. Services inflation is not yet under control. I expect to see Fed rate cuts this year, but we need to affirm the outlook."



Daily Rates

Friday 16 January 2026

FX	Spot	FECs (mid)				Spot	Mid
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	66.20					CAD	0.7979
NZD/USD	0.5745	0.0007	0.0020	0.0037	0.0059	CHF	0.4610
NZD/AUD	0.8568	0.0010	0.0029	0.0060	0.0124	CNY	4.0006
NZD/JPY	91.0650	-0.13	-0.39	-0.7769	-1.62	DKK	3.6940
NZD/EUR	0.4946	-0.0001	-0.0004	-0.0009	-0.0027	FJD	1.2842
NZD/GBP	0.4291	0.0005	0.0015	0.0028	0.0045	HKD	4.4776
						KRW	843.43
AU TWI	62.20					MYR	2.3271
AUD/USD	0.6705	0.0000	0.0000	-0.0005	-0.0030	NOK	5.8021
AUD/NZD	1.1667	-0.0014	-0.0040	-0.0086	-0.0173	SEK	5.2977
AUD/JPY	106.15	-0.28	-0.82	-1.67	-3.40	SGD	0.7393
AUD/EUR	0.5772	-0.0008	-0.0024	-0.0052	-0.0114	TWD	18.11
AUD/GBP	0.5007	0.0000	0.0001	-0.0003	-0.0020	ZAR	9.37
USD Index	99.31					EQUITIES	
EUR/USD	1.1615	0.0017	0.0049	0.0096	0.0179	Index	
USD/JPY	158.50	-0.42	-1.22	-2.37	-4.39	NZX50	13,660
GBP/USD	1.3387	-0.0001	-0.0002	-0.0003	-0.0009	ASX200	8,862
EUR/GBP	0.8673	0.0013	0.0038	0.0072	0.0136	Dow Jones	49,560
USD/CNY	6.966	-0.0117	-0.0318	-0.0636	-0.1199	S&P 500	6,972
						FTSE100	10,239
INTEREST		New Zealand		Australia		DAX 40	25,352
RATES		Mid		Mid		Nikkei	54,111
30 day bank bills		2.41%		3.61%		COMMODITIES	
90 day bank bills		2.50%		3.78%		USD	
1 year swap		2.62%		3.82%		Brent Crude	63.68
2 year swap		2.91%		3.92%		Gold	4,619.89
3 year swap		3.16%		4.03%		Silver	92.83
5 year swap		3.52%		4.15%		Iron Ore	107.68
10 year swap		4.05%		4.49%		CRB Index	385.13
3 year Govt bond		3.29%		4.11%			
5 year Govt bond		3.75%		4.30%			
10 year Govt bond		4.42%		4.79%		NZ Carbon	33.00

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