

Market Alert

Monday 19 January 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5748	0.0037
NZD/AUD	0.8613	0.0061
NZD/JPY	90.735	-0.77
NZD/EUR	0.4964	-0.0009
NZD/GBP	0.4306	0.0029
NZD/CNH	4.0273	-0.0127
AUD/USD	0.6670	-0.0005
AUD/EUR	0.5760	-0.0052
EUR/USD	1.1578	0.0095
USD/CNH	6.9651	-0.0670
GBP/USD	1.3345	-0.0003
EUR/GBP	0.8671	0.0072
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.50%	3.78%
2 year swap	2.93%	4.02%
10 year Govt	4.46%	4.82%

Today is a holiday in the major financial centres of

New York and Wellington! But despite these major financial centres being closed, it hasn't stopped President Trump from threatening the EU with further tariffs if a 'deal' isn't agreed for the US to 'buy' Greenland!

Trump's meeting with BlackRock executive Rick Rieder has also re-ignited speculation that the bond market heavyweight is a serious contender to become the next Fed chair after Trump suggested that he may want to keep favourite Kevin Hassett where he is.

Markets closed last week with a

rather than a bang! Equity markets closed slight lower while commodity markets were steady, although silver fell 2.6% on profit taking while gold slipped

0.5%. The political 'noise' saw yields firm with the 2-years 2bps higher at 3.59% while the 10-years reached a 4-month high to gain 5bps to 4.23%. The USD-index held steady around 99.2 to record its 3rd consecutive week of gains with, coincidentally, the JPY and NZD being the biggest gainers.

US industrial production rose 0.4% in December, the same as in November and above market expectations of 0.1%, while January home builder sentiment fell to 37.0 in January, down from 39.0 in December and below market expectations of 40.0.

Fed vice Chair Philip Jefferson announced, "Fed rate cuts since 2024 have brought policy rate into range consistent with neutral. Current policy stance leaves us well positioned to determine how much and when to adjust policy rate." Fed member Mary Daly added, "The incoming data shows solid growth, stabilising labour market and easing inflation. The 75bps of cuts last year helped to offset the cooling in the labour market. Uncertainty remains." Colleague Michelle Bowman suggested, "Inflationary pressures are easing as the tariff influences abate. Monetary policy is moderately restrictive. Risks to the Fed's mandates is asymmetric, with job risks outweighing inflation concerns. Given the risks, Fed should not signal a pause in rate-cutting campaign."

Japanese Finance Minister Katayama delivered a clear warning to currency markets stating, "I am ready to take decisive action without ruling out any options."

ECB chief economists Nathan Lane stated, "The ECB sees no near-term case for changing interest rates. Current policy

is expected to anchor rates for several years. USD volatility and US inflation are the key points to watch, and any Fed policy missteps could pose external risks. Euro-zone growth improving cyclically but structurally constrained."

NZ food prices, which make up nearly 19% of the consumer price index, fell -0.3% in December following November's -0.4% fall. Meanwhile, manufacturing PMIs rose to 56.1 in December, their highest level since December 2021. All five sub-indices expanded, led by a sharp rise in new orders and production while employment returned to growth. The stronger PMI print supports an upside risk to GDP.

The week ahead

It turns out, this week is actually going to be quite a busy one! The US data calendar remains packed as the various government departments continue to normalise their releases from the shutdown, with the October and November personal income and outlays, the PCE price index, Q3 GDP, PMIs, and a host of housing releases. The PBoC will review their interest rate settings on the 1 and 5-year Loan Prime rates and confirm the final GDP print for 2025, while the BoJ will also review their cash target rate. From Europe we have Eurozone inflation and PMIs, German ZEW consumer confidence, and from the UK, we have CPI, PPI, PMIs, employment, and retail sales. Australia will update their employment and participation rates, as well as their PMIs, while in NZ we have business PSIs, immigration, card spending, and the big one, Q4 CPI.



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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	66.20					CAD	0.7992
NZD/USD	0.5748	0.0007	0.0019	0.0037	0.0061	CHF	0.4607
NZD/AUD	0.8613	0.0010	0.0029	0.0061	0.0122	CNY	4.0049
NZD/JPY	90.7350	-0.13	-0.39	-0.7679	-1.58	DKK	3.7082
NZD/EUR	0.4964	-0.0001	-0.0004	-0.0009	-0.0025	FJD	1.2851
NZD/GBP	0.4306	0.0005	0.0015	0.0029	0.0047	HKD	4.4803
						KRW	846.54
AU TWI	62.50					MYR	2.3304
AUD/USD	0.6670	0.0000	0.0000	-0.0005	-0.0029	NOK	5.8003
AUD/NZD	1.1612	-0.0016	-0.0041	-0.0085	-0.0174	SEK	5.3073
AUD/JPY	105.95	-0.28	-0.81	-1.66	-3.35	SGD	0.7406
AUD/EUR	0.5760	-0.0008	-0.0025	-0.0052	-0.0114	TWD	18.17
AUD/GBP	0.4995	0.0000	0.0001	-0.0004	-0.0021	ZAR	9.42
USD Index	99.38					EQUITIES	
EUR/USD	1.1578	0.0017	0.0049	0.0095	0.0179	Index	
USD/JPY	157.84	-0.42	-1.21	-2.36	-4.36	NZX50	13,718
GBP/USD	1.3345	-0.0001	-0.0002	-0.0003	-0.0010	ASX200	8,904
EUR/GBP	0.8671	0.0013	0.0038	0.0072	0.0136	Dow Jones	49,359
USD/CNY	6.9681	-0.0120	-0.0322	-0.0637	-0.1220	S&P 500	6,940
FTSE100						FTSE100	10,235
DAX 40						DAX 40	25,297
Nikkei						Nikkei	53,936
INTEREST	New Zealand			Australia			
RATES	Mid			Mid			
30 day bank bills				2.41%		3.61%	
90 day bank bills				2.50%		3.78%	
1 year swap				2.60%		3.91%	
2 year swap				2.93%		4.02%	
3 year swap				3.16%		4.10%	
5 year swap				3.51%		4.18%	
10 year swap				4.04%		4.52%	
3 year Govt bond				3.34%		4.13%	
5 year Govt bond				3.79%		4.32%	
10 year Govt bond				4.46%		4.82%	
COMMODITIES							
Brent Crude						64.13	USD
Gold						4,594.94	
Silver						89.94	
Iron Ore						107.15	
CRB Index						379.22	
NZD	NZD			NZD			
NZ Carbon						33.60	

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