

Market Alert

Friday 23 January 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5907	0.0038
NZD/AUD	0.8633	0.0065
NZD/JPY	93.580	-0.80
NZD/EUR	0.5030	-0.0010
NZD/GBP	0.4380	0.0028
NZD/CNH	4.1136	-0.0162
AUD/USD	0.6841	-0.0009
AUD/EUR	0.5826	-0.0056
EUR/USD	1.1742	0.0098
USD/CNH	6.9634	-0.0715
GBP/USD	1.3484	-0.0001
EUR/GBP	0.8704	0.0073
INT RATES	NZ	Australia
OCR/Cash	2.25%	3.60%
90 day bills	2.50%	3.78%
2 year swap	3.02%	3.98%
10 year Govt	4.60%	4.92%

Here's a line I thought I'd never type!

Hugh Grant said it best ... in Love Actually as UK PM when he said, "And a friend who bullies us is no longer a friend. And since bullies only respond to strength, from now onward, I will be prepared to be much stronger. And the President should be prepared for that." I suspect there have been a few conversations like that in Davos!

But despite President Trump ruffling feathers on the world stage ...

the US economy expanded at an annual rate of 4.4% in Q3, up from Q2's 3.8% and slightly ahead of estimates at 4.3%. It marked the fastest pace of growth since Q3 2023, driven primarily by stronger consumer spending, rising exports, and increased government spending.

Initial jobless claims inched higher by 1k to 200k, holding their recent pullback and firmly below forecasts at 212k. Whole continuing claims eased back from the revised 1,875k to 1,849k. Personal spending rose by 0.5% from the prior month to an annualized USD21.4trn in November, while the personal consumption expenditures ("PCE") price index, which is the Fed's preferred inflation gauge, showed inflation at 2.8%, edging further away from its 2.0% target. US core PCE rose 0.2% on the month and on the year 2.7% in November, which was in line with expectations.

The minutes from the ECB's December meeting highlighted that members viewed its monetary policy stance as appropriate, though not static, noting that while it could afford to be patient, this should not be interpreted as hesitancy. Officials observed that economic activity had proven more resilient than expected, unemployment remained at historically low levels, and the inflation outlook was favorable, with prices projected to stay around target over the forecast horizon. However, the ECB acknowledged that future developments could materially diverge from the current outlook, given the range of potential risks.

Australian December jobs surged past expectations driven by a surge in full-time employment. Net employment jumped 65.2k, the strongest gain in 8 months and a significant turnaround from November's revised 28.7k, with 54.8k full-time hired. This saw the unemployment rate drop from 4.3% to 4.1%, increasing calls for a February rate hike with market pricing at 50% for a 25bps rate hike.

New Zealand electronic retail card spending, which covers about 68% of core retail sales, fell 0.1% on the month to NZD11.0bn in December. On an annual basis spending decreased 1.0% following November's 1.8% rise. But let's be honest, today, it's all about this morning's Q4 inflation release.

The market's reaction saw a continuation of its recent trend

which has been to buy the AUD and the NZD ... with both surging overnight. In the current environment, the USD-index remains friendless due to geo-political pressures, with the Antipodeans being the main beneficiaries. The NZD/USD smashed through resistance in the 0.5860-0.5885 range to open this morning at 0.5910, while the AUD/USD is closing in on the 0.6850 level. Against the JPY, the rallies have been even more impressive overnight, gaining a further 1.2% as they close in on all-time highs.

But while the Australian yields are naturally higher, with the 10-years gaining 6bps to 4.83%, global bond markets were extremely quiet with the 2-year Treasury 2bps higher at 3.62% while the 10-years firmed a pip to 4.25%.

Equity markets all liked the political rhetoric and were 1.0%-2.0% higher, with the Asian and European bourses broadly outperforming the US exchanges, while commodity prices were mixed with gold and silver locking in safe haven flows, while oil prices fell 2.0%.

On a side note, Bridgewater remains bullish on China ... which is not surprising after they made 45% in their onshore fund!



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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	67.10					CAD	0.8143
NZD/USD	0.5907	0.0007	0.0020	0.0038	0.0060	CHF	0.4666
NZD/AUD	0.8633	0.0010	0.0031	0.0065	0.0130	CNY	4.1141
NZD/JPY	93.5800	-0.14	-0.41	-0.8003	-1.69	DKK	3.7559
NZD/EUR	0.5030	-0.0001	-0.0005	-0.0010	-0.0032	FJD	1.3122
NZD/GBP	0.4380	0.0005	0.0015	0.0028	0.0042	HKD	4.6043
						KRW	864.32
AU TWI	63.40					MYR	2.3848
AUD/USD	0.6841	0.0000	-0.0002	-0.0009	-0.0038	NOK	5.8184
AUD/NZD	1.1581	-0.0014	-0.0043	-0.0090	-0.0187	SEK	5.3222
AUD/JPY	107.92	-0.29	-0.86	-1.74	-3.52	SGD	0.7564
AUD/EUR	0.5826	-0.0009	-0.0026	-0.0056	-0.0121	TWD	18.65
AUD/GBP	0.5071	0.0000	-0.0001	-0.0006	-0.0026	ZAR	9.53
							11.04
USD Index	98.36					EQUITIES	
EUR/USD	1.1742	0.0017	0.0050	0.0098	0.0183		Index
USD/JPY	158.43	-0.42	-1.23	-2.35	-4.34	NZX50	13,557
GBP/USD	1.3484	-0.0001	-0.0002	-0.0001	-0.0005	ASX200	8,849
EUR/GBP	0.8704	0.0013	0.0038	0.0073	0.0136	Dow Jones	49,545
USD/CNY	6.9726	-0.0113	-0.0340	-0.0656	-0.1225	S&P 500	6,932
						FTSE100	10,150
INTEREST		New Zealand		Australia		DAX 40	24,856
RATES		Mid		Mid		Nikkei	53,689
30 day bank bills		2.41%		3.62%		COMMODITIES	
90 day bank bills		2.50%		3.78%			USD
1 year swap		2.68%		3.90%		Brent Crude	63.95
2 year swap		3.02%		3.98%		Gold	4,910.20
3 year swap		3.28%		4.06%		Silver	95.63
5 year swap		3.63%		4.21%		Iron Ore	106.46
10 year swap		4.13%		4.55%		CRB Index	388.41
3 year Govt bond		3.48%		4.27%			NZD
5 year Govt bond		3.96%		4.45%		NZ Carbon	35.60
10 year Govt bond		4.60%		4.92%			

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