Markets Today

1 September 2026

Events round-up

NZ: ANZ activity outlook (net%), Aug: 48.2 vs. 49.3 prev.

CH: Manufacturing PMI, Aug: 49.8 vs. 49.5 exp.

CH: Non-manufacturing PMI, Aug: 49.0 vs. 49.4 exp.

GE: CPI EU harmonised (y/y%), Aug: 2.9 vs. 3.1 exp.

Good morning

It has been an uneventful end to August, following a fairly uneventful month overall. Bond and equity markets were modestly weaker as the US and Iran exchanged missile fire in the Middle East after a month of reduced military activity.

The new week began with headlines that the US had fired missiles at Iranian rocket launchers to prevent mines being deployed into the Strait of Hormuz, with Iran retaliating by firing missiles towards Jordan and the UAE. These were the first US strikes in about a month, following President Trump's pivot to economic warfare. Oil prices are up around 2½%, taking Brent crude back above USD90 per barrel.

The impact of higher oil prices has spilled over into bond and equity markets. Global rates are higher, although the moves have been modest. Even so, the US 10-year rate traded above 4.76% overnight, its highest level since January 2025. If the 4.8% level breaks, the next support level for Treasuries would be around a yield of 5%, last reached in October 2023. The 30-year rate is up 5bps to 5.25%, having already traded earlier in the month at levels not seen since 2007.

Higher yields have weighed on sentiment towards US equities, with all sectors apart from Energy trading lower. The S&P 500 is currently down about ½%, with a similar fall for the Nasdaq. The Euro Stoxx 600 index closed 0.6% lower.

In an interview with Reuters, US Treasury Secretary Bessent said he expected BoJ Governor Ueda to "do the right thing" on monetary policy, with the backing of PM Takaichi, when asked whether the central bank should consider consecutive interest rate hikes to counter yen weakness. While the market prices in a good chance of a BoJ hike at the next meeting in September, the following hike is not fully priced until January.

Overnight, Bessent conveyed similar messages in a CNBC interview, adding that he believed "the Japanese government and BoJ will do the things that will lead to a stronger yen". On his recent attempt to control the long end of the Treasury market, he said hedge fund managers like to speed things up, while his job is to "speed things down". He added that "the market is the market" and that he was not trying to change its direction.

In economic news, German CPI inflation rose by less than expected, with the annual rate ticking up to 2.9%, compared with the 3.1% expected by consensus. Data released for France, Spain, Belgium, Ireland and Portugal showed a consistent trend, with annual inflation in August higher than in July across all countries, rising by between three and six tenths. The market is fully pricing the ECB to lift rates for a second time this cycle at its next meeting in September, in response to higher inflation.

Yesterday, China's composite PMI rose slightly to 49.5 in July, with the non-manufacturing index flat and all the gain coming from the manufacturing sector. Adverse weather appears to have weighed on the construction sector, but overall the figures continue to support the view of a sluggish growth backdrop for China.

Currency markets have shown only small moves for the day. There was no obvious impact on currencies around the end-of-month London fix. Higher oil prices have supported the CAD, which is up 0.3% from last week's close, while NZD/CAD is slightly weaker, dipping below 0.82 overnight. The NZD has been tightly rangebound overnight, showing minimal movement around 0.5915. The same pattern is evident across the crosses.

The domestic rates market had a quiet end to the month, with only small movements in rates. There was lingering pay-side pressure at the short end of the swaps market, with some receivers looking to reduce positions ahead of tomorrow's RBNZ MPS. The 2-year swap rate rose 2bps to 3.72%, resulting in some curve flattening, while the 10-year rate fell 1bp to 4.44%. NZGBs showed similar moves and a flattening bias.

There was little market reaction to ANZ's Business Outlook survey, which showed only small movements in activity indicators. These remain near historically high levels and, if taken literally, are consistent with a strong economy. The inflation indicators remained far too high for comfort and moved in the wrong direction for the RBNZ, with year-ahead inflation expectations rising slightly to 3.26% and pricing intentions lifting to 51%.

On the economic calendar, Australian current account and China RatingDog PMI data are released today. Tonight, Euro area CPI data for August are expected to show the annual headline rate increasing to 3.3%, with the core rate steady at 2.5%. In the US, the ISM manufacturing survey and JOLTS data are released, with both expected to show little movement.

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Coming up

		Period	Cons.	Prev.	NZT
AU	Current account bal ($b)	Q2	-30	-27	13:30
CH	RatingDog PMI manufacturing	Aug	51	50.9	13:45
EA	CPI (y/y%)	Aug	3.3	2.9	21:00
EA	CPI core (y/y%)	Aug	2.5	2.5	21:00
EA	Unemployment rate (%)	Jul	6.3	6.3	21:00
US	ISM manufacturing	Aug	55.2	55.6	02:00
US	JOLTS job openings (k)	Jul	7313	7359	02:00

Source: Bloomberg

Currencies

FX Majors — **Indicative overnight ranges (*)**

	Last	% Day	Low	High
NZD	0.5916	+0.0	0.5909	0.5922
AUD	0.7164	+0.0	0.7155	0.7170
EUR	1.1615	+0.3	1.1585	1.1621
GBP	1.3548	+0.1	1.3536	1.3565
JPY	159.79	-0.2	159.48	159.90
CAD	1.3858	-0.3		
NZD/AUD	0.8258	+0.1		
NZD/EUR	0.5093	-0.2		
NZD/GBP	0.4367	-0.0		
NZD/JPY	94.53	-0.2		
NZD/CAD	0.8198	-0.3		
NZ TWI	66.79	-0.1		

Other FX

	Last	% Day
CHF	0.8083	-0.1
SEK	9.575	-0.4
NOK	9.346	-0.3
HKD	7.839	-0.0
CNY	6.721	-0.1
SGD	1.271	-0.2
IDR	17,722	+0.2
THB	33.17	+0.2
KRW	1,369	-0.6
TWD	31.68	+0.2
PHP	62.40	+0.2

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,681	-0.4	18.9
Dow	53,193	-0.7	16.8
Nasdaq	26,266	-0.5	22.4
Stoxx 50	6,420	-1.0	20.0
FTSE	10,824	+0.3	17.7
DAX	26,258	-1.2	9.9
CAC 40	8,335	-0.8	8.2
Nikkei	66,312	-0.1	57.2
Shanghai	3,986	+0.9	3.3
ASX 200	9,076	-0.2	1.7
NZX 50	13,917	+1.1	6.5
VIX Index	15.04	+4.2	-2.1

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	90.63	+2.9
Oil (WTI)	85.93	+3.0
Gold	4442.4	-1.2
HRC steel	1208.0	+0.2
CRB	406.4	+0.0
SGX Iron Ore	98.90	-0.5
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.95	-0.5
NZ Milk '28	9.91	-0.2
WM powder	3810	+0.5
Australian Futures		
3 year bond	95.34	0.00
10 year bond	94.88	-0.01

Interest Rates

	Rates: Cash	3Mth	Swap Yields: 2 Yr	10 Yr
USD	3.75	4.85	4.22	4.38
AUD	4.35	4.55	4.68	5.17
NZD	2.50	3.06	3.72	4.44
EUR	2.25	2.57	3.15	3.35
GBP	3.75	3.87	4.32	4.68
JPY	0.99	-0.03	1.79	2.83
CAD	2.25	4.97	2.93	3.52

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.76	0.04
AUD	5.09	-0.01
NZD	4.74	-0.00
GER	3.32	0.05
GBP	5.06	0.03
JPY	2.96	0.03
CAD	3.75	0.03

NZ Government Bonds

	Last	Chg
15-May-28	3.61	0.01
20-Apr-29	3.83	0.01
15-May-30	4.01	0.01
15-May-31	4.18	0.00
15-May-32	4.34	0.00
14-Apr-33	4.44	0.00
15-May-34	4.54	-0.00
15-May-35	4.64	-0.00
15-May-36	4.74	-0.01
15-May-37	4.83	-0.01
15-May-38	4.89	-0.01
15-May-41	5.13	-0.02
15-May-51	5.36	-0.02
15-May-54	5.38	-0.02

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.92	0.02
BKBM 3-mth	3.06	0.01
1 year	3.47	0.02
2 year	3.72	0.02
3 year	3.86	0.02
5 year	4.07	0.01
7 year	4.23	-0.00
10 year	4.44	-0.01
15 year	4.71	-0.01

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.68	-0.00
Sept-35	2.50	0.00
Sept-40	2.97	-0.00

Carbon Price

	Level	% Day	% Year
NZU	52.09	-1.0	-10.2

Policy Meeting Run

	NZD	AUD	USD
1st	2.75	4.48	3.80
2nd	2.90	4.60	3.87
3rd	3.08	4.64	4.01
4th	3.20	4.69	4.08
5th	3.32	4.69	4.17

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:45

Source: Bloomberg

NZD exchange rates

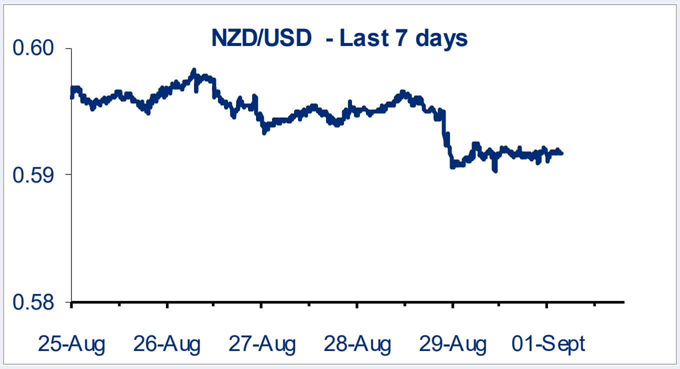
1/09/2026	6:45 am	Prev. NY close
USD	0.5916	0.5915
GBP	0.4367	0.4369
AUD	0.8258	0.8257
EUR	0.5093	0.5106
JPY	94.53	94.69
CAD	0.8198	0.8225
CHF	0.4782	0.4786
DKK	3.8084	3.8164
FJD	1.3099	1.3057
HKD	4.6389	4.6375
INR	56.32	56.42
NOK	5.5297	5.5442
PKR	164.23	164.16
PHP	36.85	36.59
PGK	2.6646	2.6207
SEK	5.6648	5.6841
SGD	0.7524	0.7536
CNY	3.9767	3.9809
THB	19.62	19.48
TOP	1.3853	1.3686
VUV	69.92	69.75
WST	1.5956	1.5943
XPF	60.67	60.67
ZAR	9.5338	9.5639

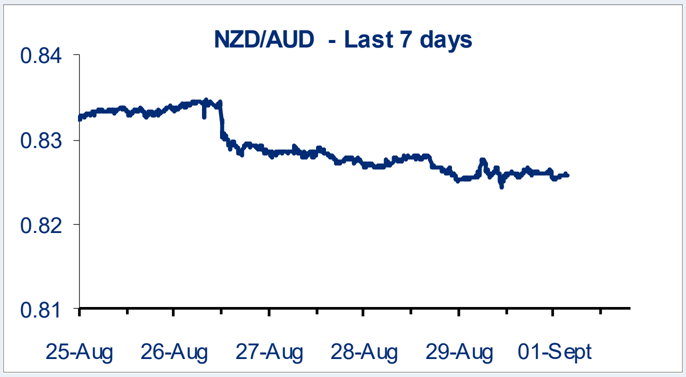
NZD/USD Forward Points

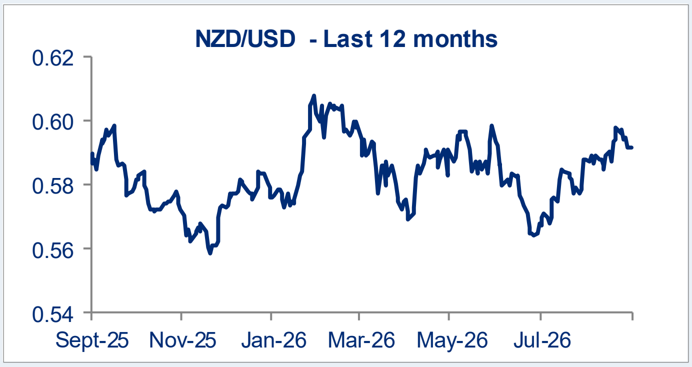
	BNZ buys NZD	BNZ sells NZD
1 Month	4.46	4.67
3 Months	13.66	14.25
6 Months	26.40	27.67
9 Months	37.26	40.14
1 Year	46.80	51.24

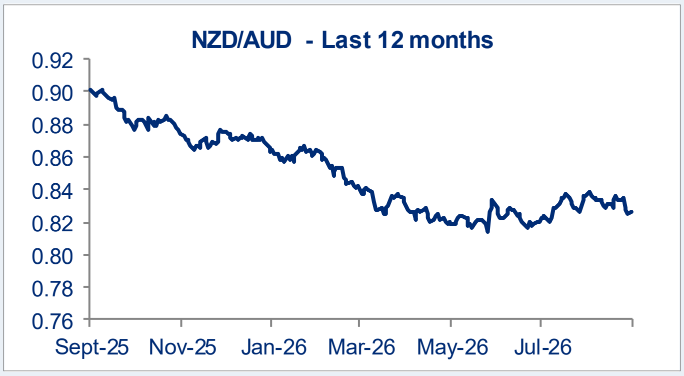
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	9.68	10.20
3 Months	31.67	33.04
6 Months	60.69	63.65
9 Months	86.17	92.27
1 Year	108.98	117.56









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