Research

Markets Today

3 September 2026

Events round-up

NZ: Dwelling consents (m/m%), Jul: -4.3 vs. -3.7 prev.

AU: GDP (q/q%), Q2: 0.4 vs. 0.3 exp.

NZ: RBNZ official cash rate (%), Sep: 2.75 vs. 2.75 exp.

US: ADP employment change (K), Aug: 38 vs. 47 exp.

CA: Bank of Canada policy rate (%), Sep: 2.25 vs. 2.25 exp.

Good morning

Risk sentiment has improved slightly following the hit earlier in the week. Oil prices have stabilised somewhat, and US Treasury yields are down a touch after reaching fresh highs. The move has supported a modest gain in US equities. There has been plenty of action in currency markets, with a temporary surge in the yen, CAD supported by the Bank of Canada's hawkish hold, and the NZD broadly weaker after the RBNZ's dovish hike.

After Brent crude reached USD97 per barrel yesterday afternoon, the price has consolidated and is currently trading near USD8=95 per barrel, with no fresh news from the Middle East to drive it higher. The oil market has been more focused on Venezuela, where Chevron has committed to more than doubling its oil production over the next five years through a USD7bn investment.

The lack of further strength in oil prices has been enough to settle the rates market. The US 10-year Treasury yield has been probing levels not seen since 2023, following its recent break higher. It reached a high of just under 4.82% overnight and is currently trading at 4.8%, little changed from the NZ close. NY Fed President Williams, who sits on the dovish side of the spectrum, said, “the data recently has been encouraging…I am actually seeing the trend in inflation moving slowly down as some of the effects of the tariffs move into the rearview mirror”.

Economic data didn't move the needle. US ADP private payrolls rose 38k in August, slightly below consensus and the smallest gain since January. More interest lies in the key non-farm payrolls report at the end of the week, where the consensus expects a modest 55k gain after July's 23k fall.

Overnight, USD/JPY took a suspicious lurch lower, falling from 159.60 to just above 158.20. Traders doubt there was any official intervention and instead attribute the move to probable “rate checks”, a warning signal delivered to the market after the recent recovery in USD/JPY to back above the 160 handle. Yesterday afternoon, the yen was already on a stronger path after Takata, the most hawkish BoJ member, said a 25bps hike is not necessarily set in stone but also raised the possibility of back-to-back rate hikes. USD/JPY has pushed back up to near 159 as we go to print. The combination of a weaker NZD following the RBNZ MPS (see below) and a stronger yen has seen NZD/JPY fall sharply from 94.5 yesterday to 92.9 this morning.

The Bank of Canada held its policy rate steady at 2.25% for the seventh consecutive meeting, as expected. The statement acknowledged that “upside risks to inflation have increased, while new tariffs make growth prospects more uncertain”. Furthermore, with measures of core inflation remaining close to 2%, it noted that there has been little evidence of higher energy prices spreading. However, in the press conference, Governor Macklem said that the longer the situation in the Middle East persists, the greater the chance that inflation feeds through elsewhere in the economy.

The more hawkish tone triggered higher short-term Canadian rates, with the market seeing an increased chance of a hike by year-end; 23bps is now priced, up from 15bps a day earlier. CAD outperformed overnight, and NZD/CAD has fallen to a four-week low below 0.8090.

Better risk sentiment has seen the AUD strengthen overnight, back up to 0.7170. The reaction to the slightly stronger-than-expected Australian Q2 GDP print of 0.4% q/q was modest, but the market saw it as increasing the chance of another RBA hike later this month, with a possible follow-up hike in November. After yesterday's lunge lower in NZD/AUD, the cross weakened a little further overnight. While the multi-year low of 0.8138 reached in May was not breached, it came close and sits this morning at 0.8155.

The RBNZ raised the OCR by 25bps to 2.75%, following the first rate hike of this cycle in July. The Bank maintained a tightening bias, and the statement noted that the “Committee remains vigilant and will respond as necessary” to achieve its inflation target. The projected rate track was almost identical to that published in May, showing the OCR gradually rising to 3.3% over the forecast period. This looked like a deliberate attempt to maintain an unchanged policy outlook, with the track consistent with a pause in October, another 25bps hike in December, and a likely final hike next year.

The market saw the RBNZ's update as dovish relative to expectations. The lack of intent to take policy into restrictive territory — the Bank's assumed neutral rate relevant for the policy horizon is 3.5% — must also be viewed as a dovish signal. One small consolation was that the majority of MPC members saw upside risk to the Bank's published inflation outlook. If realised, then that would set the scene for tighter policy than currently projected.

Global forces sent NZ rates higher in the lead-up to the meeting, followed by a sharp reversal after the announcement. After peaking at 3.79%, the 2-year swap rate fell 10bps to close the day down "only" 7bps at 3.69%. The curve steepened, with smaller falls in longer-term rates, and similar moves were seen across NZGBs. At the close, the market had fully priced one more rate hike over the next two meetings, with December seen as about twice as likely as October, while a further hike was almost fully priced by March.

The NZD dropped sharply from 0.5890 and reached an overnight low just above 0.58, before a weaker USD drove a recovery back towards 0.5850. The RBNZ's easy policy setting relative to the likes of the US and Australia remains a key headwind for NZD performance, and this looks likely to continue over the near term.

On the economic calendar, the key release tonight will be the US ISM services survey, while Fed Governor Waller — one of the few FOMC members the market pays particular attention to — will also speak. Domestically, Q2 terms of trade data are released later this morning.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	Terms of trade (q/q%)	Q2	-1.9	-2	10:45
AU	Trade balance ($m)	Jul	1500	1929	13:30
CH	RatingDog PMI services	Aug	50.6	50.4	13:45
US	Fed's Waller in moderated conversation				00:30
US	Trade balance ($b)	Jul	-90.3	-73.3	00:30
US	Initial jobless claims (k)	29-Aug	205	203	00:30
US	ISM services index	Aug	54.1	54.1	02:00

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5846	-0.8	0.5802	0.5852
AUD	0.7168	+0.3	0.7121	0.7176
EUR	1.1585	-0.1	1.1566	1.1609
GBP	1.3487	-0.2	1.3475	1.3515
JPY	158.93	-0.8	158.22	159.92
CAD	1.3840	-0.4		
NZD/AUD	0.8156	-1.1		
NZD/EUR	0.5046	-0.7		
NZD/GBP	0.4335	-0.6		
NZD/JPY	92.91	-1.6		
NZD/CAD	0.8091	-1.2		
NZ TWI	65.96	-0.9		

Other FX

	Last	% Day
CHF	0.8133	+0.2
SEK	9.625	+0.1
NOK	9.317	-0.1
HKD	7.842	+0.0
CNY	6.721	-0.0
SGD	1.271	-0.1
IDR	17,763	+0.1
THB	33.17	-0.4
KRW	1,359	-1.0
TWD	31.74	+0.3
PHP	62.56	+0.3

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,664	+0.4	19.5
Dow	53,017	+0.5	17.0
Nasdaq	26,190	+0.4	23.1
Stoxx 50	6,362	-0.1	20.2
FTSE	10,756	-0.3	18.0
DAX	25,839	-0.5	10.0
CAC 40	8,281	-0.3	8.2
Nikkei	64,326	-2.9	53.4
Shanghai	3,941	-1.0	2.2
ASX 200	8,978	-1.0	2.7
NZX 50	13,931	+1.0	6.5
VIX Index	15.24	-6.7	-11.2

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	95.26	+0.7
Oil (WTI)	90.68	+0.6
Gold	4385.5	+0.5
HRC steel	1224.0	+1.0
CRB	417.3	+1.6
SGX Iron Ore	98.00	+0.7
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.85	-1.5
NZ Milk '28	9.85	-0.5
WM powder	3730	-3.0
Australian Futures		
3 year bond	95.18	-0.10
10 year bond	94.77	-0.02

Interest Rates

Rates — **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.25	4.42
AUD	4.35	4.56	4.81	5.29
NZD	2.75	3.08	3.69	4.49
EUR	2.25	2.61	3.20	3.41
GBP	3.75	3.87	4.43	4.76
JPY	0.98	-0.03	1.90	2.89
CAD	2.25	4.97	3.03	3.58

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.80	-0.00
AUD	5.23	0.05
NZD	4.78	-0.02
GER	3.38	0.03
GBP	5.23	0.01
JPY	3.03	0.02
CAD	3.81	0.06

NZ Government Bonds

	Last	Chg
15-May-28	3.58	-0.07
20-Apr-29	3.80	-0.06
15-May-30	4.00	-0.05
15-May-31	4.19	-0.05
15-May-32	4.35	-0.04
14-Apr-33	4.46	-0.03
15-May-34	4.58	-0.02
15-May-35	4.68	-0.02
15-May-36	4.78	-0.02
15-May-37	4.88	-0.01
15-May-38	4.94	-0.01
15-May-41	5.18	-0.01
15-May-51	5.42	-0.01
15-May-54	5.43	-0.00

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.94	0.01
BKBM 3-mth	3.08	0.01
1 year	3.43	-0.05
2 year	3.69	-0.07
3 year	3.84	-0.06
5 year	4.08	-0.04
7 year	4.26	-0.03
10 year	4.49	-0.02
15 year	4.75	-0.02

Carbon Price

	Level	% Day	% Year
NZU	49.75	-2.9	-14.2

Policy Meeting Run

	NZD	AUD	USD
1st	2.76	4.54	3.80
2nd	2.83	4.67	3.87
3rd	3.00	4.72	4.02
4th	3.12	4.77	4.09
5th	3.24	4.79	4.18

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.67	-0.02
Sept-35	2.49	-0.03
Sept-40	2.96	-0.02

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

Rates are as of: NZT 06:57

Source: Bloomberg

NZD exchange rates

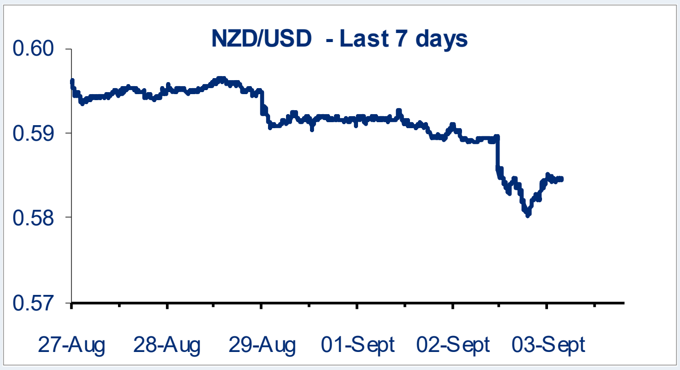
3/09/2026	6:57 am	Prev. NY close
USD	0.5846	0.5892
GBP	0.4335	0.4359
AUD	0.8156	0.8246
EUR	0.5046	0.5082
JPY	92.91	94.38
CAD	0.8091	0.8188
CHF	0.4755	0.4782
DKK	3.7719	3.7994
FJD	1.2951	1.3035
HKD	4.5844	4.6199
INR	55.52	55.94
NOK	5.4469	5.4962
PKR	162.23	163.52
PHP	36.58	36.76
PGK	2.6321	2.6105
SEK	5.6270	5.6652
SGD	0.7432	0.7502
CNY	3.9280	3.9599
THB	19.48	19.60
TOP	1.3526	1.3789
VUV	69.06	69.48
WST	1.5819	1.5891
XPF	60.24	60.37
ZAR	9.3928	9.5283

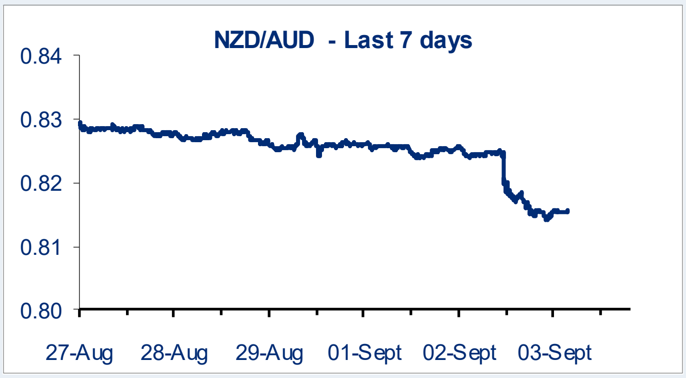
NZD/USD Forward Points

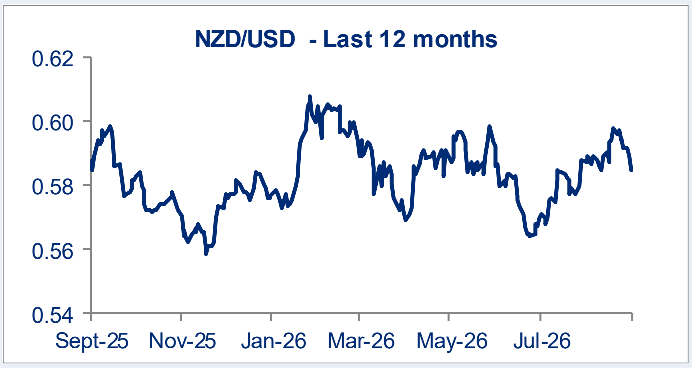
	BNZ buys NZD	BNZ sells NZD
1 Month	4.48	4.72
3 Months	13.81	14.39
6 Months	27.77	28.87
9 Months	39.64	42.36
1 Year	50.83	54.84

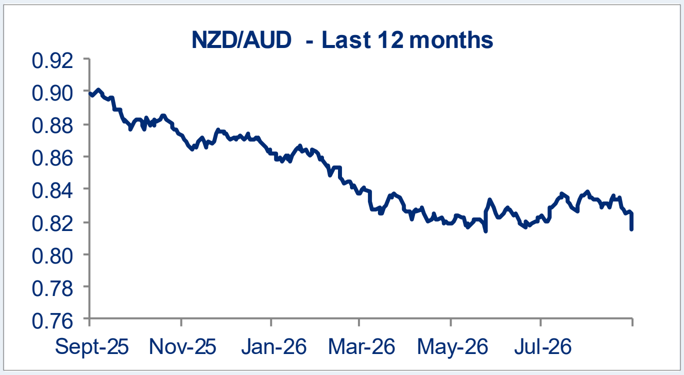
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	9.78	10.36
3 Months	31.64	33.02
6 Months	63.59	66.28
9 Months	92.01	97.55
1 Year	118.98	126.87









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