

Research Markets Today

5 October 2026

Events round-up

NZ: ANZ Consumer confidence, Sep: 97.6 vs. 98.0 prev.
 JN: Tokyo CPI x. fr. fd, energy (y/y%), Sep: 3.0 vs. 2.5 exp.
 EA: CPI (y/y%), Sep: 3.8 vs. 3.7 exp.
 EA: Core CPI (y/y%), Sep: 2.5 vs. 2.5 exp.
 US: Change in nonfarm payrolls (k), Sep: 29 vs. 90 exp.
 US: Avg hourly earnings (m/m%), Sep: 0.1 vs. 0.3 exp.
 US: Avg hourly earnings (y/y%), Sep: 3.0 vs. 3.1 exp.
 US: Unemployment rate (%), Sep: 4.2 vs. 4.1 exp.

Good morning

A soft US employment report on Friday night reinforced market expectations for the Fed to hold off tightening again in October, but the impact on Treasury yields was fleeting, ending the session net higher for the session. The release of oil and diesel from strategic reserves supported lower energy prices, before a report suggesting Saudi Arabia is planning to attack the Iranian-backed Houthis resulted in crude oil prices recovering. Net currency moves were modest, with the NZD managing to recover a little Friday night after falling to new 2026 lows during the local trading session.

Oil prices had a rollercoaster ride on Friday, falling in anticipation of a pending announcement on the release of strategic reserves. That announcement duly came, with the G7 and its partners agreeing to release as much as 100m barrels of emergency oil and diesel stocks over the next four months. The move drove down oil, European and US diesel futures and reduced the likelihood of President Trump issuing a ban of US diesel exports.

However, the shift down in Brent crude to a low of USD98.40 per barrel wasn't sustained, and adding to the price recovery, Reuters reported Saudi Arabia is planning an offensive against Iran-backed Houthi militants in Yemen, with options being considered including a coastal push to secure the Red Sea shipping route or an assault on multiple fronts. The operation was reported as expected to be launched in the coming weeks. Overnight it appears the military action has already begun, led by Yemeni forces on the ground, which are overseen by Saudi Arabia. Brent crude closed the week above USD102 per barrel, ending the session little changed.

US labour market data were weaker than expected across all the key indicators. Non-farm payrolls rose just 29k in September, with net -60k of revisions over the previous two months. The unemployment rate ticked higher to 4.2%, while average hourly earnings rose just 0.1% m/m, driving the annual increase down to a fresh five-year low of 3.0%.

The softer data gave the market more confidence that the Fed would likely hold rates steady at its next meeting late-October, with pricing slipping to less than 6bps. This is well down from the 16bps priced a week earlier, with much of the drop in pricing following the comments earlier in the week from NY Fed President Williams and Vice-Chair Jefferson, suggesting no need for urgency or more time to make a judgement on higher rates.

US Treasury yields fell after the employment report but the move soon unravelled, and the recovery in oil prices added to upside pressure. The 10-year rate traded as a low of 5.16% before ending the day at 5.27%, up 3bps for the day and a couple of basis points higher from the NZ close.

It was also a choppy session for European bond markets. German 10-year bunds traded a 10bps range and closed down 5bps at 3.46%. There was a wild ride in French bonds, with the French-German 10-year spread exploding further, reaching a peak of 159bps, before stops were triggered and the spread closed the week at 141bps. Speculating on the French bond market has been a play thing for hedge funds this week, following the report earlier in the week of a wider projected fiscal deficit and record borrowing plans for next year, with next year's Presidential election adding another element of angst for investors.

Annual euro area CPI inflation jumped from 3.2% to 3.8% in September, a three-year high, driven by higher energy costs. The core figure ticked up to 2.5% y/y. The data solidified market expectations that the ECB would likely hike again this year, most likely at the December rather than the October meeting.

In Japan, Tokyo CPI data were much stronger than expected, with annual inflation jumping from 1.9% to 2.7% y/y and the core measure which excludes fresh food and energy jumping from 2.0% to 3.0%. While base effects from administered prices dropping out of the annual calculation was responsible for a good deal of the jump in inflation, the data was still stronger than expected.

In the equity market, US equities responded to the bad news of soft employment as something to embrace to the extent that it relieved pressure on the Fed to tighten policy. But higher Treasury yields meant a fading of earlier gains and the S&P500 closed up “only” 0.7%. The Euro Stoxx 600 index gained 0.75%, recovering some of its loss of the previous three sessions.

Domestic rates largely followed the decline in Australian rates on Friday. NZGBs were marked down 4-5bps across the curve. The 2-year swap rate closed down 6bps at 4.02% and the 10-year rate fell 5bps to 4.77%. The moves simply reversed much of the price action on Thursday. Australian yields rose a touch in the Friday overnight trading session, setting the scene for an uneventful market open today.

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Coming up

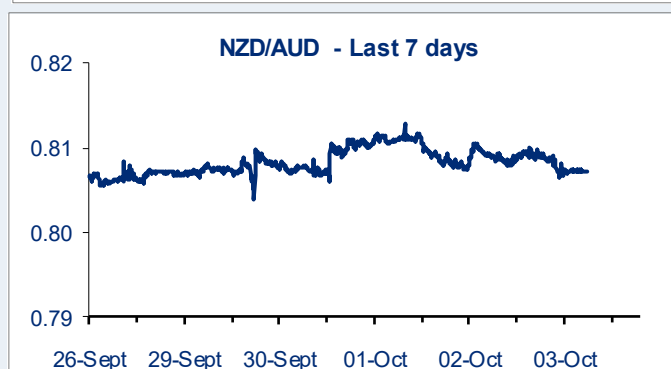
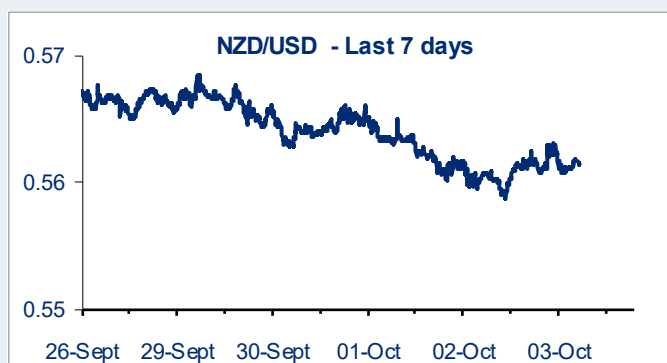
	Period	Cons.	Prev.	NZT
US ISM Services Index	Sep	55.0	55.4	03:00

Source: Bloomberg.

Currencies							Equities				Commodities				
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day		Last	% Day	% Year		Last	Net Day	
NZD	0.5614	+0.2	0.5606	0.5643	CHF	0.8288	-0.3		S&P 500	7,723	+0.7	15.0	Oil (Brent)	102.25	-0.1
AUD	0.6956	+0.4	0.6932	0.6976	SEK	10.041	-0.0		Dow	51,177	+0.5	10.0	Oil (WTI)	91.11	-1.9
EUR	1.1251	+0.1	1.1221	1.1285	NOK	9.617	-0.2		Nasdaq	27,191	+1.2	19.0	Gold	4133.7	-0.9
GBP	1.3239	+0.3	1.3196	1.3256	HKD	7.848	+0.0		Stoxx 50	6,239	+1.0	10.5	HRC steel	1275.0	+0.0
JPY	157.86	-0.2	156.95	157.92	CNY	6.706	-0.0		FTSE	10,462	+0.3	10.2	CRB	410.1	-0.5
CAD	1.4252	+0.2			SGD	1.278	-0.2		DAX	25,231	+1.2	3.5	SGX Iron Ore	91.60	+0.3
NZD/AUD	0.8072	-0.2			IDR	17,882	-0.5		CAC 40	7,897	+0.8	-2.0	NZ Milk '27	10.03	+0.0
NZD/EUR	0.4990	+0.1			THB	33.56	-0.3		Nikkei	68,309	-0.9	49.2	NZ Milk '28	10.02	+0.0
NZD/GBP	0.4241	-0.2			KRW	1,340	-1.3		Shanghai	3,842	+0.3	-1.0	NZ Milk '29	10.02	-0.1
NZD/JPY	88.63	+0.0			TWD	31.86	-0.5		ASX 200	8,682	+0.8	-3.4	WM powder	3710	-0.8
NZD/CAD	0.8002	+0.4			PHP	62.55	-0.4		NZX 50	13,680	-0.9	1.2	Australian Futures		
NZ TWI	63.93	+0.0							VIX Index	15.31	-6.6	-7.9	3 year bond	95.10	0.08
													10 year bond	94.60	-0.01
Interest Rates															
Rates			Swap Yields		Benchmark 10 Yr Bonds			NZ Government Bonds			NZ BKBM and Swap Yields				
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg		
USD	4.00	4.85	4.68	4.87	USD	5.27	0.03	15-May-28	3.84	-0.05	BKBM 1-mth	3.00	0.00		
AUD	4.60	4.76	4.94	5.48	AUD	5.34	-0.06	20-Apr-29	4.13	-0.05	BKBM 3-mth	3.23	0.00		
NZD	2.75	3.23	4.02	4.77	NZD	5.05	-0.05	15-May-30	4.33	-0.05	1 year	3.71	-0.04		
EUR	2.50	2.59	3.45	3.58	GER	3.46	-0.05	15-May-31	4.50	-0.05	2 year	4.02	-0.06		
GBP	3.75	3.87	4.66	4.93	GBP	5.37	-0.03	15-May-32	4.65	-0.05	3 year	4.19	-0.07		
JPY	1.25	1.29	1.91	2.95	JPY	3.09	-0.03	14-Apr-33	4.75	-0.05	5 year	4.41	-0.06		
CAD	2.25	2.40	3.20	3.74	CAD	3.94	0.01	15-May-34	4.86	-0.05	7 year	4.57	-0.06		
								15-May-35	4.96	-0.05	10 year	4.77	-0.05		
Carbon Price					Policy Meeting Run			15-May-36	5.05	-0.04	15 year	4.99	-0.04		
	Level	% Day	% Year			NZD	AUD	USD							
NZU	52.65	+0.0	-7.2		1st	2.89	4.67	3.94	15-May-37	5.15	-0.04	NZ Inflation-Indexed Bonds			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	3.09	4.71	4.14	15-May-41	5.40	-0.04	Sept-30	1.93	-0.02	
Rates at NY close					3rd	3.27	4.80	4.24	15-May-51	5.60	-0.04	Sept-35	2.72	-0.02	
Source: Bloomberg					4th	3.44	4.84	4.42	15-May-54	5.61	-0.04	Sept-40	3.17	-0.02	
					5th	3.60	4.91	4.52							

NZD exchange rates

3/10/2026	NY close	Prev. NY close
USD	0.5614	0.5605
GBP	0.4241	0.4247
AUD	0.8072	0.8087
EUR	0.4990	0.4985
JPY	88.63	88.61
CAD	0.8002	0.7971
CHF	0.4655	0.4658
DKK	3.7296	3.7264
FJD	1.2767	1.2641
HKD	4.4072	4.3976
INR	54.09	53.71
NOK	5.4006	5.3988
PKR	155.61	155.32
PHP	35.13	35.20
PGK	2.5071	2.5000
SEK	5.6390	5.6307
SGD	0.7178	0.7177
CNY	3.7661	3.7591
THB	18.85	18.89
TOP	1.3403	1.3361
VUV	67.55	67.20
WST	1.5575	1.5550
XPF	59.48	59.04
ZAR	9.3539	9.3548

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	5.55	5.79
3 Months	15.71	16.26
6 Months	29.44	30.70
9 Months	42.38	44.38
1 Year	53.66	57.31

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.47	13.06
3 Months	33.14	34.36
6 Months	61.30	64.07
9 Months	85.73	89.83
1 Year	105.58	112.97

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