Research

Markets Today

11 September 2026

Events round-up

EC: ECB deposit facility rate (%), Sep: 2.5 vs. 2.5 exp.

US: Initial jobless claims (k), 5 Sep: 206 vs. 205 exp.

US: PPI ex food, energy (m/m%), Aug: 0.2 vs. 0.3 exp.

US: PPI ex food, energy (y/y%), Aug: 4.6 vs. 4.6 exp.

US: Existing home sales (m/m%), Aug: -2.0 vs. -1.6 exp.

Good morning

Global government bond yields rose to fresh multi-year highs as oil prices extended gains, reflecting concern over the Iran conflict and a hawkish ECB hike. Brent crude traded above $107 a barrel, while the 10-year Treasury yield rose above 4.90%, its highest level since October 2023. The move weighed on risk sentiment, with major equity indices lower in Europe and North America and the S&P down about 0.5% in afternoon trading. The US dollar was broadly firmer against G10 currencies, with the NZD and AUD underperforming.

The move higher in oil prices reflects renewed Middle East hostilities and increased risk of a drawn-out conflict. A senior Iranian official said Tehran would not back down in response to the US naval blockade and would escalate strikes if attacks on Iranian territory continued. The Wall Street Journal reported that Trump advisers have privately warned the war could run through to 2029, while Trump said it would not end before the November midterms and that meaningful relief from high gasoline prices was unlikely before then.

Headline US producer prices rose 0.4% in August, reflecting higher energy prices, while core prices increased 0.2%, leaving the annual rate at 4.6%. The readings were close to consensus. PPI components make up around one-third of the core PCE deflator, the Fed's preferred inflation gauge, with most inputs sourced from CPI. While PPI has unusually been released before CPI this month, the month-to-month relationship between the two is too loose to be useful for forecasting.

Treasury yields rose sharply, led by the front end, with the initial move accelerating alongside higher oil prices. Two-year yields are 13bp higher at 4.56%, while 10-year yields increased 9bp to 4.53%, flattening the 2y/10y curve to 34bp. The long end outperformed, helped by a strong 30-year auction that cleared almost 3bp below prevailing market levels and drew the strongest demand in 25 years. The rise in yields appears to have drawn in investors.

The ECB raised rates another 25bp to 2.50% and struck a hawkish tone, highlighting the risk the inflation shock persists and revising headline and core inflation forecasts higher for 2027 and 2028. The shift increases the risk of further tightening, with Bloomberg reporting ECB officials see October as in play. The ECB's renewed inflation concern added to the government bond selloff, led by the front end, and pushed 10-year German and French yields to fresh multi-year highs.

The US dollar index rose alongside energy prices and Treasury yields, driving broad-based gains against G10 currencies, though it later pared some of the advance. The euro recovered from its initial decline and is only modestly weaker against the dollar, while growth-sensitive currencies such as the NZD and AUD have remained under pressure. NZD/USD has fallen back towards 0.5800, with the NZD also weaker on the main European crosses.

NZ fixed income sold off sharply during the local session yesterday, reflecting moves in offshore markets and higher energy prices. Two-year rates rose 9bp to 3.81%, returning to the cycle highs reached earlier this month and in July. Short-end rates have now fully unwound the post-MPS rally. The curve broadly maintained its shape, with 10-year rates closing 8bp higher at 4.57%. The government bond tender attracted decent demand across the three nominal lines offered. 10-year NZGB yields increased 9bp to 4.88%.

10-year Australian bond futures are close to 8bp higher in yields terms since the local close suggesting upward pressure for NZ rate on the open.

The August manufacturing PMI is released today. The index eased to 54.3 last month but remained well above its long-term average. Attention this evening will centre on the US CPI report, which is widely seen as pivotal to whether the Fed raises rates next week. Many FOMC members have indicated they would support tightening in the absence of further progress towards the 2% inflation target. The consensus expects core CPI to rise 0.2% m/m, which would lower the annual rate to 2.4%. Michigan consumer confidence data are also due.

stuart_ritson@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
NZ	BusinessNZ Manufacturing PMI	Aug		54.3	10:30
UK	Monthly GDP (m/m%)	Jul	0	0.3	18:00
UK	Industrial Production (m/m%)	Jul	-0.2	-0.2	18:00
US	CPI (m/m%)	Aug	0.4	0.1	00:30
US	Core CPI (m/m%)	Aug	0.2	0.2	00:30
US	CPI (y/y%)	Aug	3.4	3.4	00:30
US	Core CPI (y/y%)	Aug	2.4	2.5	00:30
US	U. of Mich. Sentiment	Sep P	51	51.7	02:00
US	U. of Mich. 5-10 Yr Inflation	Sep P	3.3	3.3	02:00

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5796	-0.7	0.5795	0.5856
AUD	0.7159	-0.8	0.7157	0.7216
EUR	1.1614	-0.2	1.1592	1.1642
GBP	1.3513	-0.3	1.3491	1.3558
JPY	154.37	+0.5	153.32	154.67
CAD	1.3829	+0.2		
NZD/AUD	0.8096	+0.1		
NZD/EUR	0.4991	-0.6		
NZD/GBP	0.4289	-0.5		
NZD/JPY	89.47	-0.2		
NZD/CAD	0.8015	-0.6		
NZ TWI	65.29	-0.4		

Other FX

	Last	% Day
CHF	0.8131	+0.4
SEK	9.682	+0.9
NOK	9.278	+1.0
HKD	7.842	-0.0
CNY	6.712	+0.1
SGD	1.268	+0.3
IDR	17,547	+0.2
THB	33.11	+0.6
KRW	1,348	+0.6
TWD	31.55	+0.3
PHP	62.55	+0.0

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,598	-0.6	16.3
Dow	52,001	-0.7	14.3
Nasdaq	26,084	-0.7	19.2
Stoxx 50	6,269	-0.7	16.9
FTSE	10,609	-0.6	15.0
DAX	25,361	-0.8	7.3
CAC 40	8,117	-0.5	4.6
Nikkei	65,271	+0.2	47.1
Shanghai	3,934	-0.4	3.2
ASX 200	8,819	-1.0	0.2
NZX 50	13,711	-0.8	3.6
VIX Index	17.43	+5.9	+13.6

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	107.50	+6.4
Oil (WTI)	102.08	+6.4
Gold	4356.8	-1.6
HRC steel	1234.0	+0.0
CRB	423.1	+0.8
SGX Iron Ore	97.70	-0.5
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.90	+0.0
NZ Milk '28	9.79	+0.0
WM powder	3695	-0.3

Australian Futures

3 year bond	95.15	-0.03
10 year bond	94.65	-0.09

Interest Rates

	Rates		Swap Yields	
	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.43	4.54
AUD	4.35	4.63	4.95	5.42
NZD	2.75	3.06	3.81	4.57
EUR	2.25	2.63	3.45	3.53
GBP	3.75	3.87	4.72	4.92
JPY	0.99	-0.03	1.84	2.80
CAD	2.25	4.97	3.24	3.71

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.94	0.10
AUD	5.25	0.04
NZD	4.88	0.09
GER	3.50	0.06
GBP	5.37	0.11
JPY	2.92	0.04
CAD	3.94	0.09

NZ Government Bonds

	Last	Chg
15-May-28	3.69	0.07
20-Apr-29	3.93	0.08
15-May-30	4.12	0.08
15-May-31	4.30	0.08
15-May-32	4.45	0.08
14-Apr-33	4.57	0.09
15-May-34	4.68	0.09
15-May-35	4.78	0.09
15-May-36	4.88	0.09
15-May-37	4.97	0.08
15-May-38	5.03	0.08
15-May-41	5.27	0.07
15-May-51	5.49	0.07
15-May-54	5.50	0.06

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.95	0.00
BKBM 3-mth	3.06	0.01
1 year	3.51	0.06
2 year	3.81	0.09
3 year	3.97	0.10
5 year	4.19	0.09
7 year	4.36	0.09
10 year	4.57	0.08
15 year	4.82	0.08

NZ Inflation-Indexed Bonds

Sept-30	1.71	0.05
Sept-35	2.53	0.05
Sept-40	3.00	0.05

Carbon Price

	Level	% Day	% Year
NZU	49.00	+2.0	-16.2

Policy Meeting Run

	NZD	AUD	USD
1st	2.83	4.55	3.81
2nd	3.02	4.67	3.90
3rd	3.16	4.75	4.07
4th	3.29	4.83	4.17
5th	3.40	4.88	4.30

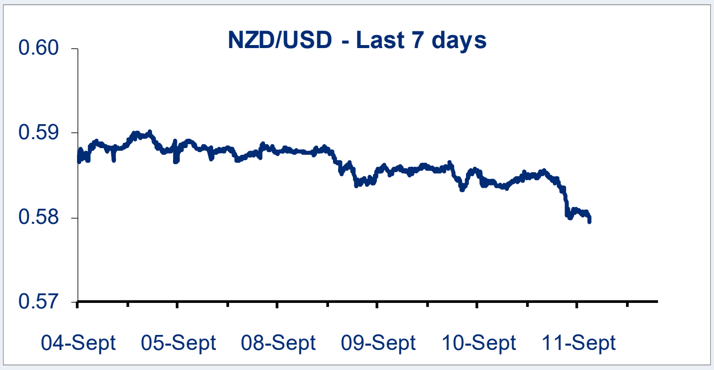
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

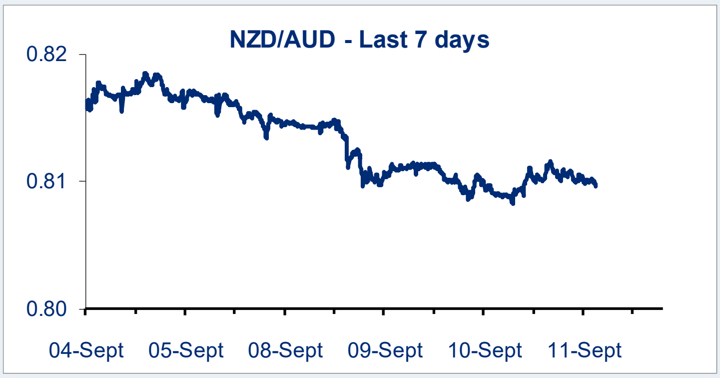
Rates are as of: NZT 06:17

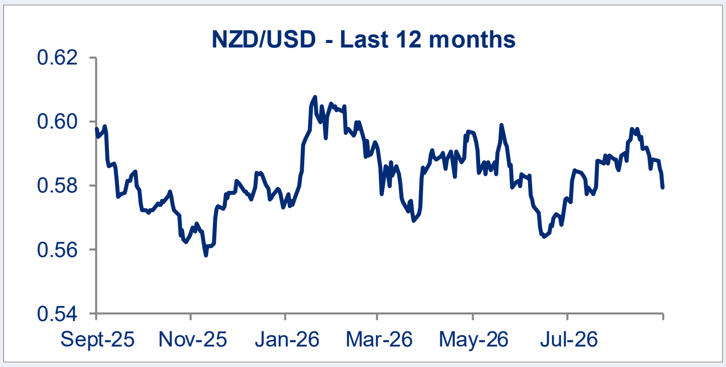
Source: Bloomberg

NZD exchange rates

11/09/2026	6:17 am	Prev. NY close
USD	0.5796	0.5839
GBP	0.4289	0.4310
AUD	0.8096	0.8091
EUR	0.4991	0.5019
JPY	89.47	89.66
CAD	0.8015	0.8061
CHF	0.4713	0.4731
DKK	3.7304	3.7518
FJD	1.2815	1.2881
HKD	4.5449	4.5791
INR	55.32	55.53
NOK	5.3778	5.3664
PKR	160.85	162.05
PHP	36.25	36.50
PGK	2.5863	2.6290
SEK	5.6117	5.6019
SGD	0.7348	0.7382
CNY	3.8904	3.9170
THB	19.09	19.21
TOP	1.3454	1.3678
VUV	68.30	68.81
WST	1.5880	1.5821
XPF	59.30	59.73
ZAR	9.4010	9.3711





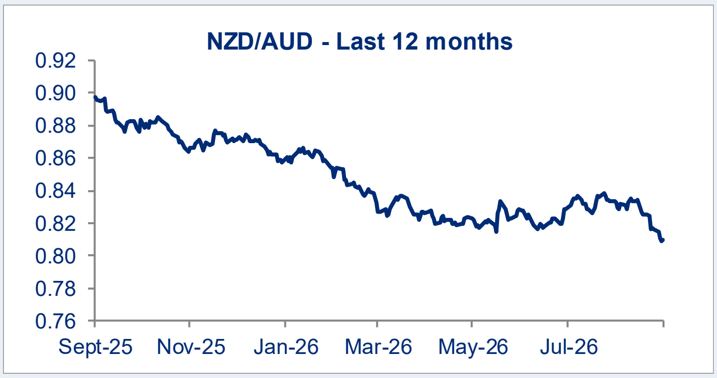


NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.83	5.04
3 Months	14.84	15.43
6 Months	29.18	30.39
9 Months	42.00	44.42
1 Year	53.56	58.01

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	10.07	10.48
3 Months	32.81	33.97
6 Months	64.26	67.01
9 Months	93.42	98.57
1 Year	118.97	127.50



Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

India Power
Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Mike Jones
BNZ Chief Economist

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854