

Research Markets Today

16 October 2026

Events round-up

AU: Employment change (k), Sep: -39 vs. 20 exp.
 AU: Unemployment rate (%), Sep: 4.7 vs. 4.6 exp.
 UK: Monthly GDP (m/m%), Aug: 0.1 vs. -0.1 exp.
 EA: Industrial production (m/m%), Aug: -0.5 vs. 0 exp.
 US: Retail sales advance (m/m%), Sep: 0.8 vs. 0.3 exp.
 US: Retail sales ex auto, gas (m/m%), Sep: 0.2 vs. 0.2 exp.
 US: Retail sales control grp (m/m%), Sep: 0.1 vs. 0.3 exp.
 US: Philly Fed business outlook, Oct: 20.9 vs. 28 exp.
 US: Initial jobless claims (k), 10 Oct: 199 vs. 200 exp.
 US: PPI x food, energy (m/m%), Sep: 0.7 vs. 0.3 exp.
 US: PPI x food, energy (y/y%), Sep: 5.0 vs. 4.4 exp.

Good morning

After a weak Asian session for risk-sensitive assets yesterday - with South Korea's high-beta KOSPI triggering circuit breakers after falling 8% - the S&P 500 has recovered overnight and is close to flat in afternoon trading. Concerns about the durability of the AI investment cycle persist, however, prompting a rotation out of technology, the worst-performing sector. By contrast, the equal-weighted S&P 500 gained around 1%. Treasury yields have held at lower levels despite firm producer prices. The US dollar was broadly stable, while Brent crude rebounded to US\$106 per barrel.

US producer prices rose in September at the fastest pace in more than four years, driven by higher energy costs. Underlying inflation was also firm, with core PPI increasing 0.7% - well above consensus - and the annual rate rising to 5.0%. Following the stronger-than-expected core CPI reading, the PPI data are likely to lift estimates for the Fed's preferred core PCE measure. Pantheon Economics now estimates a 0.36% monthly increase. Headline retail sales also beat expectations, boosted by gasoline sales, although underlying measures were softer. The control-group measure, which feeds into GDP, rose just 0.1%.

US Treasuries rallied sharply during Asian trading yesterday as risk aversion intensified, with the 10-year yield falling towards 5.10%. It briefly reached 5.05% overnight before retracing to around 5.10%, still its lowest level since last month, with position unwinding by systematic investors

likely amplifying the move. Front-end yields briefly spiked after the PPI data but quickly reversed, while long-end outperformance flattened the 2s10s curve to +33bp. Market pricing for an October FOMC hike has eased to around 7bp, from as much as 14bp previously. The rally extended to European and Japanese sovereign bond markets.

Australia's labour market softened in September, with employment falling 39k and the unemployment rate rising to 4.7%, above both consensus expectations and the RBA's August forecast of 4.5% for Q4. Participation retraced last month's increase, while trend employment growth eased to a subdued 16k. The data reinforced expectations of a gradual cooling in labour demand, triggering a rally in Australian rates and a weaker AUD. Markets largely unwound the prospect of a November rate hike, having previously assigned around a 40% probability.

The US dollar was little changed against the major currencies overnight, although the AUD underperformed. NZD/USD is marginally softer relative to the local close and broadly stable on the main crosses. The exception is NZD/AUD, which extended towards 0.8120 in offshore trading - a sharp rebound from the 13-year low near 0.8000 reached in the previous session.

NZ swap rates declined in the local session yesterday following the Australian data and lower Treasury yields in Asia, with moves more pronounced further out the curve. Two-year swap rates closed 2bp lower at 3.98%, while 10-year rates fell 5bp to 4.64%. The government curve largely matched the move in swaps. The weekly bond tender, which involved a step-up in duration supply, was well received, with all three lines clearing through prevailing market levels. Separately, the Inter-American Development Bank launched a 7-year Sustainable Development Kauri.

After a quiet few days for domestic data, the September manufacturing PMI and inflation partials are due today. Although the PMI has eased from its mid-year spike, August's reading of 53.1 remained above the long-term series average of around 52. We will look to the monthly inflation data for support for our 3.8% forecast for Q3 CPI, due next week. Fed Chair Warsh is scheduled to speak alongside IMF Managing Director Georgieva.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	BusinessNZ Manufacturing PMI	Sep		53.1	10:30
NZ	Food Prices (m/m%)	Sep		0.3	10:45
NZ	Card Spending Total (m/m%)	Sep		-0.5	10:45
US	Fed's Warsh in Fireside Chat with IMF's Georgieva				16:30
US	Industrial Production (m/m%)	Sep	0.4	0	02:15

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	0.5610	+0.3	0.5591	0.5622	CHF	0.8282	-0.8	S&P 500	7,723	+0.0	15.8	Oil (Brent)	106.04	-0.0
AUD	0.6913	-0.8	0.6894	0.6951	SEK	9.960	-0.6	Dow	52,089	+0.9	12.6	Oil (WTI)	98.01	+3.0
EUR	1.1209	+0.5	1.1189	1.1230	NOK	9.478	-0.4	Nasdaq	26,626	-0.2	17.4	Gold	4084.8	-1.6
GBP	1.3265	+0.5	1.3231	1.3276	HKD	7.847	-0.0	Stoxx 50	6,168	-0.4	10.0	HRC steel	1285.0	+0.7
JPY	158.15	-0.1	157.55	158.25	CNY	6.693	-0.1	FTSE	10,840	+1.1	15.0	CRB	416.0	-0.5
CAD	1.4195	-0.3			SGD	1.283	-0.2	DAX	25,383	+0.3	5.0	SGX Iron Ore	90.05	+0.2
NZD/AUD	0.8115	+1.1			IDR	17,938	+0.2	CAC 40	7,935	+0.8	-1.8	NZ Milk '27	10.24	-0.1
NZD/EUR	0.5005	-0.2			THB	33.53	-0.4	Nikkei	64,426	-4.9	33.4	NZ Milk '28	10.15	-0.1
NZD/GBP	0.4229	-0.2			KRW	1,342	+0.2	Shanghai	3,707	-1.6	-5.2	NZ Milk '29	9.99	-0.1
NZD/JPY	88.72	+0.2			TWD	32.41	+0.7	ASX 200	8,720	-0.1	-3.8	WM powder	3790	-0.9
NZD/CAD	0.7963	+0.0			PHP	63.05	+0.3	NZX 50	13,833	+0.5	3.3	Australian Futures		
NZ TWI	63.98	+0.4						VIX Index	16.86	-0.1	-18.3	3 year bond	95.19	0.11
												10 year bond	94.76	0.10
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	4.62	4.71	USD	5.09	-0.10	15-May-28	3.81	-0.02	BKBM 1-mth	3.02	0.00	
AUD	4.60	4.79	4.83	5.34	AUD	5.22	-0.10	20-Apr-29	4.07	-0.03	BKBM 3-mth	3.23	0.00	
NZD	2.75	3.23	3.98	4.64	NZD	4.94	-0.05	15-May-30	4.25	-0.03	1 year	3.70	-0.01	
EUR	2.50	2.63	3.38	3.50	GER	3.41	-0.05	15-May-31	4.40	-0.03	2 year	3.98	-0.02	
GBP	3.75	3.87	4.67	4.90	GBP	5.37	-0.05	15-May-32	4.54	-0.04	3 year	4.12	-0.03	
JPY	1.25	1.30	1.89	2.79	JPY	2.90	-0.10	14-Apr-33	4.65	-0.04	5 year	4.31	-0.03	
CAD	2.25	2.41	3.13	3.63	CAD	3.83	-0.04	15-May-34	4.75	-0.05	7 year	4.46	-0.04	
								15-May-35	4.85	-0.05	10 year	4.64	-0.05	
								15-May-36	4.94	-0.05	15 year	4.86	-0.05	
								15-May-37	5.04	-0.05				
								15-May-38	5.09	-0.05				
								15-May-41	5.29	-0.05				
								15-May-51	5.49	-0.05				
								15-May-54	5.49	-0.05				
Carbon Price				Policy Meeting Run				NZ Inflation-Indexed Bonds						
	Level	% Day	% Year		NZD	AUD	USD							
NZU	51.35	-0.3	-8.3	1st	2.93	4.65	3.96	Sept-30	1.92	-0.02				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer				2nd	3.11	4.71	4.17	Sept-35	2.69	-0.02				
Rates are as of: NZT 06:18				3rd	3.27	4.77	4.27	Sept-40	3.13	-0.03				
Source: Bloomberg				4th	3.42	4.80	4.43							
				5th	3.56	4.84	4.51							

NZD exchange rates

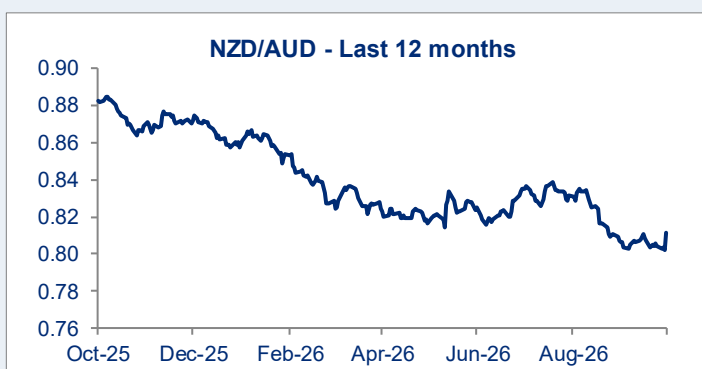
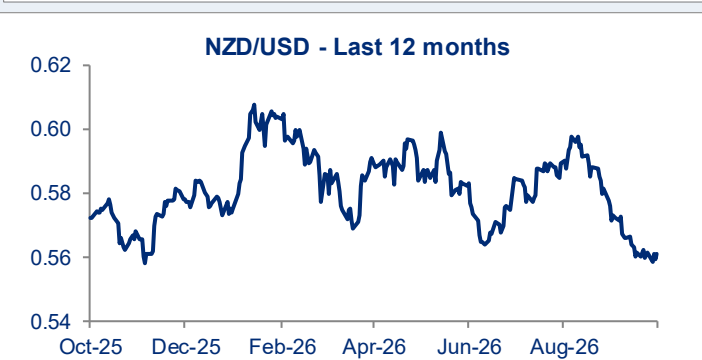
16/10/2026	6:19 am	Prev. NY close
USD	0.5610	0.5593
GBP	0.4229	0.4239
AUD	0.8115	0.8022
EUR	0.5005	0.5013
JPY	88.72	88.55
CAD	0.7963	0.7963
CHF	0.4646	0.4670
DKK	3.7415	3.7474
FJD	1.2649	1.2586
HKD	4.4023	4.3896
INR	53.33	53.22
NOK	5.3169	5.3229
PKR	155.40	154.97
PHP	35.38	35.16
PGK	2.5316	2.5194
SEK	5.5873	5.6065
SGD	0.7195	0.7189
CNY	3.7537	3.7464
THB	18.79	18.78
TOP	1.3256	1.3368
VUV	67.06	66.85
WST	1.5519	1.5415
XPF	59.62	59.78
ZAR	9.2686	9.2844

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.33	5.57
3 Months	15.64	16.14
6 Months	29.96	31.24
9 Months	42.72	45.64
1 Year	54.26	58.39

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.56	12.06
3 Months	32.23	33.40
6 Months	59.67	62.69
9 Months	81.38	87.28
1 Year	99.95	108.27



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