Markets Today

16 September 2026

Events round-up

NZ: Card spending total (m/m%), Aug: -0.5 vs. 0.9 prev.

CH: Retail sales (y/y%), Aug: 0.4 vs. 0.8 exp.

CH: Industrial production (y/y%), Aug: 5.2 vs. 4.8 exp.

CH: Fixed assets invest. (ytd y/y%), Aug: -7.2 vs. -7.1 exp.

UK: Pvt earnings x bonus (3m/y/y%), Jul: 2.9 vs. 2.8 exp.

UK: Unemployment rate (3mths %), Jul: 4.9 vs. 4.9 exp.

US: Empire manufacturing, Sep: 7.6 vs. 15.0 exp.

Good morning

In the absence of any major news, risk sentiment has remained weak as global rates grind higher, imparting a negative bias to global equity markets. NZD/USD continues to languish near two-month lows, while the NZ TWI has hit its lowest level since the March 2020 COVID nadir.

Oil prices have had another choppy trading session, but there has been no further move higher from the near-USD110 per barrel high for Brent crude seen earlier in the week. The price currently sits near USD109.

Global rates have continued to grind higher, with some markets reaching fresh multi-year or multi-decade highs. This reflects concerns that higher oil prices will feed into broad-based inflation pressure, while central banks appear to have little tolerance to accommodate any further inflation from current levels. Furthermore, for many countries, higher rates will add to governments' interest bills, driving further deterioration in deficits and debt ratios.

Overnight, the US 10-year Treasury yield reached 5.04%, breaking above the October 2023 high and recording its highest level since 2007. It currently sits at 5%, little changed from the NZ close. The long end has led the day's move, with the 30-year rate up a few basis points to 5.38%. European curves are also steeper. The UK 30-year rate traded as high as 5.95%, approaching the 6% mark and its highest level since 1998.

Japan's 10-year rate traded at 3.04%, a level not seen since 1996, after Bloomberg reported that Japan is considering a new medium-term defence spending target of 3.5% of GDP, in line with NATO and other US allies, up from the current 1.9% of GDP. Much higher spending would put pressure on Japan's fiscal metrics and likely require more borrowing.

That report spilled over into the currency market, driving down the yen and making it the weakest major currency for the day. Overnight FX moves have been small, but the yen extended its move lower slightly. USD/JPY is back above 155, while NZD/JPY is a touch higher at 89.4.

The NZD remains weak, trading around 0.5760. The TWI briefly dipped below 65 overnight, breaking below the June low to reach its lowest level since the remarkable day of 19 March 2020. Many investors remember that day, when currency markets, along with other markets, became unhinged at the height of the COVID panic. The TWI sits nearly 3% below the RBNZ's projection through the forecast period, which will add about three-tenths to inflation, in addition to the upside pressure from higher oil prices. BNZ Economics' updated inflation forecast at the beginning of the week showed CPI inflation picking up to 4.2% for the December quarter.

Apart from its move against the yen, NZD crosses are all modestly weaker from this time yesterday, with NZD/AUD at 0.8075 and NZD/EUR back below 0.50.

Higher global rates have weighed on global equity markets, although the falls have been modest. The S&P 500 is trading ½% lower in afternoon trading, while the Euro Stoxx 600 index closed down 0.3%.

In economic news, the first of the Fed's regional manufacturing surveys for September showed weaker general business conditions in New York state, with the Empire survey index falling to 7.6 from 20.6. However, the fall came off a high base, so the three-month average still rose to a four-year high, as did the prices paid index, driven up by higher oil prices.

UK labour market data showed little change in annual wage inflation or the unemployment rate, leaving the market pricing the chance of a BoE rate hike later this week at less than one in four. Chinese economic activity data for August were consistent with recent trends. The slump in property investment, down nearly 20% y/y, is the largest on record and remains a key drag on overall investment. Retail sales growth remained tepid at just 0.4% y/y. Industrial production growth of 5.2% y/y continued to be supported by tech-related goods manufacturing.

Yesterday, global forces were largely responsible for driving domestic rates higher, with some cross-market outperformance relative to Australia. The 2-year swap rate rose 2bps to 4.05%, while 5- and 10-year rates were marked up 4bps. NZGB yields rose 3-4bps across most of the curve, while ultra-long bonds rose 1-2bps. The 4bps lift in the 10-year NZGB took it to 5.05%, its highest level since late 2023.

On the economic calendar, NZ consumer confidence and current account data are released this morning. UK CPI for August and US retail sales are the key global releases tonight, but all eyes will be on the Fed meeting at 6am tomorrow morning NZ time. A 25bps hike is nearly fully priced, which would take the Fed Funds target range to 3.75-4%. This is widely expected to be the start of a tightening cycle, but don't expect Fed Chair Warsh to be specific on this. It will be difficult for the tone of the statement and Warsh's comments to come across more hawkish than market pricing, which already embodies almost four hikes for the cycle.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
NZ	Westpac consumer confidence	Q3		80.4	09:00
NZ	Current a/c bal. (ann % GDP)	Q2	-3.8	-3.6	10:45
UK	CPI (y/y%)	Aug	3.1	2.9	18:00
UK	CPI Core (y/y%)	Aug	2.6	2.6	18:00
UK	CPI services (y/y%)	Aug	3.5	3.4	18:00
EC	Industrial production (m/m%)	Jul	-0.2	0.0	21:00
US	Retail sales (m/m%)	Aug	0.8	-0.6	00:30
US	Retail sales ex auto, gas (m/m%)	Aug	0.4	-0.2	00:30
US	Retail sales control grp (m/m%)	Aug	0.5	-0.4	00:30
US	NAHB housing market index	Sep	34	35	02:00
US	Fed Funds rate (upper bd%)	Sep	4.0	3.75	06:00

Source: Bloomberg

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5758	-0.3	0.5751	0.5770
AUD	0.7131	-0.1	0.7117	0.7135
EUR	1.1541	-0.1	1.1532	1.1552
GBP	1.3478	-0.2	1.3466	1.3496
JPY	155.13	+0.5	154.70	155.24
CAD	1.3917	+0.1		
NZD/AUD	0.8075	-0.2		
NZD/EUR	0.4989	-0.3		
NZD/GBP	0.4272	-0.2		
NZD/JPY	89.32	+0.2		
NZD/CAD	0.8013	-0.2		
NZ TWI	65.05	-0.2		

Other FX

	Last	% Day
CHF	0.8187	+0.2
SEK	9.780	+0.2
NOK	9.343	+0.1
HKD	7.845	+0.0
CNY	6.712	+0.0
SGD	1.273	+0.2
IDR	17,694	+0.1
THB	33.29	+0.2
KRW	1,362	+1.1
TWD	31.87	+0.3
PHP	62.83	-0.0

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,585	-0.5	14.7
Dow	51,968	-0.9	13.3
Nasdaq	25,977	-0.8	16.2
Stoxx 50	6,237	-0.4	14.6
FTSE	10,658	-0.4	14.9
DAX	25,402	-0.2	7.0
CAC 40	8,090	-0.3	2.4
Nikkei	63,484	-0.0	41.4
Shanghai	3,864	-0.5	0.1
ASX 200	8,672	-0.9	-2.3
NZX 50	13,484	-0.6	1.9
VIX Index	17.48	+2.2	+11.4

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	108.91	+3.0
Oil (WTI)	106.05	+4.6
Gold	4309.1	-0.2
HRC steel	1232.0	-0.2
CRB	423.9	+0.2
SGX Iron Ore	95.25	-0.2
NZ Milk '26	9.75	+0.0
NZ Milk '27	10.00	+1.0
NZ Milk '28	9.90	+0.9
WM powder	3670	+0.1

Australian Futures

	Last	Net Day
3 year bond	94.92	-0.09
10 year bond	94.57	-0.04

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.54	4.61
AUD	4.35	4.67	5.03	5.49
NZD	2.75	3.14	4.05	4.76
EUR	2.25	2.66	3.49	3.57
GBP	3.75	3.87	4.69	4.93
JPY	0.98	-0.03	1.88	2.89
CAD	2.25	4.97	3.29	3.72

Benchmark 10 Yr Bonds

	Last	Net Day
USD	5.00	0.01
AUD	5.42	0.08
NZD	5.05	0.04
GER	3.54	0.02
GBP	5.39	0.02
JPY	3.04	0.03
CAD	3.95	-0.01

NZ Government Bonds

	Last	Chg
15-May-28	3.94	0.03
20-Apr-29	4.19	0.04
15-May-30	4.38	0.04
15-May-31	4.54	0.04
15-May-32	4.68	0.04
14-Apr-33	4.78	0.04
15-May-34	4.88	0.04
15-May-35	4.96	0.04
15-May-36	5.05	0.04
15-May-37	5.14	0.04
15-May-38	5.19	0.03
15-May-41	5.40	0.02
15-May-51	5.61	0.01
15-May-54	5.62	0.01

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.95	0.00
BKBM 3-mth	3.14	0.01
1 year	3.68	0.02
2 year	4.05	0.02
3 year	4.22	0.03
5 year	4.44	0.04
7 year	4.59	0.04
10 year	4.76	0.04
15 year	4.98	0.04

Carbon Price

	Level	% Day	% Year
NZU	51.75	+2.4	-10.8

Policy Meeting Run

	NZD	AUD	USD
1st	2.93	4.56	3.87
2nd	3.14	4.69	3.99
3rd	3.33	4.74	4.16
4th	3.49	4.86	4.25
5th	3.64	4.96	4.39

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.84	0.00
Sept-35	2.62	0.00
Sept-40	3.07	0.00

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

Rates are as of: NZT 06:46

Source: Bloomberg

NZD exchange rates

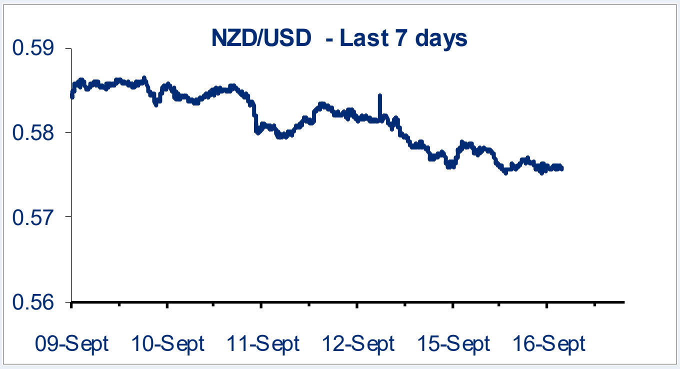
16/09/2026	6:46 am	Prev. NY close
USD	0.5758	0.5778
GBP	0.4272	0.4280
AUD	0.8075	0.8092
EUR	0.4989	0.5003
JPY	89.32	89.18
CAD	0.8013	0.8033
CHF	0.4716	0.4723
DKK	3.7305	3.7403
FJD	1.2737	1.2823
HKD	4.5163	4.5320
INR	55.24	55.21
NOK	5.3799	5.3914
PKR	159.76	160.35
PHP	36.18	36.32
PGK	2.5701	2.5772
SEK	5.6329	5.6400
SGD	0.7329	0.7340
CNY	3.8639	3.8765
THB	19.18	19.22
TOP	1.3546	1.3567
VUV	68.08	68.32
WST	1.5700	1.5725
XPF	59.48	59.40
ZAR	9.3641	9.3924

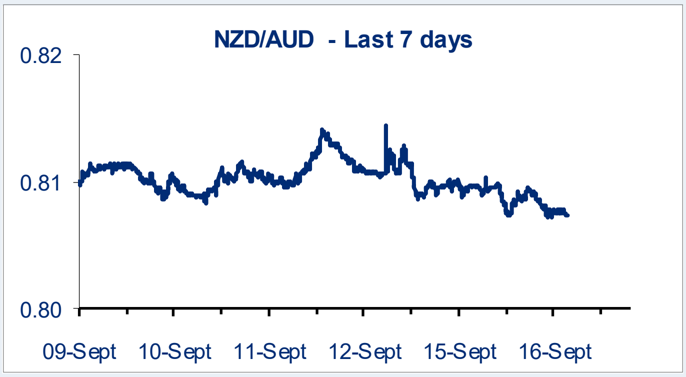
NZD/USD Forward Points

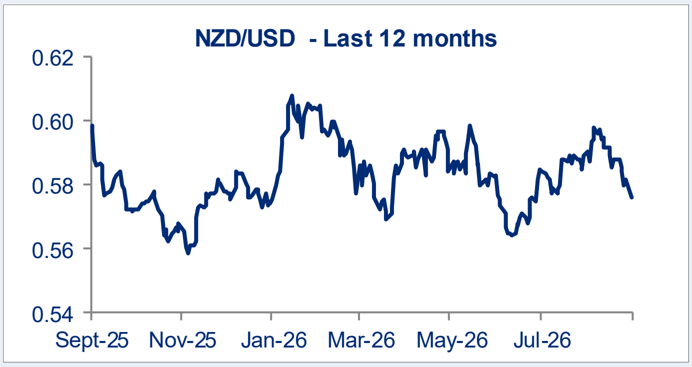
	BNZ buys NZD	BNZ sells NZD
1 Month	5.34	5.59
3 Months	14.89	15.51
6 Months	28.41	29.70
9 Months	39.68	42.63
1 Year	49.65	53.90

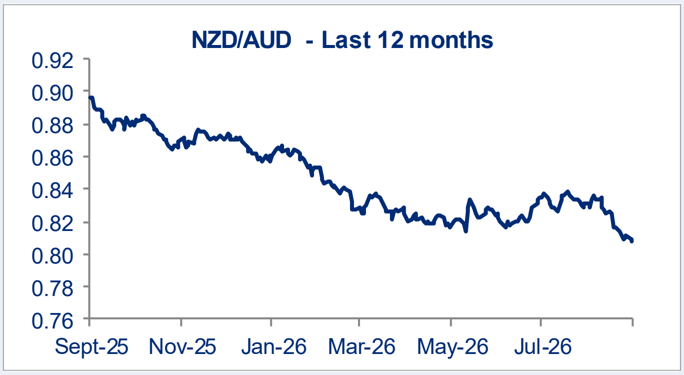
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.01	11.51
3 Months	31.94	33.26
6 Months	60.62	63.45
9 Months	86.67	92.57
1 Year	110.02	118.32









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