

Research 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.

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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							Equities				Commodities			
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)			
	Last	% Day	Low	High		Last	% Day		% Year		Last	Net Day		
NZD	0.5758	-0.3	0.5751	0.5770	CHF	0.8187	+0.2	S&P 500	7,585	-0.5	14.7	Oil (Brent)	108.91	+3.0
AUD	0.7131	-0.1	0.7117	0.7135	SEK	9.780	+0.2	Dow	51,968	-0.9	13.3	Oil (WTI)	106.05	+4.6
EUR	1.1541	-0.1	1.1532	1.1552	NOK	9.343	+0.1	Nasdaq	25,977	-0.8	16.2	Gold	4309.1	-0.2
GBP	1.3478	-0.2	1.3466	1.3496	HKD	7.845	+0.0	Stoxx 50	6,237	-0.4	14.6	HRC steel	1232.0	-0.2
JPY	155.13	+0.5	154.70	155.24	CNY	6.712	+0.0	FTSE	10,658	-0.4	14.9	CRB	423.9	+0.2
CAD	1.3917	+0.1			SGD	1.273	+0.2	DAX	25,402	-0.2	7.0	SGX Iron Ore	95.25	-0.2
NZD/AUD	0.8075	-0.2			IDR	17,694	+0.1	CAC 40	8,090	-0.3	2.4	NZ Milk '26	9.75	+0.0
NZD/EUR	0.4989	-0.3			THB	33.29	+0.2	Nikkei	63,484	-0.0	41.4	NZ Milk '27	10.00	+1.0
NZD/GBP	0.4272	-0.2			KRW	1,362	+1.1	Shanghai	3,864	-0.5	0.1	NZ Milk '28	9.90	+0.9
NZD/JPY	89.32	+0.2			TWD	31.87	+0.3	ASX 200	8,672	-0.9	-2.3	WM powder	3670	+0.1
NZD/CAD	0.8013	-0.2			PHP	62.83	-0.0	NZX 50	13,484	-0.6	1.9	Australian Futures		
NZ TWI	65.05	-0.2						VIX Index	17.48	+2.2	+11.4	3 year bond	94.92	-0.09
												10 year bond	94.57	-0.04
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	3.75	4.85	4.54	4.61	USD	5.00	0.01	15-May-28	3.94	0.03	BKBM 1-mth	2.95	0.00	
AUD	4.35	4.67	5.03	5.49	AUD	5.42	0.08	20-Apr-29	4.19	0.04	BKBM 3-mth	3.14	0.01	
NZD	2.75	3.14	4.05	4.76	NZD	5.05	0.04	15-May-30	4.38	0.04	1 year	3.68	0.02	
EUR	2.25	2.66	3.49	3.57	GER	3.54	0.02	15-May-31	4.54	0.04	2 year	4.05	0.02	
GBP	3.75	3.87	4.69	4.93	GBP	5.39	0.02	15-May-32	4.68	0.04	3 year	4.22	0.03	
JPY	0.98	-0.03	1.88	2.89	JPY	3.04	0.03	14-Apr-33	4.78	0.04	5 year	4.44	0.04	
CAD	2.25	4.97	3.29	3.72	CAD	3.95	-0.01	15-May-34	4.88	0.04	7 year	4.59	0.04	
								15-May-35	4.96	0.04	10 year	4.76	0.04	
Carbon Price					Policy Meeting Run			15-May-36	5.05	0.04	15 year	4.98	0.04	
	Level	% Day	% Year		NZD	AUD	USD	15-May-37	5.14	0.04	NZ Inflation-Indexed Bonds			
NZU	51.75	+2.4	-10.8		1st	2.93	4.56	3.87	15-May-38	5.19	0.03	Sept-30	1.84	0.00
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	3.14	4.69	3.99	15-May-41	5.40	0.02	Sept-35	2.62	0.00
Rates are as of: NZT 06:46					3rd	3.33	4.74	4.16	15-May-51	5.61	0.01	Sept-40	3.07	0.00
Source: Bloomberg					4th	3.49	4.86	4.25	15-May-54	5.62	0.01			
					5th	3.64	4.96	4.39						

NZD exchange rates

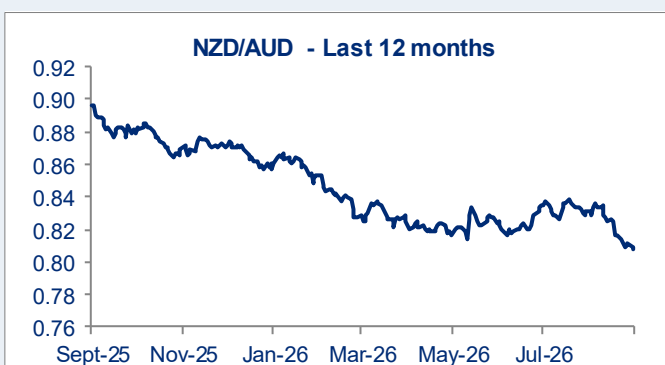
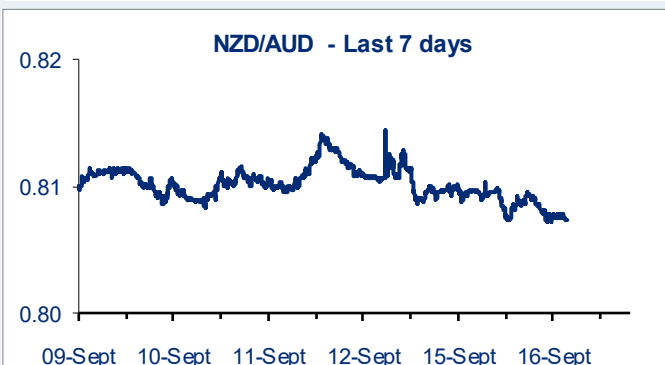
16/09/2026	6:46 am	Prev. NY close
USD	0.5758	0.5778
GBP	0.4272	0.4280
AUD	0.8075	0.8092
EUR	0.4989	0.5003
JPY	89.32	89.18
CAD	0.8013	0.8033
CHF	0.4716	0.4723
DKK	3.7305	3.7403
FJD	1.2737	1.2823
HKD	4.5163	4.5320
INR	55.24	55.21
NOK	5.3799	5.3914
PKR	159.76	160.35
PHP	36.18	36.32
PGK	2.5701	2.5772
SEK	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



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