

Research Markets Today

21 October 2026

Events round-up

UK: Pvt earnings x bonus (3m/y/y%), Aug: 3.0 vs. 3.0 exp.

UK: Unemployment rate (%), Aug: 4.7 vs. 4.9 exp.

US: Housing starts (m/m%), Sep: -5.2 vs. 1.9 exp.

US: Building permits (m/m%), Sep: -0.2 vs. -1.3 exp.

US: Pending home sales (m/m%), Sep: -12.6 vs. -3.9 exp.

Good morning

Net market movements have been modest overnight, although a swing in oil prices triggered some intraday volatility. US equities have posted a modest gain, while the US 10-year Treasury yield is little changed from the NZ close. The NZD has made a further incremental gain and is trading at 0.5685.

Oil prices have traded in a wide range overnight. Brent crude rose steadily to a fresh five-month high just shy of USD112 per barrel before plunging to USD106 following an unsubstantiated Arabic media report that Qatar and Pakistan had presented a “compromise proposal” meeting the demands of both the US and Iran. Bloomberg subsequently reported that a diplomat involved in the negotiations had described the report as inaccurate, and the price has since recovered to USD109. The price action highlights the market’s sensitivity to fresh news on the US/Iran conflict.

The swing in oil prices triggered some intraday moves in US equities and Treasuries, but net movements have been modest. The S&P500 is up 0.4% in afternoon trading, while the Nasdaq index is up 0.2%. SpaceX and Netflix report after the close.

The US 10-year Treasury yield fell to an overnight low of 5.07%, influenced by weak housing market data (see below) and the plunge in oil prices, but the move subsequently reversed. It currently sits at 5.12%, little changed from the NZ close. European 10-year yields fell modestly, but France’s bond market continued to underperform, with its 10-year yield barely lower and the spread to Germany widening further to 153bps.

US housing market data remained very weak, with pending home sales plunging 12.6% in September to their lowest level since records began in 2001. Housing starts fell 5.2% in September, while building permits declined 0.2%.

Mortgage rates have risen steadily this year, with the increase accelerating recently, adding to the housing market’s existing headwinds.

UK labour market data showed an unexpected fall in the unemployment rate to 4.7% for the three months to August, although the statistics provider continues to caution about data collection quality issues. The number of payrolled employees rose by 13k in September, subject to revision, while August’s figure was revised up by 27k, from -26k to +1k. Annual private sector wage growth excluding bonuses, the key measure monitored by the BoE, edged up from a near six-year low to 3.0% for the three months to August, as expected.

Short-term UK rates rose slightly, and GBP gained support following the data. The market is almost fully pricing in a BoE rate hike in early November, which would be the first of this cycle and would take the policy rate to 4.0%. A series of further hikes is priced in through next year.

GBP has been the strongest of the major currencies overnight, albeit with only a modest 0.4% gain since the NZ close. Commodity currencies have all edged higher. The NZD rallied to just shy of 0.57, peaking as oil prices reached their low, before retracing. It is currently trading around 0.5685. The AUD traded above 0.70 overnight and is currently near that figure. NZD crosses have shown only small movements.

In the domestic rates market, NZGB yields closed 3-4bps higher across the curve, paring their earlier increases as Australian rates fluctuated. In the swaps market, the 2-year rate closed just 1bp higher at 4.10%, paring an earlier rise as receiving interest returned to the market. The 10-year rate rose 4bps to 4.74%.

Dairy prices rose at the overnight GDT auction, with the price index gaining 2.5%, its sixth rise in the past seven auctions. The 2027 milk price future has risen steadily over recent months, reflecting stronger milk prices and the weaker NZD, and closed at \$10.31 yesterday.

On the economic calendar, UK CPI data for September are due for release, with annual inflation expected to rise across the headline, core and services measures. Several central bank speakers are also scheduled, including the RBA’s Hauser and the heads of the BoE and ECB.

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Coming up

	Period	Cons.	Prev.	NZT
AU RBA's Hauser speaks				11:30
UK CPI (y/y%)	Sep	3.4	3.1	19:00
UK CPI core (y/y%)	Sep	2.8	2.6	19:00
UK CPI services (y/y%)	Sep	3.6	3.4	19:00
UK BOE's Bailey speaks in fireside chat				02:00
EC ECB's Lagarde speaks				05:00

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	0.5686	+0.4	0.5677	0.5699	CHF	0.8251	-0.2	S&P 500	7,722	+0.4	14.7	Oil (Brent)	108.71	-0.8		
AUD	0.7004	+0.3	0.6982	0.7017	SEK	9.900	-0.2	Dow	52,515	+1.1	12.4	Oil (WTI)	103.13	-0.5		
EUR	1.1236	+0.2	1.1205	1.1261	NOK	9.402	-0.3	Nasdaq	26,488	+0.2	15.2	Gold	4122.4	-0.4		
GBP	1.3381	+0.6	1.3330	1.3409	HKD	7.849	+0.0	Stoxx 50	6,122	-0.4	7.8	HRC steel	1285.0	-0.2		
JPY	158.14	-0.2	157.83	158.26	CNY	6.677	-0.1	FTSE	10,733	-0.3	14.1	CRB	418.6	-0.3		
CAD	1.4060	-0.4			SGD	1.278	-0.1	DAX	25,304	-0.1	4.3	SGX Iron Ore	91.40	+0.3		
NZD/AUD	0.8118	+0.1			IDR	17,992	-0.3	CAC 40	7,838	-0.4	-4.5	NZ Milk '27	10.31	+0.4		
NZD/EUR	0.5061	+0.2			THB	33.59	+0.0	Nikkei	64,075	-1.3	29.9	NZ Milk '28	10.22	+0.6		
NZD/GBP	0.4249	-0.1			KRW	1,326	-0.5	Shanghai	3,735	+0.1	-3.3	NZ Milk '29	9.92	-0.7		
NZD/JPY	89.92	+0.2			TWD	32.64	+0.4	ASX 200	8,817	-0.3	-3.1	WM powder	3870	+0.8		
NZD/CAD	0.7995	+0.1			PHP	63.08	+0.0	NZX 50	13,632	-0.1	1.9	Australian Futures				
NZ TWI	64.59	+0.1						VIX Index	17.47	-5.3	-4.2	3 year bond	95.15	-0.01		
														10 year bond	94.75	0.05
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	4.65	4.73	USD	5.12	-0.02	15-May-28	3.94	0.03	BKBM 1-mth	3.07	0.00			
AUD	4.60	4.79	4.86	5.37	AUD	5.25	0.02	20-Apr-29	4.21	0.03	BKBM 3-mth	3.31	0.01			
NZD	2.75	3.31	4.10	4.74	NZD	5.06	0.04	15-May-30	4.38	0.03	1 year	3.79	0.00			
EUR	2.50	2.64	3.43	3.51	GER	3.40	-0.06	15-May-31	4.52	0.04	2 year	4.10	0.01			
GBP	3.75	3.87	4.77	4.96	GBP	5.41	-0.02	15-May-32	4.66	0.04	3 year	4.24	0.02			
JPY	1.25	1.31	1.89	2.79	JPY	2.90	-0.01	14-Apr-33	4.77	0.04	5 year	4.42	0.03			
CAD	2.25	2.53	3.25	3.68	CAD	3.90	-0.07	15-May-34	4.87	0.04	7 year	4.57	0.04			
								15-May-35	4.97	0.04	10 year	4.74	0.04			
Carbon Price					Policy Meeting Run			15-May-36	5.06	0.04	15 year	4.96	0.04			
	Level	% Day	% Year		NZD	AUD	USD	15-May-37	5.15	0.04	NZ Inflation-Indexed Bonds					
NZU	50.20	+1.4	-9.2		1st	2.96	4.67	3.93	15-May-38	5.20	0.04	Sept-30	1.95	0.02		
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	3.14	4.75	4.15	15-May-41	5.40	0.04	Sept-35	2.72	0.03		
Rates are as of: NZT 06:53					3rd	3.32	4.81	4.26	15-May-51	5.60	0.04	Sept-40	3.17	0.03		
Source: Bloomberg					4th	3.49	4.83	4.44	15-May-54	5.60	0.04					
					5th	3.64	4.85	4.54								

NZD exchange rates

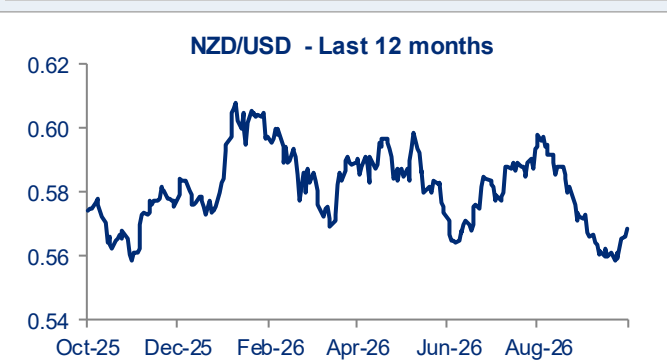
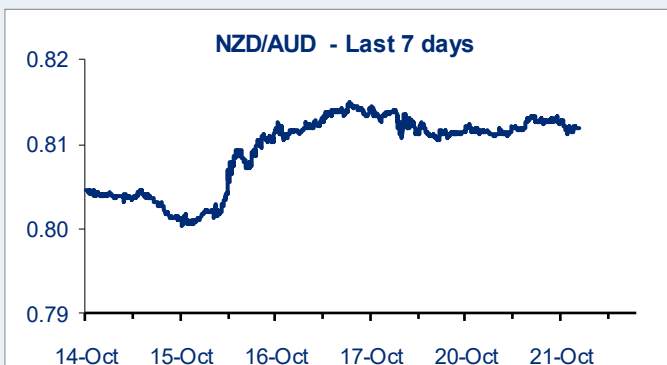
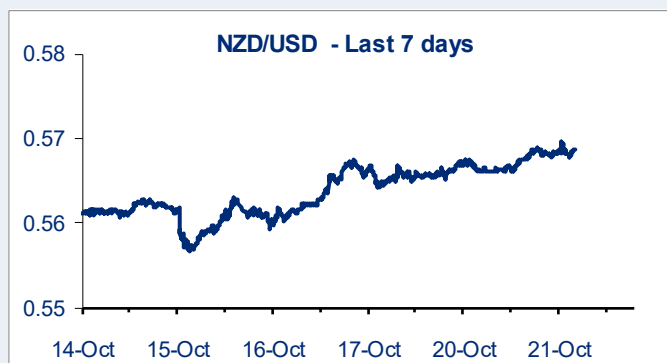
21/10/2026	6:54 am	Prev. NY close
USD	0.5686	0.5663
GBP	0.4249	0.4256
AUD	0.8118	0.8113
EUR	0.5061	0.5050
JPY	89.92	89.76
CAD	0.7995	0.7991
CHF	0.4692	0.4682
DKK	3.7793	3.7751
FJD	1.2787	1.2729
HKD	4.4580	4.4445
INR	53.92	53.77
NOK	5.3428	5.3391
PKR	157.26	156.87
PHP	35.83	35.72
PGK	2.5448	2.5406
SEK	5.6242	5.6171
SGD	0.7258	0.7246
CNY	3.7932	3.7836
THB	19.11	19.02
TOP	1.3422	1.3445
VUV	68.03	67.80
WST	1.5672	1.5621
XPF	60.27	60.26
ZAR	9.3109	9.3035

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.29	5.49
3 Months	15.00	15.50
6 Months	28.89	29.97
9 Months	41.41	43.40
1 Year	52.28	55.88

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.61	12.01
3 Months	31.66	32.77
6 Months	58.38	60.91
9 Months	79.55	84.13
1 Year	96.37	103.90



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