

Research Markets Today

22 October 2026

Events round-up

UK: CPI (y/y%), Sep: 3.5 vs. 3.4 exp.

UK: CPI core (y/y%), Sep: 2.8 vs. 2.8 exp.

UK: CPI services (y/y%), Sep: 3.7 vs. 3.6 exp.

Good morning

Higher risk appetite, supported by renewed interest in the AI trade, drove equity markets higher. US Treasuries show little net movement, while France's bond market remains in the spotlight as yields reach fresh highs. The NZD has outperformed overnight, returning to 0.57 after trading below that level for a month.

Strong results from SpaceX after the bell yesterday have supported the equity market. The company reported quarterly revenue of USD7.56b for its "Super Intelligence" division, a nine-fold increase from a year ago, allaying concerns about investment in AI. In afternoon trading, the S&P500 is up 0.6%, while the tech-heavy Nasdaq index is up 1.3%. Tesla and Meta report after the close. European equities were also stronger, with the Euro Stoxx 600 closing up 0.9%.

US Treasuries show little net movement, with the 10-year rate at 5.11%, down 1bp from the NZ close. European 10-year rates are higher, with peripheral markets underperforming. France's 10-year bond yield breached 5%, its highest level since 2002, with the French-German 10-year spread widening by another 7bps to 159bps. The market is focused on the parliamentary debate over the French budget, with deliberations set to drag on for several weeks and no guarantee of agreement.

Annual UK CPI inflation rose from 3.1% to 3.5% in September, its highest level in almost a year. The increase was not solely due to higher oil prices, with services inflation rising from 3.4% to 3.7%, while core inflation increased from 2.6% to 2.8%. Combined with yesterday's robust labour market figures, the data cement the case for the BoE to begin its tightening cycle at its early-November meeting. Close to four hikes are priced in over the next six meetings, through to the middle of next year.

Oil prices are relatively flat, with Brent crude trading close to USD109 per barrel. Ship tracker Kpler reported that Middle East oil flows averaged 24.6m barrels per day in the week to 18 October, surpassing the pre-war level of 23.3m.

While flows through the Strait of Hormuz are at 82% of pre-war levels, the increase in supply reflects the use of alternative routes through the region. Traders note that oil prices remain high because the increase in flows from the region might not be sustainable if intense fighting resumes, while low inventories leave little margin for error.

President Putin said Russia is ready to resume trilateral negotiations with the US and Ukraine on a potential peace deal, following talks between US and Russian envoys.

Higher risk appetite supported the NZD and AUD overnight. The AUD received a boost yesterday after the market interpreted RBA Deputy Governor Hauser's comments during a "fireside chat" at a Sydney conference as hawkish. Hauser noted that the inflation outlook looks worse than the RBA's August forecast, while the labour market is a little weaker than expected. The market increased its bets on another RBA hike this cycle, possibly as soon as the early-November meeting. Two economists also shifted their central forecasts to predict such a move.

The AUD is trading above 0.7030, its highest level this month, while the NZD has traded above 0.57 for the first time in a month. NZD/AUD fell below 0.8085 yesterday afternoon as RBA expectations shifted following Hauser's comments, before recovering to just above 0.81 overnight. Other major currencies have been relatively flat against the USD, leaving other NZD crosses modestly higher. France's predicament remains a drag on the euro, and NZD/EUR has risen to 0.5075, its highest level since early September.

The NZ rates market outperformed against a backdrop of weakness in the Australian rates market following Hauser's comments. NZGB yields were marked 1-3bps lower across the curve, with the 10-year rate at 5.03%. Swap rates fell 1-2bps.

In the day ahead, the domestic focus will be on the Q3 CPI release. The Bloomberg consensus sits at 0.8% q/q and 3.8% y/y. With annual inflation expected to rise significantly in Q4 (BNZ's forecast is 4.7%), any modest dip from the 4.1% annual rate recorded in Q2 should be treated with caution. Indeed, the average of the core inflation measures rose in Q2, and we expect another lift in Q3, with more measures rising above 3%. Only second-tier global releases are scheduled.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	CPI (q/q%)	Q3	0.8	1.5	10:45
NZ	CPI (y/y%)	Q3	3.8	4.1	10:45
NZ	CPI tradeables (q/q%)	Q3	0.2	2.7	10:45
NZ	CPI non tradeables (q/q%)	Q3	1.2	0.6	10:45
US	Initial Jobless Claims	17-Oct	200	199	01:30
EA	Consumer confidence	Oct P	-17.0	-16.5	03:00

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	0.5703	+0.3	0.5673	0.5704	CHF	0.8241	-0.1	S&P 500	7,763	+0.7	15.3	Oil (Brent)	108.72	-0.0
AUD	0.7034	+0.4	0.7013	0.7036	SEK	9.879	-0.2	Dow	52,782	+0.5	12.5	Oil (WTI)	97.03	-0.8
EUR	1.1238	+0.0	1.1214	1.1238	NOK	9.372	-0.3	Nasdaq	26,754	+1.2	16.6	Gold	4130.5	-0.4
GBP	1.3401	+0.2	1.3364	1.3403	HKD	7.847	-0.0	Stoxx 50	6,208	+1.4	9.2	HRC steel	1286.0	+0.1
JPY	158.18	+0.0	157.84	158.21	CNY	6.675	-0.0	FTSE	10,753	+0.2	14.1	CRB	416.9	-0.4
CAD	1.4049	-0.1			SGD	1.277	-0.0	DAX	25,645	+1.3	5.4	SGX Iron Ore	90.70	-0.4
NZD/AUD	0.8108	-0.1			IDR	18,022	+0.2	CAC 40	7,922	+1.1	-4.1	NZ Milk '27	10.31	+0.0
NZD/EUR	0.5075	+0.3			THB	33.58	+0.0	Nikkei	64,621	+0.9	31.1	NZ Milk '28	10.22	+0.0
NZD/GBP	0.4256	+0.2			KRW	1,327	+0.0	Shanghai	3,713	-0.6	-5.2	NZ Milk '29	9.92	+0.0
NZD/JPY	90.21	+0.3			TWD	32.43	-0.6	ASX 200	8,831	+0.2	-2.2	WM powder	3970	-0.1
NZD/CAD	0.8012	+0.3			PHP	63.35	+0.4	NZX 50	13,761	+1.0	3.4	Australian Futures		
NZ TWI	64.70	+0.2					VIX Index	16.66	-3.8	-6.8	3 year bond	95.09	-0.06	
											10 year bond	94.72	-0.03	
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	4.64	4.72	USD	5.11	-0.00	15-May-28	3.93	-0.02	BKBM 1-mth	3.08	0.01	
AUD	4.60	4.80	4.93	5.40	AUD	5.28	0.03	20-Apr-29	4.19	-0.01	BKBM 3-mth	3.32	0.00	
NZD	2.75	3.32	4.09	4.73	NZD	5.03	-0.03	15-May-30	4.36	-0.01	1 year	3.79	0.00	
EUR	2.50	2.65	3.45	3.53	GER	3.42	0.02	15-May-31	4.51	-0.02	2 year	4.09	-0.01	
GBP	3.75	3.87	4.73	4.91	GBP	5.38	-0.03	15-May-32	4.64	-0.02	3 year	4.23	-0.01	
JPY	1.25	1.32	1.90	2.78	JPY	2.88	-0.02	14-Apr-33	4.75	-0.02	5 year	4.41	-0.01	
CAD	2.25	2.53	3.22	3.65	CAD	3.87	-0.03	15-May-34	4.85	-0.03	7 year	4.55	-0.02	
								15-May-35	4.94	-0.03	10 year	4.73	-0.02	
								15-May-36	5.03	-0.02	15 year	4.95	-0.02	
								15-May-37	5.13	-0.02				
								15-May-38	5.18	-0.02				
								15-May-41	5.38	-0.02				
								15-May-51	5.58	-0.02				
								15-May-54	5.58	-0.02				
Carbon Price				Policy Meeting Run				NZ Inflation-Indexed Bonds						
	Level	% Day	% Year		NZD	AUD	USD							
NZU	50.30	+0.2	-9.4		1st	2.96	4.76	3.93	Sept-30	1.93	-0.02			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	3.13	4.82	4.14	Sept-35	2.71	-0.02			
					3rd	3.32	4.88	4.26	Sept-40	3.15	-0.02			
					4th	3.48	4.90	4.43						
Rates are as of: NZT 06:50					5th	3.63	4.93	4.53						
Source: Bloomberg														

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

Rates are as of: NZT 06:50

Source: Bloomberg

NZD exchange rates

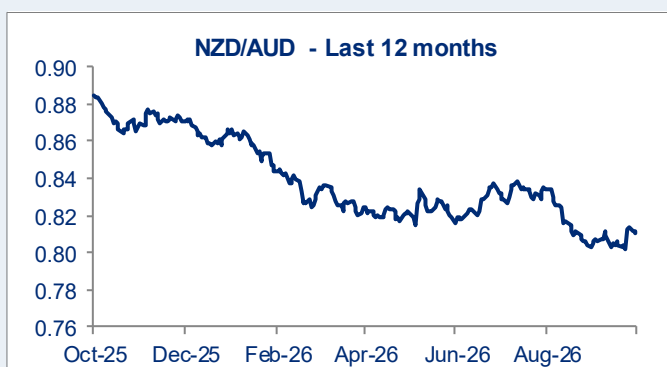
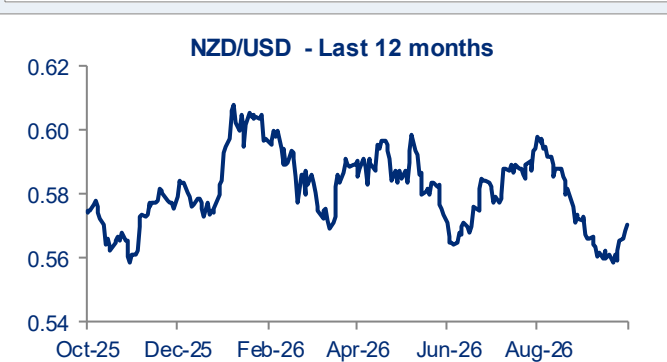
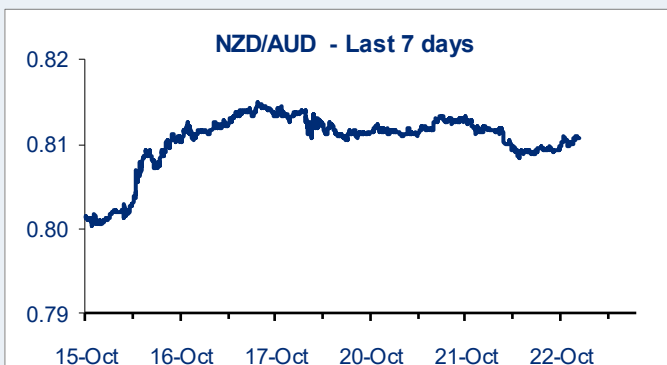
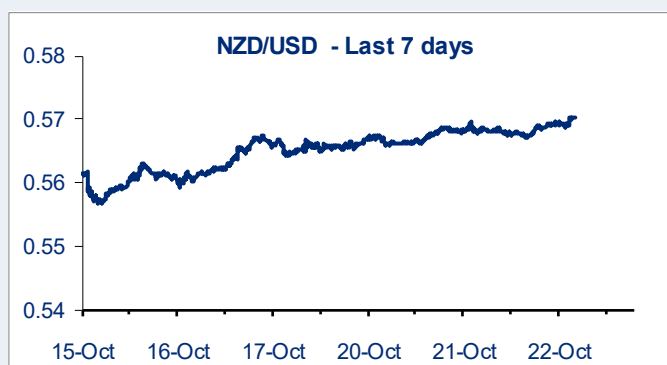
22/10/2026	6:51 am	Prev. NY close
USD	0.5703	0.5684
GBP	0.4256	0.4248
AUD	0.8108	0.8117
EUR	0.5075	0.5058
JPY	90.21	89.90
CAD	0.8012	0.7992
CHF	0.4700	0.4687
DKK	3.7935	3.7805
FJD	1.2778	1.2750
HKD	4.4751	4.4612
INR	53.87	53.96
NOK	5.3452	5.3448
PKR	157.89	157.45
PHP	36.13	35.85
PGK	2.5563	2.5455
SEK	5.6341	5.6260
SGD	0.7284	0.7261
CNY	3.8073	3.7959
THB	19.18	19.12
TOP	1.3428	1.3431
VUV	68.30	68.05
WST	1.5680	1.5684
XPF	60.50	60.31
ZAR	9.3318	9.3167

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.18	5.46
3 Months	15.40	16.00
6 Months	29.05	30.39
9 Months	41.34	44.88
1 Year	52.99	57.01

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.59	12.18
3 Months	33.55	34.80
6 Months	61.14	64.02
9 Months	83.52	90.20
1 Year	103.25	111.08



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