

Research Markets Today

23 October 2026

Events round-up

NZ: CPI (q/q%), Q3: 0.7 vs. 0.8 exp.

NZ: CPI (y/y%), Q3: 3.7 vs. 3.8 exp.

NZ: CPI tradables (q/q%), Q3: 0.2 vs. 0.2 exp.

NZ: CPI non tradables (q/q%), Q3: 1.0 vs. 1.2 exp.

US: Initial Jobless Claims, 17 Oct: 194 vs. 200 exp.

EA: Consumer confidence, Oct P: -17.9 vs. -17.0 exp.

Good morning

The weaker risk tone that emerged during yesterday's Asian session extended overnight, as renewed concerns about AI valuations weighed on technology stocks and higher energy prices added to the pressure. The Eurostoxx fell 2%, while China's CSI 300 declined 1.8%, taking its losses since June to 20% and marking its entry into a bear market. The S&P is down more than 1% in afternoon trading. Equity losses supported demand for Treasuries, outweighing concerns about inflation pressures from elevated energy costs. G10 currencies were mixed against the US dollar, with the yen outperforming.

Following a strong rally in technology stocks, investors are demanding clearer evidence of returns on AI investment and questioning whether the scale of spending can be sustained. The sector is leading the S&P's decline, with several major AI-related stocks under pressure. Meta Platforms' projection of billions of dollars in additional future spending commitments added to investor concerns.

Geopolitical uncertainty added to the risk-off tone and supported oil prices, with Brent crude trading above US\$112 per barrel. The US State Department ordered non-emergency personnel and their families to leave Saudi Arabia amid a growing threat from Houthi militants in neighbouring Yemen. The New York Times also reported that US and Israeli militaries had drawn up specific plans for renewed strikes against Iran after the US midterm elections.

US Treasury yields fell across the curve as weaker risk sentiment outweighed concerns about higher energy prices. The 10-year yield dipped below 5.0%, down around 10bp from the NZ close. The move was broadly parallel, although the long end lagged slightly. Markets pared expectations for Fed tightening, with the probability of a

hike next week falling below 10% and less than 25bp priced by December. Weekly jobless claims were steady, while the four-week average fell to its lowest since late 2022, suggesting firms continue to retain staff despite higher energy prices and borrowing costs. The data had little impact on market pricing.

Yields declined across most European sovereign markets, but French bonds came under further pressure amid broader risk aversion and the threat of renewed protests over the weekend. The French 10-year spread over Germany widened to a peak of 178bp, the highest level since the euro debt crisis, reflecting concerns about political gridlock and budget uncertainty.

The US dollar was little changed overall, with the yen outperforming on haven demand and the euro modestly weaker. The NZD was steady overnight but below yesterday's one-month high above 0.5700.

NZ headline inflation eased to 3.7% y/y in Q3, marginally below the 3.8% consensus and the RBNZ's 3.9% projection. However, most core measures strengthened, even as annual non-tradables inflation edged down to 3.3%. Price pressures also broadened, with the share of items recording increases rising to 60%, the highest since mid-2023. Together with emerging pressure from higher fuel prices and the lower NZD, this points to headline inflation reaccelerating in Q4.

There was little reaction to the CPI data at the front end of the NZ rates curve during yesterday's session. Market pricing continued to imply a nearly 90% chance of a 25bp hike at next week's RBNZ meeting and 39bp of cumulative tightening by year-end. The 2-year rate closed 2bp lower at 4.07%, with larger declines further out the curve. The 10-year rate fell 5bp to 4.67%, supported by the firmer tone offshore.

NZGBs broadly matched the move in swaps, while the weekly tender was well absorbed, with the current 5- and 10-year lines both clearing more than 1bp below pre-tender mid-market yields. Australian 10-year bond futures yields have fallen around 8bp since the NZ close, pointing to lower NZ rates at the open.

There is no domestic data of note today. Japan's September CPI report is expected to show core inflation returning to the BOJ's 2% target, supporting the case for

further rate hikes. Elsewhere, the focus will be on October's flash PMIs across the US, euro area and UK. US economic outperformance remains the dominant theme, although services activity in the euro area and UK has strengthened recently.

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Coming up

	Period	Cons.	Prev.	NZT
JN CPI (y/y%)	Sep	2.1	1.9	12:30
JN CPI Ex Fresh Food, Energy (y/y%)	Sep	2.3	1.9	12:30
UK Retail Sales Ex Auto Fuel (m/m%)	Sep	-0.1	0.6	19:00
GE Manufacturing PMI	Oct P	53.5	53.9	20:30
GE Services PMI	Oct P	52.5	52.9	20:30
EC Manufacturing PMI	Oct P	52.8	52.9	21:00
EC Services PMI	Oct P	52.5	53	21:00
UK Services PMI	Oct P	51.8	52.1	21:30
UK Manufacturing PMI	Oct P	51.8	51.9	21:30
CA Retail Sales Ex Auto (m/m%)	Aug	1.1	-0.7	01:30
US Manufacturing PMI	Oct P	55.5	55.9	02:45
US Services PMI	Oct P	58	58.8	02:45
US U. of Mich. Sentiment	Oct F	46.3	46.3	03:00
US U. of Mich. 5-10 Yr Inflation	Oct F		3.5	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		% Year		Last	Net Day		
NZD	0.5681	-0.3	0.5668	0.5699	CHF	0.8226	-0.4	S&P 500	7,669	-1.3	14.5	Oil (Brent)	111.86	+3.2
AUD	0.7021	-0.1	0.6994	0.7023	SEK	9.908	+0.1	Dow	52,892	-0.3	13.5	Oil (WTI)	98.80	+2.2
EUR	1.1217	-0.1	1.1189	1.1251	NOK	9.337	-0.4	Nasdaq	26,184	-2.5	15.1	Gold	4066.0	-2.4
GBP	1.3390	+0.1	1.3355	1.3419	HKD	7.838	-0.1	Stoxx 50	6,087	-1.9	7.9	HRC steel	1286.0	+0.0
JPY	157.06	-0.8	156.69	157.46	CNY	6.674	-0.0	FTSE	10,725	-0.3	12.7	CRB	415.2	-0.4
CAD	1.4018	-0.2			SGD	1.278	-0.0	DAX	25,372	-1.1	5.1	SGX Iron Ore	90.05	+0.1
NZD/AUD	0.8091	-0.2			IDR	18,060	+0.2	CAC 40	7,811	-1.4	-4.8	NZ Milk '27	10.31	+0.0
NZD/EUR	0.5065	-0.2			THB	33.72	+0.4	Nikkei	62,908	-2.7	29.3	NZ Milk '28	10.22	+0.0
NZD/GBP	0.4243	-0.4			KRW	1,327	-0.0	Shanghai	3,658	-1.5	-6.5	NZ Milk '29	9.92	+0.0
NZD/JPY	89.23	-1.1			TWD	32.55	+0.4	ASX 200	8,793	-0.4	-2.7	WM powder	3980	+0.3
NZD/CAD	0.7964	-0.5			PHP	63.52	+0.3	NZX 50	13,747	-0.1	2.8	Australian Futures		
NZ TWI	64.49	+0.0						VIX Index	18.44	+10.6	-0.9	3 year bond	95.09	0.00
												10 year bond	94.81	0.09
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	4.54	4.61	USD	4.99	-0.12	15-May-28	3.83	0.00	BKBM 1-mth	3.09	0.00	
AUD	4.60	4.84	4.89	5.32	AUD	5.25	-0.03	20-Apr-29	4.10	0.00	BKBM 3-mth	3.32	#N/A	
NZD	2.75	3.32	4.07	4.67	NZD	4.99	0.00	15-May-30	4.28	0.00	1 year	3.78	0.00	
EUR	2.50	2.67	3.40	3.48	GER	3.33	-0.09	15-May-31	4.44	0.00	2 year	4.07	0.00	
GBP	3.75	3.87	4.72	4.87	GBP	5.33	-0.05	15-May-32	4.59	0.00	3 year	4.20	0.00	
JPY	1.25	1.31	1.86	2.74	JPY	2.87	-0.01	14-Apr-33	4.69	0.00	5 year	4.36	0.00	
CAD	2.25	2.53	3.18	3.59	CAD	3.80	-0.06	15-May-34	4.80	0.00	7 year	4.50	0.00	
								15-May-35	4.90	0.00	10 year	4.67	0.00	
								15-May-36	4.99	0.00	15 year	4.89	0.00	
								15-May-37	5.09	0.00				
								15-May-38	5.14	0.00				
								15-May-41	5.34	0.00				
								15-May-51	5.54	0.00				
								15-May-54	5.55	0.00				
Carbon Price				Policy Meeting Run				NZ Inflation-Indexed Bonds						
	Level	% Day	% Year		NZD	AUD	USD							
NZU	50.00	-0.6	-9.5	1st	2.98	4.75	3.91	Sept-30	1.94	0.00				
				2nd	3.16	4.81	4.09	Sept-35	2.71	0.00				
				3rd	3.33	4.87	4.18	Sept-40	3.16	0.00				
				4th	3.49	4.88	4.33							
				5th	3.63	4.90	4.42							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT		06:11												
Source: Bloomberg														

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Source: Bloomberg

NZD exchange rates

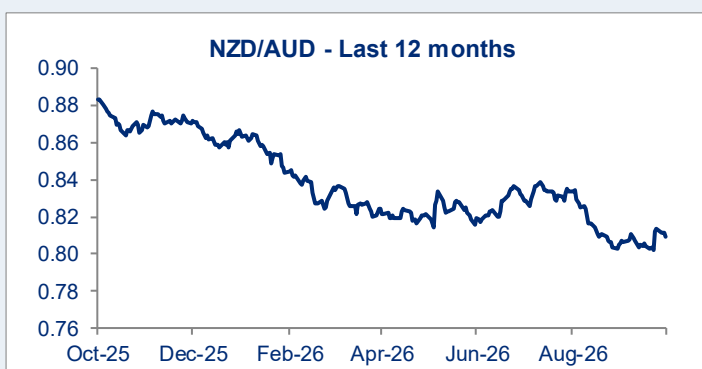
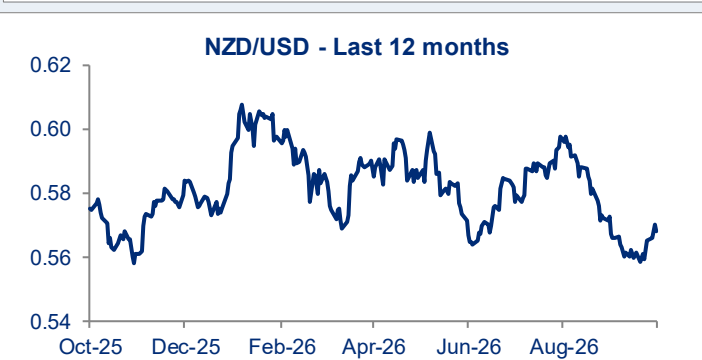
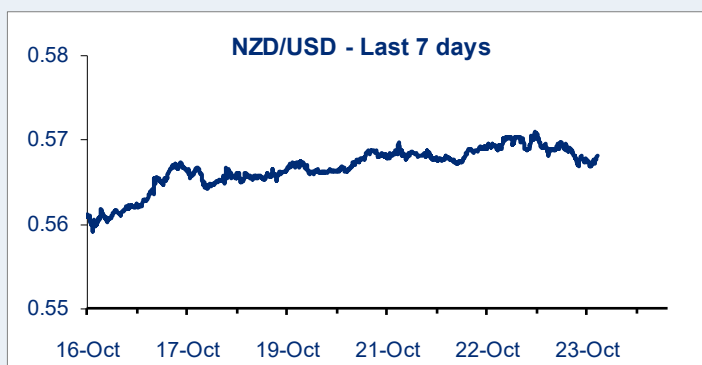
23/10/2026	6:11 am	Prev. NY close
USD	0.5681	0.5701
GBP	0.4243	0.4256
AUD	0.8091	0.8111
EUR	0.5065	0.5076
JPY	89.23	90.16
CAD	0.7964	0.8008
CHF	0.4673	0.4700
DKK	3.7855	3.7942
FJD	1.2746	1.2765
HKD	4.4525	4.4736
INR	53.87	53.86
NOK	5.3043	5.3384
PKR	157.29	157.92
PHP	36.09	36.12
PGK	2.5453	2.5519
SEK	5.6288	5.6367
SGD	0.7258	0.7282
CNY	3.7919	3.8059
THB	19.16	19.17
TOP	1.3481	1.3392
VUV	67.77	68.28
WST	1.5644	1.5680
XPF	60.31	60.49
ZAR	9.3739	9.3332

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.16	5.36
3 Months	14.96	15.46
6 Months	27.72	28.92
9 Months	39.33	41.78
1 Year	49.50	53.21

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.92	12.28
3 Months	33.50	34.54
6 Months	61.22	63.81
9 Months	84.39	89.38
1 Year	103.15	110.73



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