Research

Markets Today

24 September 2026

Events round-up

GE: Manufacturing PMI, Sep: 53.8 vs. 54.0 exp.

GE: Services PMI, Sep: 52.9. 49.9 exp.

EC: Manufacturing PMI, Sep: 52.7 vs. 52.6 exp.

EC: Services PMI, Sep: 53.0 vs. 51.4 exp.

UK: Manufacturing PMI, Sep: 52.0 vs. 51.5 exp.

UK: Services PMI, Sep: 51.7 vs. 52.0 exp.

US: Manufacturing PMI, Sep: 57.0 vs. 53.7 exp.

US: Services PMI, Sep: 58.7 vs. 55.8 exp.

Good morning

Risk sentiment has soured, with the most dramatic moves occurring in global rates markets as yields surge to fresh multi-decade highs. Higher oil prices, rising speculation that the US will ban diesel exports, and strong PMI reports have all added to the mix. Global equities are weaker and the USD is broadly stronger. The AUD has been the weakest of the majors, while the NZD has fallen to its lowest level in nearly three months, trading towards 0.5660.

The bear market in global bonds intensified overnight, with some chunky moves across the board. US Treasury yields are up 11-17bps across the curve, with the 5-year rate bearing the brunt of the sell-off, breaking above 5% for the first time since 2007 and currently up 17bps for the day. The 10-year rate traded at an overnight high of 5.13% and is currently up 16bps at 5.12%. The 30-year rate has traded as high as 5.41%. European rates have seen similar moves, with the belly of the curve showing the largest increases. The French-German 10-year spread has reached 110bps for the first time since the European debt crisis in 2012.

Investors are concerned about the prospect of higher inflation, against a backdrop of rising energy costs, mounting pressure on fiscal accounts from higher interest costs, and strong PMI reports overnight that added to the upward pressure on rates.

Trump described talks with Iran as very good and said there was a “lot of momentum” for a deal. However, Iran’s President Pezeshkian told the UN that Iran would not allow freedom of navigation through the Strait of Hormuz while sanctions and a US naval blockade remained in place. Through mediators, Iran presented the US with a formal list of conditions for restarting negotiations, including ending the naval blockade, releasing frozen assets, and accepting a Hormuz shipping route agreed with Oman. Brent crude is up over 4% for the day and trading with a USD103 handle.

Of greater concern to energy markets is speculation that the US will soon ban diesel exports. Politico reported sources indicating a planned 90-day export ban, with implementation targeted by the end of the week. Such a ban would have legal ramifications, given long-term supply contracts with overseas buyers. However, US Energy Secretary Wright said the Trump administration is working with refiners to voluntarily curb exports of US diesel as an alternative to an outright ban.

An export ban, or even reduced US exports, would have global ramifications, including making it more difficult and expensive for NZ to acquire diesel. Europe is also exposed, and the market now prices in four full rate hikes by the ECB through July next year. Pricing for a sequential Fed rate hike at the next meeting in late October has edged up to 18bps. Fed Governor Barr said further interest rate increases are likely needed to bring inflation down to target, echoing Chicago Fed President Goolsbee’s hawkish comments earlier this week.

Adding to the sense that financial conditions remain too easy despite higher rates, the US composite PMI surged 2.4pts to a more than five-year high of 58.4, against expectations of a dip from an already elevated level. Both the manufacturing and services components were strong. The data were accompanied by a lift in the employment index and the input price index to four-year highs. The report noted “some of the most severe supply chain bottlenecks seen in the near-two-decade survey history if the pandemic is excluded, with companies also reporting increasing problems finding suitable staff. Backlogs of work are consequently rising sharply.” The index level was consistent with growth running at an annualised rate of 5% and upward inflation pressure.

The European PMI survey was also strong, with output rising at its fastest pace in more than three years and solid expansion across both the manufacturing and services sectors. Inflationary pressures intensified in September, with both input costs and output prices increasing at their fastest rates in four months. By comparison, the UK survey was not as strong, with the key services PMI slipping to a three-month low of 51.7 and output growth consistent with the economy expanding at a quarterly pace of 0.1%.

Higher global rates have weighed on equity markets, although not as much as might have been expected given the scale of the bond market sell-off, perhaps reflecting some comfort from the strength in the PMIs. The S&P 500 is currently down 0.7%, while the Nasdaq index is down over 1% from yesterday's record high. The Euro Stoxx 600 index closed down just 0.4%.

Against the backdrop of weaker risk sentiment, the USD is broadly stronger, with dollar indices up around ½% for the day. The AUD has been the weakest performer overnight, perhaps reflecting its exposure to higher diesel prices, and has fallen 0.9% to 0.7040. The NZD faced another day of selling pressure through local trading hours, with the move lower extending overnight and finding some support just above 0.5660. The year-to-date low just above 0.5625 will be watched as a potential support level.

CAD has been one of the better performers, reflecting its positive exposure to oil prices and seeing NZD/CAD fall below 0.80. NZD/AUD has recovered overnight to 0.8060, but the NZD is generally weaker on the other crosses.

NZ rates headed lower yesterday, riding on the coattails of lower Australian yields. Swap rates fell 3-5bps, led by the short end, while NZGB yields were also down 3-5bps. This should all be reversed today, and more, given the overnight sell-off. The Australian 10-year bond future is up 14bps in yield terms, which will set the tone when the market opens.

In the day ahead, Australian labour market data will be closely watched ahead of the expected hike next week, with the market expecting modest employment growth and the unemployment rate to remain unchanged at 4.5%. There are only second-tier global economic releases tonight, alongside more Fed speakers. There will also be some focus on the forthcoming meeting between Presidents Trump and Xi. We expect a warm embrace between the two leaders but are not holding out much hope for any significant developments.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
AU	Employment change (k)	Aug	20	-16	13:30
AU	Unemployment rate (%)	Aug	4.5	4.5	13:30
GE	IFO expectations	Sep	89.3	89.1	20:00
CA	Retail sales ex auto (m/m%)	Jul	-0.5	0.5	00:30
US	Initial jobless claims (k)	19-Sept	200	196	00:30
US	Fed's Hammack delivers opening remarks				00:50
US	New home sales (k)	Aug	616	607	02:00
US	Fed's Paulson speaks at Fintech conference				02:10

Source: Bloomberg

Currencies

FX Majors — **Indicative overnight ranges (*)**

	Last	% Day	Low	High
NZD	0.5673	-1.0	0.5661	0.5707
AUD	0.7039	-1.1	0.7026	0.7095
EUR	1.1386	-0.6	1.1370	1.1426
GBP	1.3243	-0.8	1.3224	1.3318
JPY	158.28	+0.6	157.70	158.40
CAD	1.4097	+0.2		
NZD/AUD	0.8059	+0.1		
NZD/EUR	0.4982	-0.4		
NZD/GBP	0.4284	-0.2		
NZD/JPY	89.79	-0.4		
NZD/CAD	0.7997	-0.7		
NZ TWI	64.49	-0.5		

Other FX

	Last	% Day
CHF	0.8246	+0.5
SEK	9.921	+0.9
NOK	9.494	+0.6
HKD	7.843	-0.0
CNY	6.711	+0.2
SGD	1.280	+0.4
IDR	17,818	-0.4
THB	33.43	+0.9
KRW	1,367	+1.1
TWD	31.73	+0.0
PHP	62.63	-0.1

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,711	-0.7	15.8
Dow	51,526	-0.7	11.3
Nasdaq	26,957	-1.1	19.4
Stoxx 50	6,300	-0.4	15.1
FTSE	10,705	-0.0	16.1
DAX	25,411	-0.7	7.6
CAC 40	8,123	-0.4	3.2
Nikkei	65,019	+1.4	42.5
Shanghai	3,937	-0.4	3.0
ASX 200	8,765	+0.1	0.0
NZX 50	13,822	-0.4	4.9
VIX Index	15.02	+5.7	-9.7

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	103.77	+4.5
Oil (WTI)	92.86	+2.5
Gold	4287.4	-1.3
HRC steel	1237.0	+0.0
CRB	418.7	-0.1
SGX Iron Ore	96.10	+0.4
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.88	+0.3
NZ Milk '28	9.90	+0.7
WM powder	3680	-0.1

Australian Futures

3 year bond	95.05	0.06
10 year bond	94.59	-0.12

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	4.00	4.85	4.76	4.74
AUD	4.35	4.72	5.05	5.47
NZD	2.75	3.19	3.99	4.62
EUR	2.50	2.61	3.64	3.62
GBP	3.75	3.87	4.74	4.92
JPY	0.98	-0.03	1.89	2.86
CAD	2.25	4.97	3.35	3.76

Benchmark 10 Yr Bonds

	Last	Net Day
USD	5.12	0.16
AUD	5.25	-0.05
NZD	4.92	-0.04
GER	3.56	0.09
GBP	5.35	0.11
JPY	2.99	0.00
CAD	3.97	0.14

NZ Government Bonds

	Last	Chg
15-May-28	3.83	-0.05
20-Apr-29	4.09	-0.05
15-May-30	4.27	-0.05
15-May-31	4.42	-0.04
15-May-32	4.56	-0.04
14-Apr-33	4.66	-0.04
15-May-34	4.75	-0.03
15-May-35	4.84	-0.04
15-May-36	4.92	-0.03
15-May-37	5.00	-0.04
15-May-38	5.04	-0.03
15-May-41	5.25	-0.04
15-May-51	5.45	-0.04
15-May-54	5.46	-0.04

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.98	0.01
BKBM 3-mth	3.19	0.02
1 year	3.68	-0.02
2 year	3.99	-0.05
3 year	4.14	-0.05
5 year	4.31	-0.05
7 year	4.45	-0.04
10 year	4.62	-0.03
15 year	4.82	-0.03

NZ Inflation-Indexed Bonds

Sept-30	1.80	-0.01
Sept-35	2.57	-0.00
Sept-40	3.01	-0.01

Carbon Price

	Level	% Day	% Year
NZU	51.90	+0.5	-10.6

Policy Meeting Run

	NZD	AUD	USD
1st	2.94	4.58	4.06
2nd	3.16	4.71	4.26
3rd	3.35	4.78	4.38
4th	3.52	4.89	4.56
5th	3.68	4.97	4.65

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

Rates are as of: NZT 06:51

Source: Bloomberg

NZD exchange rates

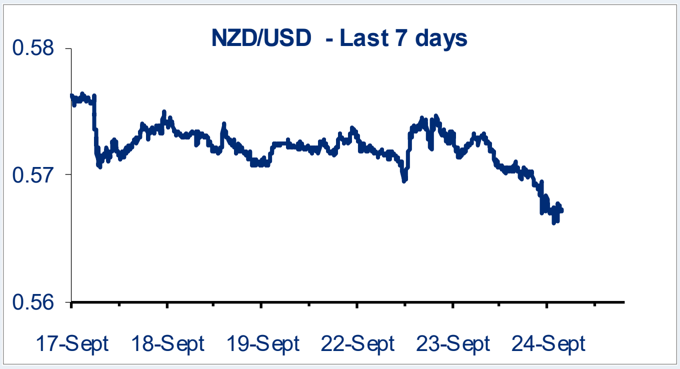
24/09/2026	6:51 am	Prev. NY close
USD	0.5673	0.5728
GBP	0.4284	0.4292
AUD	0.8059	0.8051
EUR	0.4982	0.5003
JPY	89.79	90.15
CAD	0.7997	0.8056
CHF	0.4676	0.4700
DKK	3.7256	3.7402
FJD	1.2639	1.2794
HKD	4.4511	4.4928
INR	54.34	54.76
NOK	5.3885	5.4081
PKR	157.30	158.79
PHP	35.53	35.93
PGK	2.5267	2.5583
SEK	5.6294	5.6330
SGD	0.7264	0.7304
CNY	3.8086	3.8380
THB	18.87	19.00
TOP	1.3340	1.3340
VUV	67.23	67.87
WST	1.5516	1.5652
XPF	59.42	59.30
ZAR	9.2853	9.2674

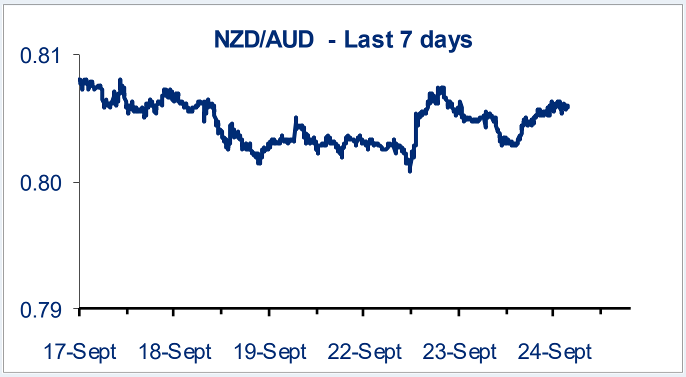
NZD/USD Forward Points

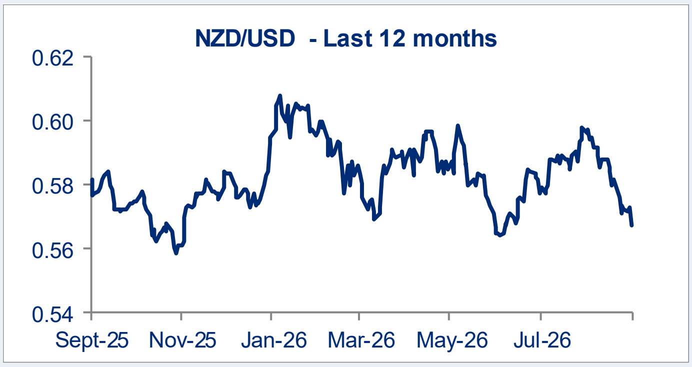
	BNZ buys NZD	BNZ sells NZD
1 Month	5.67	5.93
3 Months	16.45	17.21
6 Months	30.57	32.23
9 Months	44.09	47.67
1 Year	56.53	61.16

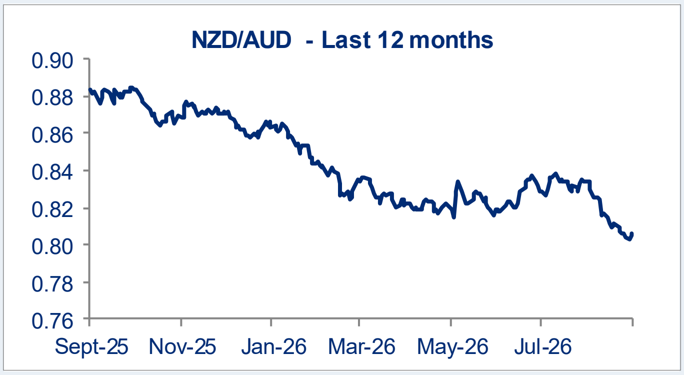
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.42	11.99
3 Months	33.28	34.93
6 Months	60.26	63.73
9 Months	85.85	92.80
1 Year	108.27	117.48









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