

Research Markets Today

27 October 2026

Events round-up

GE: IFO Expectations, Oct: 91.6 vs. 90.0 exp.

Good morning

Investor risk sentiment has recovered, with US equities making solid gains, led by the tech sector. Markets are looking ahead to the FOMC and key earnings reports from Alphabet, Microsoft and Amazon this week, with a focus on AI spending and profitability. Anthropic, one of the biggest names in artificial intelligence and the maker of Claude, is moving ahead with its blockbuster initial public offering, potentially ahead of US Thanksgiving. The US dollar is broadly firmer, while Treasuries have seen limited movement. Oil prices remain well supported.

Brent crude traded back above US\$117 per barrel overnight matching the six-month highs at the end of last week reflecting continued tensions between the US and Iran. Reports suggest the US is considering renewed strikes, with Trump signalling that both a negotiated agreement and further military action remain options. Iranian officials have warned against an attack, while reports indicate Tehran is preparing retaliatory strikes against targets including Israel and the UAE.

Gold edged back above US\$4,000 per ounce after falling sharply last week despite weaker equity markets. This area provided support on several occasions around the middle of the year. Bloomberg reports a potential market overhang from previous ETF holdings that have steadily expanded since mid-July to hit a multi-year high despite the steady retreat in underlying gold prices.

Market pricing for this week's Fed meeting was little changed, indicating a negligible 10% chance of a 25bp hike. In the absence of significant economic data, Treasuries were relatively subdued and showed little response to the rise in oil prices. The 10-year yield was little changed at 4.98% as the market consolidated its recent rally. The front end underperformed at the margin, flattening the 2s10s curve towards +28bp.

Germany's business outlook unexpectedly improved for a sixth consecutive month, adding to signs the economy is emerging from a prolonged downturn. The Ifo expectations index rose to 91.6 in October from 90.4 in

September. The improvement follows last week's mixed PMI readings, with manufacturing activity stronger than expected but services weaker, leaving the overall result below expectations. German bonds closed higher in yield with a curve flattening bias.

The spread between French 10-year bonds and German Bunds narrowed sharply after France avoided a downgrade by Moody's. Moody's affirmed France's Aa3 rating with a negative outlook, assuming that a deficit-reducing 2027 budget will ultimately be adopted despite the challenging political and social backdrop. French 10-year yields fell 11bp to 4.90%, narrowing the spread to Bunds to 156bp, after recently reaching its widest level since the euro area sovereign debt crisis.

The US dollar gained overnight, with the defensive yen and Swiss franc underperforming amid the improved risk tone. Meanwhile, the energy-linked CAD and Norwegian krone were little changed against the dollar and outperformed most G10 currencies as oil prices moved back towards their recent peak. The NZD pulled back from above 0.5700, although the move was modest.

Ahead of the long weekend, Fridays local fixed income session had a decent rally led by the longer end of the curve as global yields fell due to rising investor risk aversion. 2-year rates fell 2bp to 4.05% having earlier bounced off the bottom end of the trading range near 4.0%. 10-year rates also retraced from the session lows but still closed 6bp lower at 4.62%. The 2s10s curve flattened to a fresh cycle low of +55bp intra-session before a modest rebound.

Australian 10-year bond futures are little changed from the NZ close on Friday, suggesting limited directional bias for NZ rates at the open.

There is no domestic data of note today, while international releases are largely second tier. The key NZ event this week is tomorrow's RBNZ Policy Review, with a 25bp hike widely expected. The Fed, ECB, Bank of Japan and Bank of Canada are all expected to leave rates unchanged, putting the focus on their accompanying commentary. Other highlights include Q3 GDP for the US and euro area, alongside closely watched inflation data in the US and Australia.

stuart_ritson@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
CH	Industrial Profits (y/y%)	Sep		4.2	14:30
US	Durable Goods Orders	Sep P	1.4	-0.1	01:30
US	Durables Ex Transportation	Sep P	0.6	0.2	01:30
US	Conf. Board Cons. Confidence	Oct	80.4	81.9	03:00
US	New Home Sales	Sep	650	684	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	0.5684	-0.2	0.5670	0.5701	CHF	0.8274	+0.2	S&P 500	7,674	+0.7	13.0	Oil (Brent)	116.47	-0.2
AUD	0.7020	-0.2	0.7012	0.7039	SEK	9.952	+0.2	Dow	52,330	+0.2	10.9	Oil (WTI)	102.41	-0.9
EUR	1.1184	-0.1	1.1174	1.1220	NOK	9.315	-0.1	Nasdaq	26,225	+1.1	13.0	Gold	3993.5	+0.1
GBP	1.3345	-0.2	1.3328	1.3376	HKD	7.845	+0.0	Stoxx 50	6,116	+0.8	7.8	HRC steel	1292.0	+0.5
JPY	157.48	+0.4	156.93	157.64	CNY	6.669	-0.0	FTSE	10,767	+0.7	11.6	CRB	418.6	+0.9
CAD	1.4020	+0.1			SGD	1.281	+0.2	DAX	25,411	+0.9	4.8	SGX Iron Ore	89.65	-0.9
NZD/AUD	0.8097	-0.1			IDR	18,135	+0.3	CAC 40	7,847	+0.8	-4.6	NZ Milk '27	10.35	+0.4
NZD/EUR	0.5082	-0.1			THB	33.78	+0.0	Nikkei	62,190	-0.8	23.1	NZ Milk '28	10.23	+0.1
NZD/GBP	0.4259	-0.0			KRW	1,326	+0.2	Shanghai	3,698	+0.2	-6.4	NZ Milk '29	9.92	+0.0
NZD/JPY	89.51	+0.1			TWD	32.59	-0.0	ASX 200	8,810	+0.2	-2.7	WM powder	3965	-0.4
NZD/CAD	0.7969	-0.1			PHP	63.94	+0.5	NZX 50	13,734	-0.1	2.6	Australian Futures		
NZ TWI	64.58	-0.1						VIX Index	18.49	-4.9	+13.0	3 year bond	95.16	0.00
												10 year bond	94.80	0.02
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	4.57	4.59	USD	4.98	-0.01	15-May-28	3.89	0.00	BKBM 1-mth	3.09	0.00	
AUD	4.60	4.85	4.91	5.33	AUD	5.16	0.00	20-Apr-29	4.14	0.00	BKBM 3-mth	3.31	0.00	
NZD	2.75	3.31	4.05	4.62	NZD	4.94	0.00	15-May-30	4.30	0.00	1 year	3.77	0.00	
EUR	2.50	2.67	3.41	3.46	GER	3.37	0.02	15-May-31	4.44	0.00	2 year	4.05	0.00	
GBP	3.75	3.87	4.77	4.89	GBP	5.34	-0.01	15-May-32	4.57	0.00	3 year	4.17	0.00	
JPY	1.25	1.31	1.88	2.69	JPY	2.80	-0.01	14-Apr-33	4.66	0.00	5 year	4.32	0.00	
CAD	2.25	2.55	3.24	3.62	CAD	3.83	-0.01	15-May-34	4.76	0.00	7 year	4.46	0.00	
								15-May-35	4.85	0.00	10 year	4.62	0.00	
								15-May-36	4.94	0.00	15 year	4.83	0.00	
								15-May-37	5.03	0.00				
								15-May-38	5.08	0.00				
								15-May-41	5.29	0.00				
								15-May-51	5.50	0.00				
								15-May-54	5.51	0.00				
Carbon Price					Policy Meeting Run				NZ Inflation-Indexed Bonds					
	Level	% Day	% Year			NZD	AUD	USD						
NZU	49.00	+0.0	-10.7		1st	2.99	4.77	3.92	Sept-30	1.83		0.00		
					2nd	3.18	4.83	4.12	Sept-35	2.60		0.00		
					3rd	3.35	4.89	4.21	Sept-40	3.04		0.00		
					4th	3.50	4.90	4.37						
					5th	3.63	4.93	4.46						
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:12														
Source: Bloomberg														

NZD exchange rates

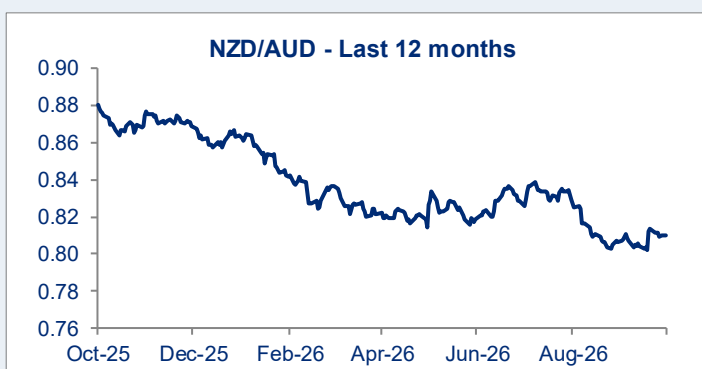
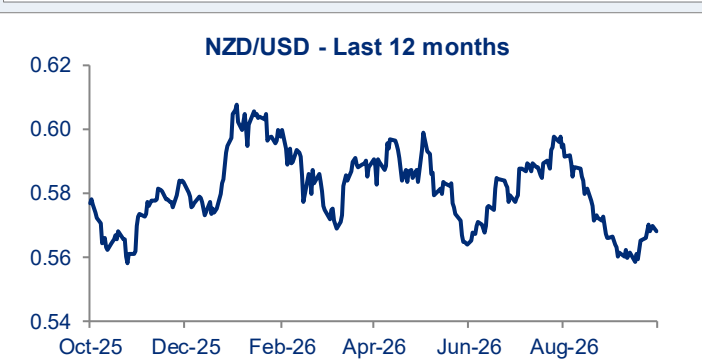
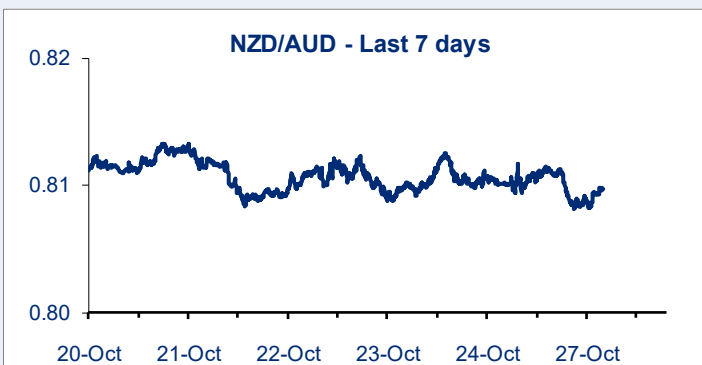
27/10/2026	6:12 am	Prev. NY close
USD	0.5684	0.5699
GBP	0.4259	0.4261
AUD	0.8097	0.8100
EUR	0.5082	0.5087
JPY	89.51	89.40
CAD	0.7969	0.7980
CHF	0.4703	0.4702
DKK	3.7986	3.8024
FJD	1.2719	1.2798
HKD	4.4593	4.4694
INR	54.11	54.11
NOK	5.2948	5.3149
PKR	157.37	157.87
PHP	36.34	36.25
PGK	2.5455	2.5533
SEK	5.6566	5.6580
SGD	0.7279	0.7284
CNY	3.7912	3.8014
THB	19.22	19.22
TOP	1.3358	1.3372
VUV	67.82	67.98
WST	1.5623	1.5670
XPF	60.43	60.55
ZAR	9.4570	9.4539

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.51	5.71
3 Months	14.93	15.47
6 Months	27.92	29.10
9 Months	39.66	42.26
1 Year	50.54	54.19

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.91	13.33
3 Months	33.77	34.88
6 Months	61.70	64.50
9 Months	84.81	90.08
1 Year	104.64	112.17



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

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.