Research

Markets Today

2 September 2026

Events round-up

AU: Current account bal ($b), Q2: -27.2 vs. -30.0 exp.

CH: RatingDog PMI manufacturing, Aug: 51.5 vs. 50.9 prev.

EA: CPI (y/y%), Aug: 3.3 vs. 3.3 exp.

EA: CPI core (y/y%), Aug: 2.4 vs. 2.5 exp.

EA: Unemployment rate (%), Jul: 6.4 vs. 6.3 exp.

US: ISM manufacturing, Aug: 54.6 vs. 55.2 exp.

US: JOLTS job openings (k), Jul: 7271 vs. 7313 exp.

Good morning

Risk sentiment is weaker, dampened by military strikes in the Middle East that sent oil prices higher. Global rates are higher, with fresh highs recorded in many countries, while most global equity markets are weaker. Although currency moves have been modest, the USD is broadly stronger, pushing the NZD back below 0.59. The RBNZ meets today, where a 25bps hike should be seen as a done deal.

Tensions in the Middle East escalated, with military strikes by the US and Iran rising another notch. Two oil supertankers attempting to exit the Strait of Hormuz with their transponders turned off were struck by Iran. US Central Command said it had begun striking IRGC targets in Iran following the attacks, while explosions were heard in southern Iran.

On social media, Trump threatened an even larger attack if Iran retaliated. An IRGC spokesman said Iran would deliver a “greater” response to the US strikes. Needless to say, oil prices have risen sharply, with Brent crude up nearly 5% on the day and approaching USD95 per barrel.

Also unsurprisingly, global rates are higher, with new multi-decade highs reached in many countries, including Japan, Australia, the UK, and Germany. Japan’s 10-year rate rose above 3%, reaching its highest level since 1996, before ending the day up 5bps at 2.99%. European 10-year rates are up about 3bps, the UK rate rose 8bps to 5.23%, and Australia’s 10-year rate rose 9bps to 5.18%.

US Treasury investors are nervous, with support levels broken and the 10-year rate rising to about 4.8%, its highest level since January 2025. The current rate of 4.79% is little changed from the NZ close. The prospect of higher oil prices driving inflation higher, alongside concerns about the sustainability of fiscal policy, has battered bond market sentiment, although recent moves have been orderly. There is no sign of bond market panic, with the MOVE Index of implied volatility remaining historically low.

Economic data did not move the needle. The US ISM manufacturing index fell slightly more than expected to 54.6 in August, after a strong recent run that had taken it to a four-year high. JOLTS job openings of 7.3m were broadly in line after accounting for revisions, and the survey conveyed a low-firing, low-hiring environment.

Euro area CPI inflation rose from 2.9% to 3.3% y/y in August, as expected, reaching its highest level in almost three years. However, the core figure nudged down to 2.4% y/y and services inflation fell to 3.0%. A 25bps ECB rate hike is fully priced for next week, and a further two hikes are essentially priced thereafter, although there is some doubt about whether the central bank will need to tighten much further.

Higher bond yields have weighed on equity sentiment, with key global markets mostly lower. The S&P500 is currently down for a third consecutive day, falling 0.8%, with a notable rotation supporting defensive sectors while higher-risk and cyclical sectors underperform. The Nasdaq is down 1.2%. The Euro Stoxx 600 index closed 0.6% lower.

In currency markets, the USD is broadly stronger on the day, although moves have been modest, with dollar indices up only 0.2–0.3%. The NZD has slipped below 0.59, while the AUD has slipped below 0.7150. USD/JPY has returned to a 160 handle. NZD crosses are mostly weaker, but movements have been small.

Yesterday’s backdrop of higher global rates, particularly in Australia, spilled over into the domestic rates market, led by the long end and resulting in steeper curves. NZGB yields rose 3–6bps across the curve. While other nations’ 10-year rates reached multi-year and multi-decade highs, NZ’s 10-year rate of 4.80% did not reach a new milestone, other than moving towards the top of its recent trading range. In the swaps market, the 2-year rate rose 4bps to 3.76%, still some 5bps below the July high, while the 10-year rate rose 7bps to 4.51%, about 4bps below the high set in March.

In the day ahead, the domestic focus will be on the RBNZ’s MPS. There is strong consensus for a 25bps OCR hike to 2.75%, and this is essentially fully priced. The market will be more interested in the outlook and in assessing the probability of further sequential hikes in October and December. It is clear that the RBNZ will need to maintain a tightening bias and take the OCR at least as high as the 3.3% level projected in May.

Elsewhere, the consensus expects Australian Q2 GDP to rise by a modest 0.3% q/q. US ADP private payrolls are released tonight, ahead of the more important employment report at the end of the week. The Bank of Canada meets, with little chance assigned to a policy adjustment, especially given recent developments in the trade war with the US.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
NZ	Dwelling consents (m/m%)	Jul		-3.6	10:45
AU	GDP (q/q%)	Q2	0.3	0.3	13:30
NZ	RBNZ official cash rate (%)	Sep	2.75	2.5	14:00
US	ADP employment change (K)	Aug	47	44	00:15
CA	Bank of Canada policy rate (%)	Sep	2.25	2.25	01:45

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5888	-0.5	0.5888	0.5912
AUD	0.7143	-0.3	0.7139	0.7166
EUR	1.1586	-0.3	1.1585	1.1608
GBP	1.3507	-0.3	1.3506	1.3552
JPY	160.27	+0.3	159.89	160.27
CAD	1.3901	+0.3		
NZD/AUD	0.8243	-0.2		
NZD/EUR	0.5082	-0.2		
NZD/GBP	0.4359	-0.2		
NZD/JPY	94.37	-0.2		
NZD/CAD	0.8185	-0.2		
NZ TWI	66.59	-0.3		

Other FX

	Last	% Day
CHF	0.8121	+0.5
SEK	9.625	+0.5
NOK	9.329	-0.2
HKD	7.841	+0.0
CNY	6.723	+0.1
SGD	1.274	+0.2
IDR	17,744	+0.1
THB	33.31	+0.5
KRW	1,375	+0.6
TWD	31.65	-0.1
PHP	62.40	+0.0

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,628	-0.8	18.1
Dow	52,717	-0.9	15.7
Nasdaq	26,033	-1.3	21.3
Stoxx 50	6,369	-0.8	18.7
FTSE	10,789	-0.3	17.3
DAX	25,970	-1.1	8.0
CAC 40	8,302	-0.4	7.7
Nikkei	66,215	-0.1	56.5
Shanghai	3,980	-0.2	2.7
ASX 200	9,067	-0.1	1.9
NZX 50	13,787	-0.9	5.0
VIX Index	16.17	+8.4	+0.3

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	94.86	+4.8
Oil (WTI)	90.39	+5.4
Gold	4347.9	-2.2
HRC steel	1212.0	+0.4
CRB	410.6	+1.0
SGX Iron Ore	99.20	-0.1
NZ Milk '26	9.75	+0.0
NZ Milk '27	10.00	+0.5
NZ Milk '28	9.90	-0.1
WM powder	3845	+0.9

Australian Futures

	Last	Net Day
3 year bond	95.28	-0.06
10 year bond	94.79	-0.08

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.26	4.41
AUD	4.35	4.55	4.75	5.26
NZD	2.50	3.07	3.76	4.51
EUR	2.25	2.59	3.21	3.40
GBP	3.75	3.87	4.45	4.78
JPY	0.98	-0.03	1.84	2.88
CAD	2.25	4.97	2.93	3.53

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.80	0.05
AUD	5.18	0.09
NZD	4.80	0.06
GER	3.34	0.02
GBP	5.22	0.16
JPY	3.01	0.05
CAD	3.75	0.02

NZ Government Bonds

	Last	Chg
15-May-28	3.65	0.03
20-Apr-29	3.86	0.04
15-May-30	4.05	0.04
15-May-31	4.23	0.05
15-May-32	4.39	0.05
14-Apr-33	4.49	0.05
15-May-34	4.60	0.06
15-May-35	4.70	0.06
15-May-36	4.80	0.06
15-May-37	4.90	0.06
15-May-38	4.95	0.06
15-May-41	5.19	0.06
15-May-51	5.43	0.06
15-May-54	5.44	0.06

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.93	0.01
BKBM 3-mth	3.07	0.01
1 year	3.48	0.02
2 year	3.76	0.04
3 year	3.90	0.04
5 year	4.12	0.05
7 year	4.30	0.06
10 year	4.51	0.07
15 year	4.77	0.07

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.69	0.01
Sept-35	2.52	0.02
Sept-40	2.99	0.01

Carbon Price

	Level	% Day	% Year
NZU	51.25	-1.6	-11.6

Policy Meeting Run

	NZD	AUD	USD
1st	2.75	4.48	3.80
2nd	2.91	4.62	3.88
3rd	3.08	4.67	4.03
4th	3.20	4.73	4.10
5th	3.32	4.74	4.20

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

Rates are as of: NZT 06:43

Source: Bloomberg

NZD exchange rates

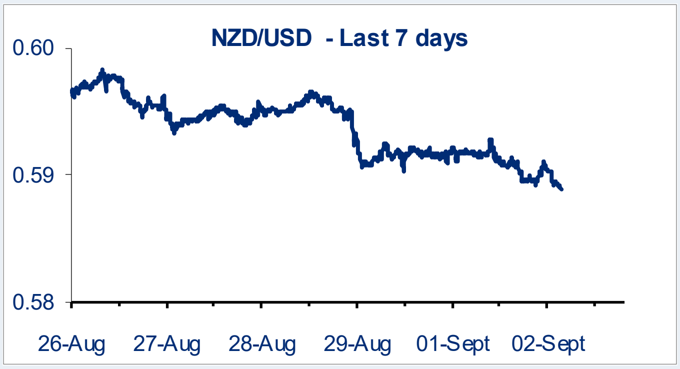
2/09/2026	6:43 am	Prev. NY close
USD	0.5888	0.5917
GBP	0.4359	0.4367
AUD	0.8243	0.8256
EUR	0.5082	0.5093
JPY	94.37	94.52
CAD	0.8185	0.8197
CHF	0.4786	0.4783
DKK	3.8013	3.8071
FJD	1.3032	1.3068
HKD	4.6208	4.6381
INR	55.95	56.31
NOK	5.4952	5.5285
PKR	163.54	164.21
PHP	36.77	36.84
PGK	2.6533	2.6216
SEK	5.6646	5.6672
SGD	0.7504	0.7520
CNY	3.9606	3.9760
THB	19.60	19.62
TOP	1.3651	1.3851
VUV	69.50	69.79
WST	1.5890	1.5954
XPF	60.38	60.65
ZAR	9.5224	9.5352

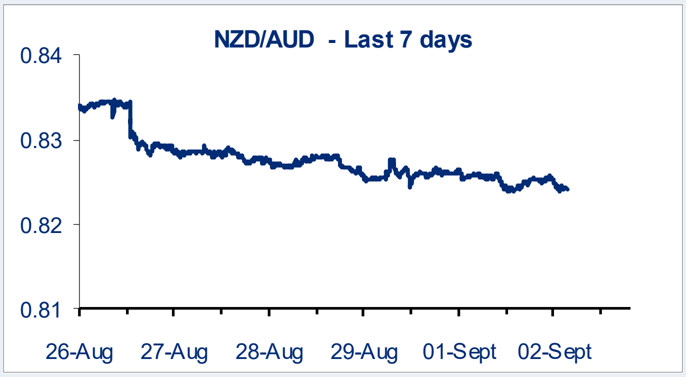
NZD/USD Forward Points

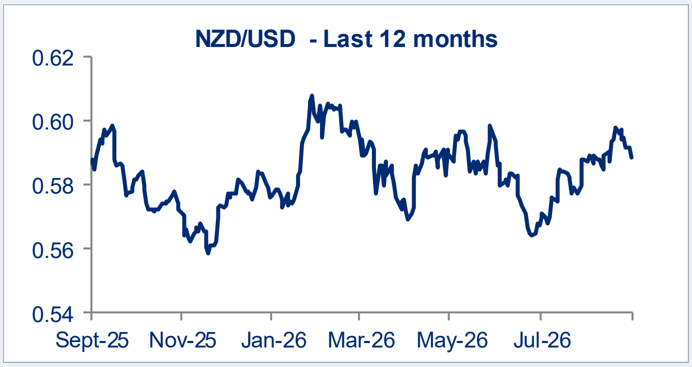
	BNZ buys NZD	BNZ sells NZD
1 Month	4.79	5.00
3 Months	13.62	14.21
6 Months	26.17	28.07
9 Months	37.46	40.56
1 Year	46.68	51.33

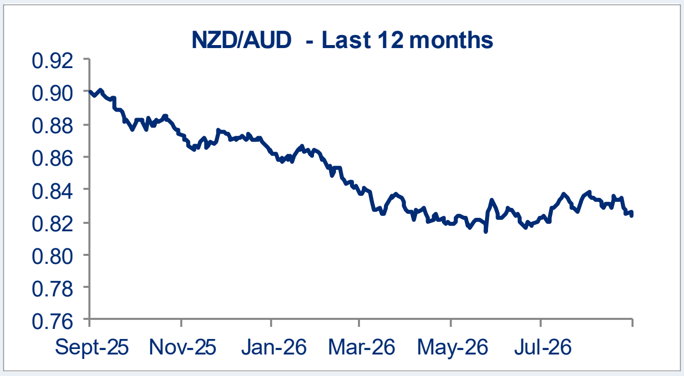
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	10.59	11.06
3 Months	31.27	32.55
6 Months	60.62	64.37
9 Months	87.53	93.55
1 Year	110.66	119.52









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