

Research Markets Today

7 October 2026

Events round-up

NZ: QSBO expected domestic trading, Q3: 15 vs. 11 prev.
 AU: Westpac consumer confidence, Oct: 80.4 vs. 84.4 prev.
 GE: Factory orders (m/m%), Aug: -10.6 vs. -1.0 exp.
 US: Trade balance (\$b), Aug: -105.6 vs. -102.1 exp.

Good morning

Despite limited newsflow, risk appetite has improved overnight. The S&P 500 has risen to a fresh record high, global rates are slightly lower, credit spreads are narrower, and the USD is broadly weaker. NZD/USD has made a modest gain, while the NZD is higher on most crosses.

After long-term yields reached fresh multi-decade highs yesterday, selling pressure on US Treasuries has eased slightly. Rates are 2–4bps lower on the day. The 10-year rate is currently 5.27%, down 5bps from the NZ close.

French presidential candidate Le Pen set out a plan to reduce the fiscal deficit to 3.7% of GDP next year, well below the government's 5% target, with further consolidation taking the deficit down to 2.2% by 2032. While many did not view the plan as credible, the market was encouraged by the rhetoric, supporting a further narrowing in French–German bond spreads. The 10-year spread fell 9bps to 127bps, well below Friday's intraday peak of 159bps. The backdrop of stronger risk appetite also drove spreads to Germany lower across the rest of the euro area.

Lower rates have supported global equity markets. After the Nasdaq Composite rose to a fresh record high yesterday, today it was the S&P 500's turn to reach that milestone. The index is currently up 0.7%, with gains broad-based and the bond-sensitive Utilities and Real Estate sectors leading the charge for a change. The Nasdaq's record-breaking run has continued, with the index up 0.6%. The Euro Stoxx 600 closed 0.5% higher.

Brent crude fell towards USD97 per barrel but has since recovered to around USD100, leaving it relatively flat on the day overall. There have been reports that Iran has increased the pace of attacks on tankers in the Strait of Hormuz since late September. Confirming other estimates we have seen recently, Shell's CEO said Middle East oil flows are near 80% of pre-conflict volumes.

In economic news, the US trade deficit widened to \$105.6b in August, its largest level since March 2025, as import growth outpaced export growth. Alongside increased imports of crude oil and gold, the build-out of data centres has driven strong growth in semiconductor imports. The larger-than-expected deficit adds to the already negative contribution that net trade is set to make to Q3 GDP.

German factory orders slumped 10.6% m/m in August, well below the consensus forecast for a 1% decline. However, the fall was accentuated by a drop in "major orders"; excluding this component, orders declined by just 0.1%.

Higher risk appetite is also evident in currency markets. The USD, CHF, and JPY have been the weakest performers overnight. The DXY index is down 0.3%, retreating from an overbought level on the 14-day RSI. Likewise, NZD/USD has risen from an oversold level on the same technical indicator. The NZD is up 0.4% overnight, consolidating around 0.5625.

The NZD is higher on all the key crosses compared with this time yesterday. NZD/JPY has recovered to just below 89, while NZD/AUD is at 0.8055, with the NZD making smaller gains against the EUR and GBP.

A key takeaway from yesterday's NZ QSBO was that the real indicators pointed to an ongoing economic recovery, which should reassure those concerned about NZ's growth trajectory. Employment intentions strengthened significantly, and labour became more difficult to find. Inflation gauges remained elevated, although they eased slightly from the previous quarter.

There was a small repricing of short-dated OIS, with the market assigning a slightly higher probability to an RBNZ rate hike later this month. We believe the RBNZ should hike, particularly as its messaging in September has been partly responsible for the weaker NZD and the associated increase in inflationary pressure that will result. NZ swap rates ended the day 5–6bps higher, driven mainly by higher Australian rates. NZGBs showed a similar move, rising 5–7bps across the curve.

In the day ahead Japanese wage data and German industrial production are released, ahead of the minutes of the FOMC policy September meeting tomorrow morning.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
JN	Sch'd FT pay - same base (y/y%)	Aug	2.9	2.7	12:30
GE	Industrial production (m/m%)	Aug	0.5	-1.1	19:00
US	FOMC meeting minutes	Sep			07:00

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	0.5625	+0.4	0.5589	0.5628	CHF	0.8314	+0.1	S&P 500	7,825	+0.7	16.1	Oil (Brent)	100.40	+0.1
AUD	0.6985	+0.2	0.6962	0.6990	SEK	9.988	-0.5	Dow	51,501	+0.5	10.3	Oil (WTI)	89.41	-0.0
EUR	1.1261	+0.3	1.1203	1.1277	NOK	9.557	-0.4	Nasdaq	27,650	+0.6	20.5	Gold	4162.3	+0.8
GBP	1.3275	+0.4	1.3201	1.3286	HKD	7.848	+0.0	Stoxx 50	6,272	+0.5	11.4	HRC steel	1276.0	+0.0
JPY	158.14	+0.1	157.92	158.25	CNY	6.706	-0.0	FTSE	10,542	+0.4	11.2	CRB	410.9	+0.2
CAD	1.4214	-0.3			SGD	1.278	-0.1	DAX	25,449	+0.8	4.4	SGX Iron Ore	91.50	-0.1
NZD/AUD	0.8053	+0.3			IDR	17,899	-0.1	CAC 40	7,865	+0.4	-1.3	NZ Milk '27	10.07	+0.0
NZD/EUR	0.4995	+0.1			THB	33.61	-0.2	Nikkei	70,684	+1.1	47.4	NZ Milk '28	10.05	+0.4
NZD/GBP	0.4237	+0.0			KRW	1,339	-0.2	Shanghai	3,842	+0.3	-1.0	NZ Milk '29	10.00	+0.3
NZD/JPY	88.95	+0.6			TWD	31.79	+0.1	ASX 200	8,736	+0.6	-2.5	WM powder	3710	-0.1
NZD/CAD	0.7995	+0.1			PHP	62.78	+0.2	NZX 50	13,700	+0.0	1.2	Australian Futures		
NZ TWI	63.94	+0.3						VIX Index	15.13	-2.5	-7.6	3 year bond	95.06	-0.03
												10 year bond	94.61	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	4.66	4.88	USD	5.27	-0.04	15-May-28	3.88	0.05	BKBM 1-mth	3.00	-0.02	
AUD	4.60	4.77	4.91	5.49	AUD	5.40	0.06	20-Apr-29	4.17	0.05	BKBM 3-mth	3.23	0.01	
NZD	2.75	3.23	4.06	4.82	NZD	5.11	0.07	15-May-30	4.38	0.05	1 year	3.72	0.02	
EUR	2.50	2.60	3.40	3.58	GER	3.48	-0.02	15-May-31	4.55	0.06	2 year	4.06	0.05	
GBP	3.75	3.87	4.64	4.94	GBP	5.38	-0.04	15-May-32	4.70	0.06	3 year	4.23	0.05	
JPY	1.25	1.29	1.93	2.96	JPY	3.11	0.01	14-Apr-33	4.80	0.06	5 year	4.45	0.06	
CAD	2.25	2.41	3.17	3.72	CAD	3.92	-0.03	15-May-34	4.91	0.06	7 year	4.62	0.06	
								15-May-35	5.02	0.07	10 year	4.82	0.06	
								15-May-36	5.11	0.07	15 year	5.04	0.06	
								15-May-37	5.21	0.07				
								15-May-38	5.25	0.07	NZ Inflation-Indexed Bonds			
								15-May-41	5.46	0.07	Sept-30	1.94	0.00	
								15-May-51	5.66	0.07	Sept-35	2.73	0.00	
								15-May-54	5.66	0.07	Sept-40	3.17	0.00	
Carbon Price				Policy Meeting Run										
	Level	% Day	% Year		NZD	AUD	USD							
NZU	52.50	-0.1	-7.1	1st	2.91	4.68	3.94							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer				2nd	3.10	4.73	4.14							
Rates are as of: NZT 06:49				3rd	3.28	4.80	4.24							
Source: Bloomberg				4th	3.45	4.84	4.42							
				5th	3.61	4.88	4.52							

NZD exchange rates

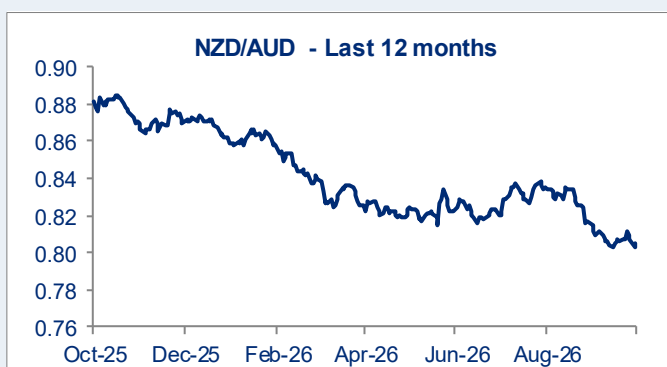
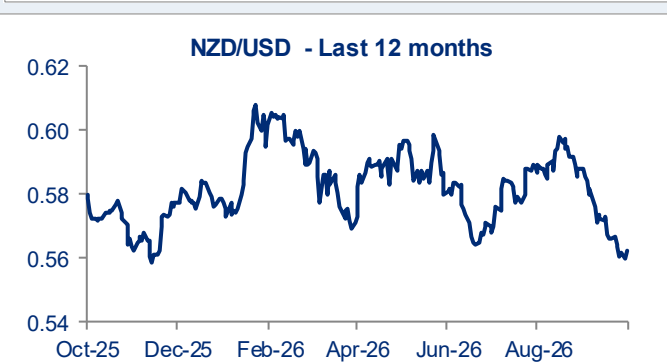
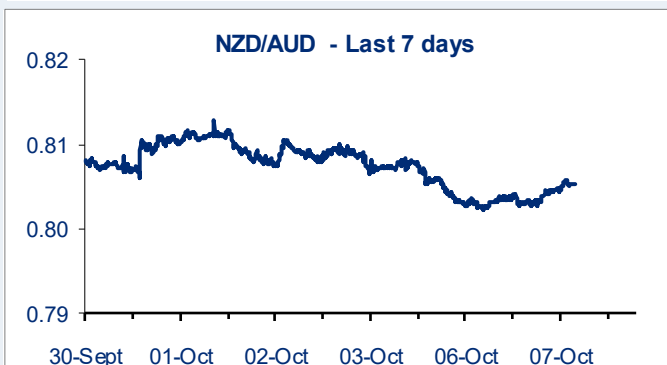
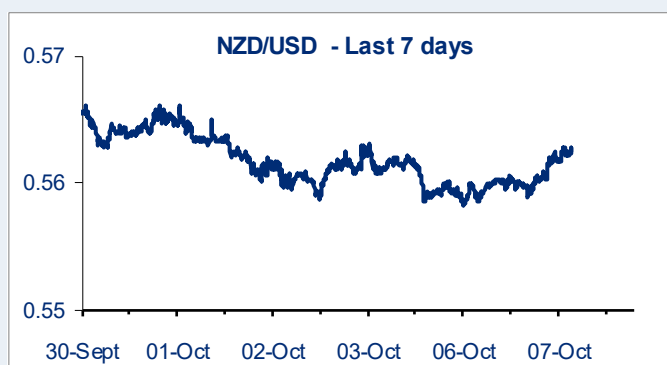
7/10/2026	6:49 am	Prev. NY close
USD	0.5625	0.5601
GBP	0.4237	0.4236
AUD	0.8053	0.8034
EUR	0.4995	0.4991
JPY	88.95	88.45
CAD	0.7995	0.7987
CHF	0.4675	0.4652
DKK	3.7340	3.7300
FJD	1.2659	1.2584
HKD	4.4120	4.3950
INR	54.21	53.94
NOK	5.3762	5.3727
PKR	155.74	155.19
PHP	35.29	35.09
PGK	2.5109	2.5016
SEK	5.6202	5.6211
SGD	0.7183	0.7165
CNY	3.7701	3.7564
THB	18.90	18.86
TOP	1.3294	1.3329
VUV	67.59	67.36
WST	1.5542	1.5465
XPF	59.45	59.53
ZAR	9.2945	9.3194

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.75	5.94
3 Months	15.72	16.18
6 Months	29.55	30.55
9 Months	42.02	43.82
1 Year	52.92	56.47

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.35	12.76
3 Months	33.33	34.33
6 Months	61.36	63.67
9 Months	84.28	88.58
1 Year	103.15	110.52



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

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.