

Research Markets Today

8 October 2026

Events round-up

JN: Sch'ld FT pay - same base (y/y%), Aug: 2.8 vs. 2.8 prev.

GE: Industrial production (m/m%), Aug: 2.0 vs. 0.5 exp.

Good morning

Risk appetite weakened again, with global bond yields hitting fresh multi-decade highs in overnight trading as higher oil prices and a renewed widening in French-German bond spreads came into focus. A significant retracement subsequently saw US Treasury yields fall well below their peaks, leaving them relatively flat for the day. Equity markets are weaker and the USD is broadly stronger, pushing the NZD back below 0.56.

After we reported an improvement in risk sentiment yesterday, the mood soured again overnight. With limited newsflow, this can largely be regarded as a mood swing. The US 10-year rate reached a fresh high of 5.36%, coinciding with Brent crude trading at around USD102.50 per barrel, so elevated oil prices clearly remain a concern. Oil prices have since slipped back towards USD100 per barrel, easing pressure on the rates market.

For investors concerned about inflation, crude oil is only one variable in the mix, with the recent surge in refined product prices, such as diesel, already well recognised. Freight and shipping costs are also soaring. According to the Baltic Exchange, it now costs \$77m to hire a VLCC to transport a shipment of oil from the US to Asia, compared with an average of \$9.2m last year. For a typical cargo of 2m barrels of oil, that equates to an additional delivery cost of about USD38.50 per barrel.

There were nerves heading into the \$39b auction of 10-year Treasury notes, but strong demand saw the clearing rate come in 1.7bps below prevailing yields, and the market subsequently rallied. The US 10-year rate is currently 5.28%, well below its earlier peak, little changed for the day, and 3bps lower since the NZ close. Shortly after we go to print, the FOMC will release the minutes of its September meeting. While these could trigger a knee-jerk reaction, a number of speakers have already aired their views, so the minutes should have no lasting impact.

For those concerned about the impact of higher rates on the US economy, the average rate on 30-year fixed-rate mortgages reached 7.49% a week ago, its highest level in

almost three years, according to the US Mortgage Bankers Association.

In the European bond market, weaker risk appetite drove demand for safe-haven assets and away from peripheral markets. Germany's 10-year rate rose by one basis point, compared with increases of 5–10bps in other markets. The France-Germany 10-year bond spread widened by 12bps to 139bps as fears of a debt crisis resurfaced. The French Finance Minister told the WSJ that France could consider increasing its issuance of shorter-term debt as investors become more hesitant to hold longer-term securities. However, the Finance Ministry subsequently issued a statement saying there had been no change in its bond issuance strategy. The head of the French central bank said, "The conditions are not in place now for an intervention by the ECB...it's not here to deal with countries' budget problems."

Angst in the European bond market has spilled over into the euro, making it the weakest of the major currencies both overnight and over the past 24 hours. The EUR has slipped back below 1.12 and is on track for its weakest close since May 2025. The USD is broadly stronger, with the DXY index up 0.4%, although less euro-heavy dollar indices show a smaller increase. The JPY is the strongest of the majors, demonstrating its safe-haven credentials, with USD/JPY slipping below 158.

Broader dollar strength has weakened the NZD, although the apparent short-term support level of 0.5580 has held, and the currency currently sits near 0.56. The AUD has weakened to 0.6965, while NZD/AUD is at 0.8040. Movements in other NZD crosses have also been small, with NZD/JPY weaker at 88.5 and NZD/EUR slightly higher, close to 0.50.

Higher rates have also weighed on equity markets, with the S&P 500 currently recording a modest decline, led by the economically sensitive Industrials and Materials sectors. European equities underperformed, with the Euro Stoxx 600 index down 1%.

The domestic rates market had a quiet and uneventful session yesterday. NZGB yields were unchanged at the close, while swaps also saw little movement, with the 2-year rate marked 1bp lower at 4.04%.

The economic calendar remains light, with no major data releases scheduled for the day ahead.

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Coming up

	Period	Cons.	Prev.	NZT
US Initial jobless claims (k)	3-Oct	200	197	01:30

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	0.5600	-0.4	0.5586	0.5611	CHF	0.8333	+0.2	S&P 500	7,802	-0.2	16.2	Oil (Brent)	100.05	-0.5
AUD	0.6965	-0.2	0.6943	0.6975	SEK	10.003	+0.1	Dow	51,232	-0.6	9.9	Oil (WTI)	88.28	-1.3
EUR	1.1194	-0.6	1.1165	1.1232	NOK	9.583	+0.3	Nasdaq	27,496	-0.4	20.7	Gold	4113.8	-1.1
GBP	1.3210	-0.5	1.3194	1.3255	HKD	7.848	+0.0	Stoxx 50	6,180	-1.5	10.1	HRC steel	1273.0	-0.2
JPY	158.00	-0.1	157.85	158.40	CNY	6.706	-0.0	FTSE	10,459	-0.8	10.3	CRB	413.8	+0.7
CAD	1.4261	+0.4			SGD	1.280	+0.2	DAX	25,104	-1.4	2.9	SGX Iron Ore	91.80	+0.4
NZD/AUD	0.8040	-0.1			IDR	17,887	-0.1	CAC 40	7,769	-1.2	-2.6	NZ Milk '27	10.12	+0.0
NZD/EUR	0.5003	+0.2			THB	33.64	+0.1	Nikkei	70,036	-0.9	46.7	NZ Milk '28	10.05	+0.5
NZD/GBP	0.4239	+0.1			KRW	1,339	-0.0	Shanghai	3,842	+0.3	-1.0	NZ Milk '29	10.00	+0.0
NZD/JPY	88.48	-0.5			TWD	31.89	+0.3	ASX 200	8,728	-0.1	-2.5	WM powder	3705	-0.1
NZD/CAD	0.7986	-0.0			PHP	62.76	-0.0	NZX 50	13,684	-0.1	0.9	Australian Futures		
NZ TWI	63.86	-0.3						VIX Index	15.17	+1.1	-12.0	3 year bond	95.05	-0.01
												10 year bond	94.59	0.00
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	4.64	4.89	USD	5.28	0.00	15-May-28	3.88	-0.00	BKBM 1-mth	2.99	-0.01	
AUD	4.60	4.76	4.91	5.50	AUD	5.41	0.01	20-Apr-29	4.17	-0.00	BKBM 3-mth	3.23	-0.00	
NZD	2.75	3.23	4.04	4.82	NZD	5.11	0.00	15-May-30	4.38	0.00	1 year	3.71	-0.00	
EUR	2.50	2.60	3.36	3.58	GER	3.48	-0.00	15-May-31	4.54	-0.00	2 year	4.04	-0.01	
GBP	3.75	3.87	4.64	4.98	GBP	5.44	0.07	15-May-32	4.70	0.00	3 year	4.22	-0.01	
JPY	1.25	1.30	1.95	2.99	JPY	3.10	-0.01	14-Apr-33	4.80	0.00	5 year	4.44	-0.01	
CAD	2.25	2.41	3.17	3.74	CAD	3.94	0.01	15-May-34	4.91	0.00	7 year	4.62	-0.00	
								15-May-35	5.02	0.00	10 year	4.82	-0.00	
Carbon Price					Policy Meeting Run			15-May-36	5.11	0.00	15 year	5.03	-0.00	
	Level	% Day	% Year		NZD	AUD	USD	15-May-37	5.21	0.00	NZ Inflation-Indexed Bonds			
NZU	52.00	-1.0	-6.7		1st	2.90	4.68	3.93	15-May-38	5.26	0.00	Sept-30	1.98	0.04
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	3.09	4.73	4.13	15-May-41	5.46	0.00	Sept-35	2.75	0.02
Rates are as of: NZT 06:43					3rd	3.27	4.81	4.23	15-May-51	5.66	0.00	Sept-40	3.22	0.04
Source: Bloomberg					4th	3.44	4.84	4.39	15-May-54	5.66	0.00			
					5th	3.59	4.88	4.49						

NZD exchange rates

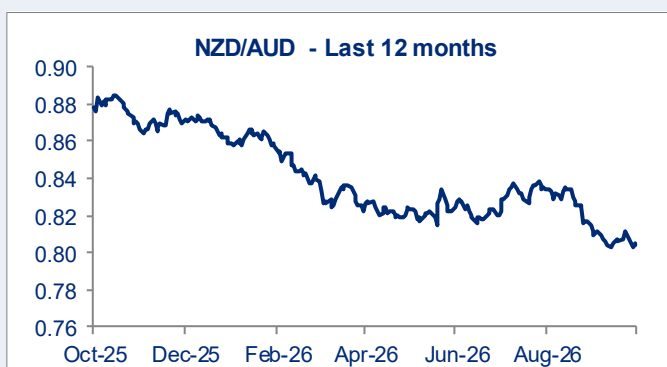
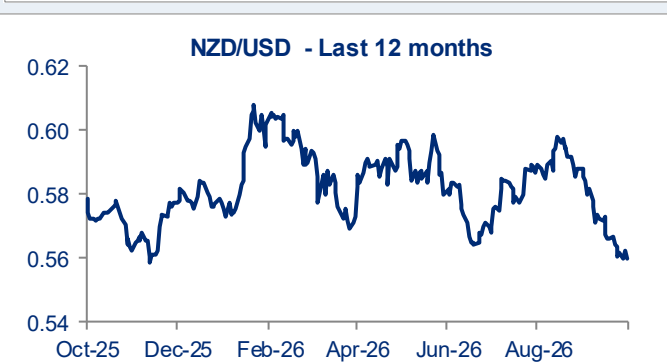
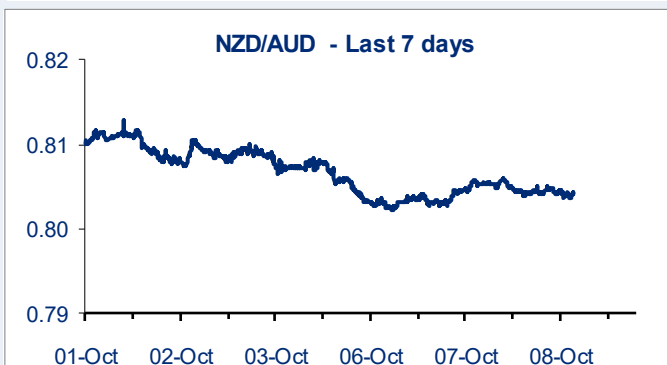
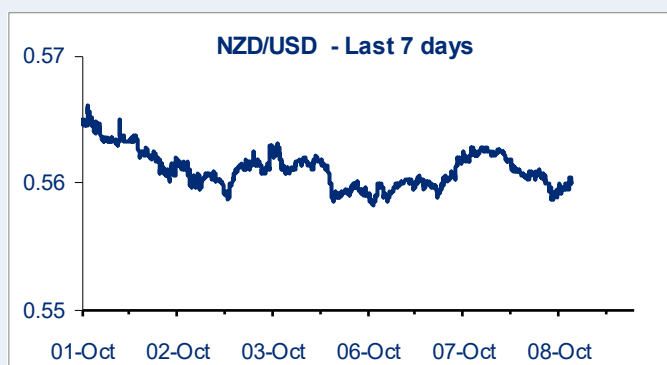
8/10/2026	6:43 am	Prev. NY close
USD	0.5600	0.5623
GBP	0.4239	0.4235
AUD	0.8040	0.8054
EUR	0.5003	0.4994
JPY	88.48	88.90
CAD	0.7986	0.7989
CHF	0.4665	0.4677
DKK	3.7378	3.7332
FJD	1.2536	1.2610
HKD	4.3920	4.4127
INR	54.15	54.22
NOK	5.3608	5.3718
PKR	155.02	155.80
PHP	35.12	35.30
PGK	2.4993	2.5103
SEK	5.6041	5.6191
SGD	0.7161	0.7183
CNY	3.7527	3.7712
THB	18.86	18.91
TOP	1.3198	1.3455
VUV	67.20	67.59
WST	1.5414	1.5549
XPF	59.62	59.54
ZAR	9.3013	9.3016

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.55	5.75
3 Months	15.99	16.41
6 Months	29.53	30.63
9 Months	41.90	43.81
1 Year	52.87	56.45

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.04	12.46
3 Months	34.19	35.17
6 Months	61.85	64.33
9 Months	85.03	89.53
1 Year	104.47	111.94



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