Research

Markets Today

17 September 2026

Events round-up

NZ: Westpac consumer confidence, Q3: 89.5 vs. 80.4 prev.

NZ: Current a/c bal. (ann % GDP), Q2: -3.2 vs. -3.8 exp.

UK: CPI (y/y%), Aug: 3.1 vs. 3.1 exp.

UK: CPI Core (y/y%), Aug: 2.6 vs. 2.6 exp.

UK: CPI services (y/y%), Aug: 3.4 vs. 3.5 exp.

EC: Industrial production (m/m%), Jul: -0.1 vs. -0.2 exp.

US: Retail sales (m/m%), Aug: 1.2 vs. 0.8 exp.

US: Retail sales ex auto, gas (m/m%), Aug: 1.2 vs. 0.4 exp.

US: Retail sales control grp (m/m%), Aug: 1.4 vs. 0.5 exp.

US: NAHB housing market index, Sep: 32 vs. 34 exp.

US: Fed Funds rate (upper bd%), Sep: 4.0 vs. 4.0 exp.

Good morning

Ahead of this morning's Fed announcement, sentiment across global rates markets was much improved compared with recent days, with rates lower across the board and some support coming from lower oil prices. Equity markets posted modest gains, while currency markets showed only small net movements. The Fed delivered a 25bps hike, as widely expected. The initial market reaction has been a flatter curve, with higher short rates, a stronger USD and US equities now show a modest fall.

The US Fed tightened monetary policy for the first time since mid-2023, raising the Fed Funds target range by 25bps to 3.75–4.00%. The vote was unanimous. The statement was short, noting "inflation remains elevated" and that today's policy action "will support a timelier return to the Committee's 2 percent goal."

The dotplot of rate projections showed 12 of 18 submitters expecting one more hike later this year and 4 favouring two more hikes over the remaining two meetings. Chair Warsh didn't submit a projection. Looking further ahead, the median dot is for an unchanged Fed Funds rate at the end of next year. In terms of revisions to economic projections, GDP projections were nudged higher, the unemployment rate was nudged lower and inflation was nudged higher. The core PCE deflator is still seen to be 2.5% as at end-2027.

At the press conference, Chair Warsh's opening comments came across as hawkish. He repeated his Jackson Hole line that it is hard pressed to call financial conditions restrictive and that inflation is too high and has been for too long, adding inflation risks are to the upside.

Ahead of the Fed, US 2- and 10-year Treasury yields were both down 6bps. The post-Fed reaction has been a flatter curve, with higher rates, led by the short end. As we go to print, the 2-year rate is now up 5bps for the day while the 10-year rate has pared its fall to 1bp at 4.99%. The market sees another 25bp hike as a done deal, with that seen as more likely in December, after the mid-term elections, than before. And the market sees at least one further hike next year, with a good chance of two more.

The USD has strengthened modestly post-Fed, with the dollar index up about ½%. NZD/USD has fallen to a fresh a two-month low below 0.5720. The AUD has fallen below 0.71. NZD cross movements have been mixed, lower from this time yesterday against the key majors, but a small recovery overnight against GBP and EUR. NZD/AUD has been probing a fresh 13-year low around 0.8055.

Oil prices are lower overnight. Bloomberg reported that Saudi Arabia is ramping up prompt crude sales from outside the Strait of Hormuz to Asian buyers, selling about 20m barrels this week. It also reported that Saudi Arabia is seeking to restore about half the capacity of its East-West pipeline within days. Brent crude is down about 3% on the day, to a USD105 handle.

US retail sales were much stronger than expected, with the headline and ex-auto and gas measures both rising 1.2% m/m, while the control group measure, which feeds into GDP, was even stronger at 1.4% m/m. Gains were broad-based, following a weak couple of months, and suggested that consumer spending in Q3 is likely to be robust overall, despite a weak housing market and higher gasoline prices. The Atlanta Fed's GDPNow estimate for Q3 was revised up to 5.1% following the data. While that indicator likely overstates the strength of the US economy, the combination of robust activity and high inflation vindicates tighter monetary policy.

UK CPI rose from 2.9% to 3.1% in August, but core CPI and services sector CPI were steady at 2.6% and 3.4%, respectively. The data were close to market expectations and, together with yesterday's in-line labour market data, were not strong enough to persuade traders that the BoE will hike rates at its meeting tonight. In fact, the market pared bets on the extent of any prospective tightening over the coming year. UK yields fell by more than those in other European countries, with the 2-year rate Gilt down 13bps and the 10-year rate down 9bps, driving a modestly weaker GBP.

Domestic rates were lower yesterday against the backdrop of lower Australian rates. Swap rates fell 4–5bps, seeing the 2-year rate close at 4.00% and the 10-year rate at 4.71%. NZGB rates were marked down 3–6bps, with the curve steepening.

In the day ahead, the consensus expects NZ Q2 GDP to rise 0.1% q/q and 2.2% y/y. We see upside risk to that, although significant revisions to historical data will muddy the water. The BoE is widely expected to keep its policy rate unchanged at 3.75%, with at least three dissents in favour of a hike. The market thinks the Bank cannot hold off much longer before hiking, so the focus will be on the tone of the policy outlook. There are only second-tier US data releases tonight.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	GDP (q/q%)	Q2	0.1	0.8	10:45
NZ	GDP (y/y%)	Q2	2.2	1.5	10:45
UK	Bank of England Bank Rate (%)	Sep	3.75	3.75	23:00
US	Philly Fed business outlook	Sep	32.5	47.4	00:30
US	Initial jobless claims (k)	12-Sept	207	206	00:30
US	Housing starts (k)	Aug	1319	1239	00:30
US	Building permits (k)	Aug	1410	1433	00:30
US	Pending home sales (m/m%)	Aug	-0.1	-2.3	02:00

Source: Bloomberg

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5721	-0.7	0.5712	0.5767
AUD	0.7095	-0.5	0.7089	0.7139
EUR	1.1479	-0.6	1.1470	1.1557
GBP	1.3390	-0.7	1.3381	1.3485
JPY	155.82	+0.5	154.86	155.94
CAD	1.3986	+0.5		
NZD/AUD	0.8063	-0.1		
NZD/EUR	0.4984	-0.1		
NZD/GBP	0.4273	+0.0		
NZD/JPY	89.14	-0.2		
NZD/CAD	0.8001	-0.2		
NZ TWI	64.81	-0.0		

Other FX

	Last	% Day
CHF	0.8242	+0.7
SEK	9.848	+0.7
NOK	9.412	+0.8
HKD	7.845	+0.0
CNY	6.709	-0.0
SGD	1.277	+0.3
IDR	17,696	+0.0
THB	33.37	+0.3
KRW	1,374	+0.7
TWD	31.81	-0.2
PHP	62.73	-0.2

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,581	-0.0	14.8
Dow	51,536	-1.1	12.6
Nasdaq	25,983	+0.0	16.3
Stoxx 50	6,267	+0.5	16.6
FTSE	10,688	+0.3	16.2
DAX	25,538	+0.5	9.5
CAC 40	8,141	+0.6	4.1
Nikkei	63,923	+0.7	42.7
Shanghai	3,892	+0.7	0.8
ASX 200	8,697	+0.3	-1.4
NZX 50	13,623	+1.0	3.0
VIX Index	17.19	-0.1	+5.1

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	105.74	-2.8
Oil (WTI)	102.41	-3.2
Gold	4270.0	-0.5
HRC steel	1237.0	+0.4
CRB	429.1	+1.2
SGX Iron Ore	96.35	+0.6
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.85	-1.5
NZ Milk '28	9.85	-0.5
WM powder	3675	-1.9

Australian Futures

3 year bond	94.98	0.06
10 year bond	94.62	0.05

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	4.00	4.85	4.59	4.60
AUD	4.35	4.68	4.98	5.39
NZD	2.75	3.15	4.00	4.71
EUR	2.50	2.68	3.47	3.55
GBP	3.75	3.87	4.59	4.85
JPY	0.98	-0.03	1.85	2.84
CAD	2.25	4.97	3.28	3.69

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.99	-0.01
AUD	5.35	-0.06
NZD	5.02	-0.03
GER	3.51	-0.03
GBP	5.30	-0.09
JPY	3.01	-0.03
CAD	3.92	-0.04

NZ Government Bonds

	Last	Chg
15-May-28	3.88	-0.06
20-Apr-29	4.14	-0.05
15-May-30	4.33	-0.05
15-May-31	4.50	-0.04
15-May-32	4.64	-0.04
14-Apr-33	4.74	-0.04
15-May-34	4.84	-0.04
15-May-35	4.93	-0.03
15-May-36	5.02	-0.03
15-May-37	5.10	-0.03
15-May-38	5.15	-0.03
15-May-41	5.36	-0.03
15-May-51	5.58	-0.03
15-May-54	5.59	-0.03

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.95	0.00
BKBM 3-mth	3.15	0.02
1 year	3.66	-0.02
2 year	4.00	-0.04
3 year	4.18	-0.04
5 year	4.39	-0.05
7 year	4.54	-0.05
10 year	4.71	-0.05
15 year	4.94	-0.05

Carbon Price

	Level	% Day	% Year
NZU	52.30	+1.1	-9.4

Policy Meeting Run

	NZD	AUD	USD
1st	2.92	4.55	3.88
2nd	3.11	4.67	4.02
3rd	3.30	4.73	4.21
4th	3.47	4.84	4.31
5th	3.61	4.88	4.47

NZ Inflation-Indexed Bonds

Sept-30	1.84	-0.01
Sept-35	2.61	-0.01
Sept-40	3.06	-0.00

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

Rates are as of: NZT 07:06

Source: Bloomberg

NZD exchange rates

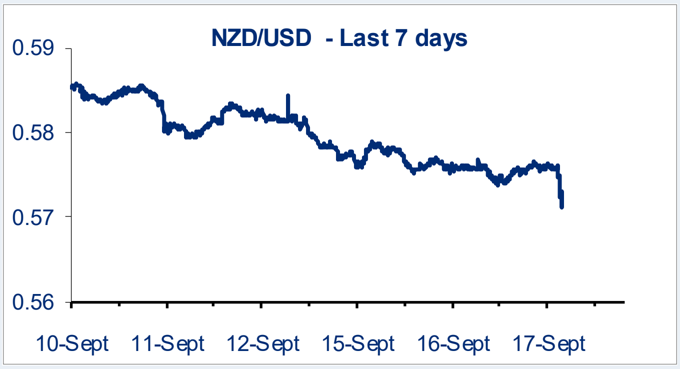
17/09/2026	7:07 am	Prev. NY close
USD	0.5721	0.5759
GBP	0.4273	0.4273
AUD	0.8063	0.8075
EUR	0.4984	0.4989
JPY	89.14	89.32
CAD	0.8001	0.8017
CHF	0.4715	0.4715
DKK	3.7322	3.7295
FJD	1.2750	1.2786
HKD	4.5170	4.5179
INR	55.25	55.26
NOK	5.3846	5.3793
PKR	159.79	159.83
PHP	36.13	36.19
PGK	2.5717	2.5710
SEK	5.6279	5.6311
SGD	0.7333	0.7330
CNY	3.8615	3.8653
THB	19.16	19.18
TOP	1.3548	1.3551
VUV	68.19	68.10
WST	1.5692	1.5705
XPF	59.50	59.47
ZAR	9.3698	9.3585

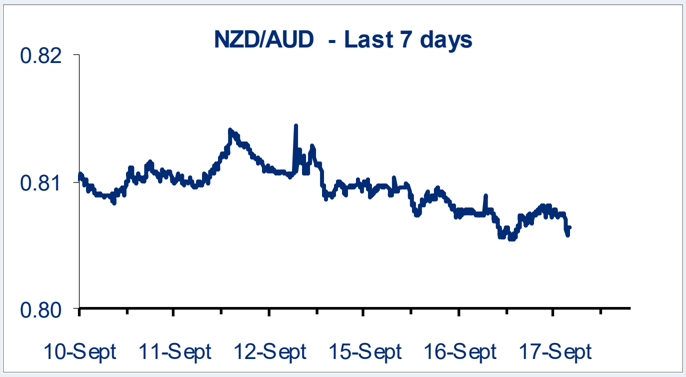
NZD/USD Forward Points

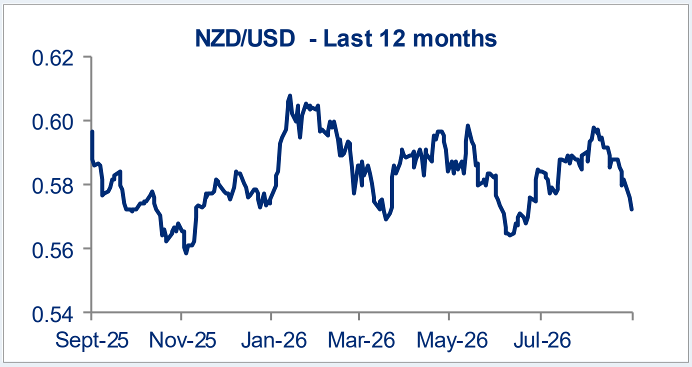
	BNZ buys NZD	BNZ sells NZD
1 Month	5.22	5.52
3 Months	14.90	15.50
6 Months	28.42	29.70
9 Months	39.39	42.13
1 Year	48.65	52.95

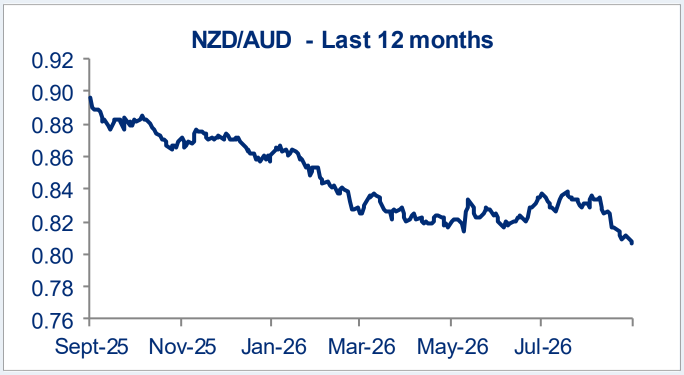
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	10.77	11.41
3 Months	32.07	33.47
6 Months	60.30	63.18
9 Months	85.52	91.10
1 Year	107.58	115.97









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