

Research Markets Today

18 September 2026

Events round-up

NZ: GDP (q/q%), Q2: 0.2 vs. 0.1 exp.
 NZ: GDP (y/y%), Q2: 2.6 vs. 2.2 exp.
 UK: Bank of England Bank Rate (%), Sep: 3.75 vs. 3.75 exp.
 US: Philly Fed business outlook, Sep: 37.8 vs. 32.5 exp.
 US: Initial jobless claims (k), 12 Sep: 196 vs. 207 exp.
 US: Housing starts (k), Aug: 1275 vs. 1319 exp.
 US: Building permits (k), Aug: 1394 vs. 1410 exp.
 US: Pending home sales (m/m%), Aug: 0.3 vs. -0.1 exp.

Good morning

The dip in risk-sensitive assets after Fed Chair Warsh's post-FOMC press conference unwound through Asian trading yesterday and extended overnight. The S&P 500 gained about 1%, while the Nasdaq outperformed and chipmakers rose around 3%. Treasury yields fell from recent highs, with the 10-year yield back below 5%, while the US dollar was broadly stable. Brent crude briefly fell toward \$102 on signs Saudi Arabia was restoring capacity on its East-West pipeline, before rebounding after President Trump said he was approaching a major crossroads on the Iran conflict.

There was little data to give the market fresh direction. US initial jobless claims were steady at a low level, with few signs of a change in trend. A decline in continuing claims suggests the unemployment rate is more likely to remain at 4.1% than drift higher in the near term. Market pricing implies around a 50% chance of a follow-up hike at the October FOMC, with about 32bp of tightening priced by year-end.

The Bank of England held rates steady at 3.75%, in line with expectations. The voting split remained 6–3, with three MPC members favouring a 25bp hike. The Bank sounded more concerned about inflation and maintained guidance that it stands ready to act as necessary to ensure inflation returns sustainably to the 2% target over the medium term. It also overhauled its quantitative tightening programme, pausing all bond sales until April and ending sales of long-dated bonds. The measures supported a rally across the gilt curve, led by the long end, while the pound fell after the decision.

US Treasury yields declined and the curve flattened, as lower oil prices and gains in UK government bonds reinforced the recovery in risk sentiment after the Federal Reserve's rate hike and renewed commitment to returning inflation to target. The 10-year yield fell to 4.95%, around 5bp below the NZ afternoon level, while the 2s10s curve flattened to 26bp, matching its June low. Elevated real yields did little to support demand at the US 10-year TIPS auction, which tailed by 2bp.

Currency markets were broadly stable, with the US dollar index confined to a narrow range. The pound fell after the BoE decision and was the weakest G10 currency since the NZ close. NZD/USD recovered toward 0.5750 offshore, partially reversing its sharp post-FOMC decline. Net moves across the NZD crosses were modest, with the only notable move in NZD/GBP, which rose toward 0.4295.

NZ Q2 GDP rose 0.2%, broadly in line with expectations, but upward revisions to earlier data meant annual growth lifted to 2.6%, comfortably above the RBNZ's September MPS forecast. Export activity remained the key driver of growth, while construction also made a stronger-than-expected contribution. Offsetting this, discretionary consumer spending remained subdued, reflecting ongoing pressure on household budgets. We have reinstated a 25bp October OCR hike and now expect 25bp increases at sequential meetings to a 3.75% peak.

NZ fixed income markets showed limited reaction to the GDP data. The domestic curve flattened in the local session yesterday, with 2-year rates closing 2bp higher at 4.02%, near cycle highs, while 10-year rates fell 2bp to 4.70%, reflecting the firmer tone in offshore markets. The weekly government bond tender attracted decent demand with NZ\$1.9 billion in bids for the NZ\$450 million offered across three nominal maturities. All lines cleared below prevailing market mids.

August Selected Prices are released today and will offer the latest read on Q3 inflation, with resurgent fuel prices expected to show through and add upside risk to CPI forecasts. RBA officials, including Governor Bullock, appear before the House of Representatives. Japan's CPI is also due ahead of the BoJ decision, where a 25bp hike is widely expected, taking the policy rate to 1.25%. Governor Ueda's guidance on the pace of further normalisation will be the key focus.

stuart_ritson@bnz.co.nz

Coming up

	Period	Cons.	Prev.	NZT
NZ Food Prices (m/m%)	Aug		0.1	10:45
NZ Trade Balance 12 Mth (NZ\$bn)	Aug		-5.2	10:45
UK GfK Consumer Confidence	Sep	-16	-14	11:01
AU RBA's Bullock-Testimony				11:30
JN CPI (y/y%)	Aug	2	1.9	11:30
JN CPI Ex Fr. Food, Energy (y/y%)	Aug	2	1.9	11:30
JN BOJ Target Rate	18-Sept	1.25	1	
UK Retail Sales Ex Fuel (m/m%)	Aug	-0.2	-0.9	18:00
US Industrial Production (m/m%)	Aug	0.3	0.2	01:15

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	0.5732	+0.3	0.5726	0.5750	CHF	0.8248	-0.1	S&P 500	7,637	+1.1	15.7	Oil (Brent)	104.69	-1.1
AUD	0.7112	+0.3	0.7106	0.7126	SEK	9.823	-0.4	Dow	51,833	+0.7	12.6	Oil (WTI)	101.96	-0.5
EUR	1.1477	+0.1	1.1467	1.1498	NOK	9.424	-0.1	Nasdaq	26,394	+1.6	18.6	Gold	4367.0	+0.3
GBP	1.3354	-0.2	1.3336	1.3406	HKD	7.846	+0.0	Stoxx 50	6,323	+0.9	17.8	HRC steel	1237.0	+0.0
JPY	156.02	-0.2	155.34	156.10	CNY	6.705	-0.1	FTSE	10,816	+1.2	17.5	CRB	426.1	-0.7
CAD	1.3987	-0.0			SGD	1.276	-0.1	DAX	25,717	+0.7	10.1	SGX Iron Ore	96.65	+0.3
NZD/AUD	0.8060	-0.0			IDR	17,753	+0.3	CAC 40	8,187	+0.6	5.1	NZ Milk '26	9.75	+0.0
NZD/EUR	0.4994	+0.2			THB	33.29	-0.2	Nikkei	64,136	+0.3	41.6	NZ Milk '27	9.86	+0.1
NZD/GBP	0.4292	+0.5			KRW	1,381	+0.3	Shanghai	3,876	-0.4	0.0	NZ Milk '28	9.85	+0.0
NZD/JPY	89.43	+0.2			TWD	31.89	+0.3	ASX 200	8,732	+0.4	-0.1	WM powder	3670	-0.1
NZD/CAD	0.8017	+0.3			PHP	62.74	+0.0	NZX 50	13,757	+1.0	4.9	Australian Futures		
NZ TWI	64.91	+0.2						VIX Index	15.56	-12.1	-1.0	3 year bond	95.01	0.03
												10 year bond	94.71	0.10
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	4.55	USD	4.94	-0.08	15-May-28	3.88	0.00	BKBM 1-mth	2.95	0.00	
AUD	4.35	4.69	4.93	5.36	AUD	5.30	-0.05	20-Apr-29	4.15	0.00	BKBM 3-mth	3.15	0.00	
NZD	2.75	3.15	4.02	4.70	NZD	5.00	-0.01	15-May-30	4.34	0.00	1 year	3.68	0.02	
EUR	2.50	2.66	3.47	3.52	GER	3.48	-0.03	15-May-31	4.50	-0.00	2 year	4.02	0.02	
GBP	3.75	3.87	4.62	4.80	GBP	5.22	-0.07	15-May-32	4.64	-0.00	3 year	4.19	0.02	
JPY	0.99	-0.03	1.88	2.84	JPY	3.00	-0.01	14-Apr-33	4.73	-0.01	5 year	4.39	0.00	
CAD	2.25	4.97	3.22	3.62	CAD	3.83	-0.11	15-May-34	4.83	-0.01	7 year	4.54	-0.00	
								15-May-35	4.92	-0.01	10 year	4.70	-0.01	
								15-May-36	5.00	-0.01	15 year	4.91	-0.03	
								15-May-37	5.09	-0.02				
								15-May-38	5.14	-0.02	NZ Inflation-Indexed Bonds			
								15-May-41	5.34	-0.02	Sept-30	1.83	-0.01	
								15-May-51	5.55	-0.03	Sept-35	2.61	-0.00	
								15-May-54	5.56	-0.03	Sept-40	3.05	-0.02	
Carbon Price				Policy Meeting Run										
	Level	% Day	% Year		NZD	AUD	USD							
NZU	52.95	+1.2	-8.7		1st	2.93	4.56	4.02						
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	3.12	4.68	4.21						
					3rd	3.31	4.73	4.31						
Rates are as of: NZT 06:13					4th	3.48	4.83	4.46						
Source: Bloomberg					5th	3.63	4.88	4.53						

NZD exchange rates

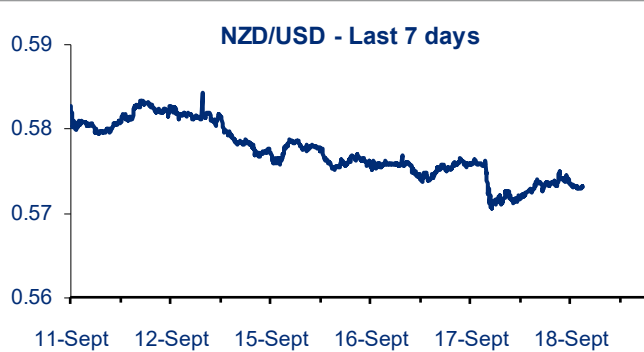
18/09/2026	6:13 am	Prev. NY close
USD	0.5732	0.5714
GBP	0.4292	0.4270
AUD	0.8060	0.8062
EUR	0.4994	0.4984
JPY	89.43	89.29
CAD	0.8017	0.7993
CHF	0.4728	0.4718
DKK	3.7338	3.7258
FJD	1.2769	1.2729
HKD	4.4974	4.4826
INR	54.99	54.83
NOK	5.4020	5.3882
PKR	158.90	158.57
PHP	35.96	35.85
PGK	2.5578	2.5520
SEK	5.6307	5.6369
SGD	0.7313	0.7300
CNY	3.8439	3.8336
THB	19.12	19.02
TOP	1.3340	1.3445
VUV	67.91	67.67
WST	1.5650	1.5587
XPF	59.29	59.30
ZAR	9.3244	9.3666

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.11	5.43
3 Months	15.16	15.92
6 Months	29.79	31.08
9 Months	41.99	44.76
1 Year	52.57	56.63

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	10.65	11.27
3 Months	32.20	33.74
6 Months	60.94	63.78
9 Months	85.00	90.64
1 Year	106.16	114.19



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.