Markets Today

29 October 2026

Events round-up

NZ: Filled jobs (m/m%), Sep: 0.3 vs. 0.2 prev.

AU: CPI (y/y%), Sep: 4.3 vs. 4.2 exp.

AU: CPI trimmed mean (q/q%), Q3: 1.0 vs. 1.0 exp.

AU: CPI trimmed mean (y/y%), Q3: 3.7 vs. 3.6 exp.

NZ: RBNZ official cash rate (%), Oct: 2.75 vs. 3.0 exp.

US: Advance goods trade bal ($b), Sep: 135 vs. -130 exp.

CA: Bank of Canada policy rate (%), Oct: 2.5 vs. 2.5 exp.

US: Fed Funds rate (upp bd%), Oct: 4.0 vs. 4.0 exp.

Good morning

It has been an action-packed 24 hours. The RBNZ's shock decision to leave policy on hold in the face of formidable inflation pressure drove rates lower and weakened the NZD, although the fall has not extended further overnight. RBA Governor Bullock's hawkish testimony yesterday boosted market pricing for another rate hike next week, supporting the AUD. The Bank of Canada kicked off its tightening cycle overnight, while the UK Budget was a non-event. The Fed has just released its latest policy announcement, leaving policy unchanged. Oil and gas prices are higher on fears of an imminent escalation in the US-Iran conflict.

As widely anticipated, the US Fed left the Fed Funds target range unchanged at 3.75-4% in a 10-2 vote, with Governor Cook and Cleveland Fed President Hammack dissenting in favour of a 25bp hike. The short statement noted economic activity is expanding at a strong pace (upgraded from solid) while inflation remains elevated (as previously).

Initial market reaction was muted, with little change in the US Treasury yields, which were a little higher leading into the announcement, with the 10-year rate just over 5%, and US equities maintaining their modest gain. There has been little FX reaction as well. We are publishing just ahead of Fed Chair Warsh's press conference, where questions will be asked about the chance of any imminent tightening in poli cy. Ahead of the press conference, the market prices a high chance of a 25bps hike at the next meeting in December.

The Bank of Canada tightened monetary policy for the first time in more than three years, raising its policy rate by 25bps to 2.5%. While the market was well priced for a hike, economists surveyed by Bloomberg were roughly evenly split on the decision. Inflation forecasts were revised higher, and Governor Macklem noted that the main argument for the hike was that energy prices are higher, are expected to remain higher, and that cost pressures are building. He added that "there could be a need to raise the policy rate further, but given the uncertainties, we will proceed carefully".

The contrast with the RBNZ's policy stance is interesting. Canada's hiking cycle has begun against a backdrop of core inflation trending lower, with the average of the median and trimmed mean measures at 1.85%, below the 2% target. Yesterday, by contrast, the RBNZ showed a reluctance to remove monetary accommodation, even with core inflation already at the top of the target range and moving higher.

The UK Budget was billed as a steady-as-she-goes, do-no-harm budget, and the muted reaction in Gilts and GBP was consistent with that approach. The FT noted that Chancellor Healey's first Budget was very modest in terms of higher taxes and spending compared with recent fiscal events. Immediate spending plans for the 2026/27 fiscal year amounted to less than 0.25% of GDP, while tax rises by 2029/30 were worth £5.5b – insignificant compared with the £66b announced in the previous two Budgets under former Chancellor Reeves.

In economic news, the advance estimate of the US goods trade deficit for September was larger than expected at USD135b. The data reinforced expectations that net exports will be a significant drag on Q3 GDP – in the order of three full percentage points – albeit offset by a large jump in equipment investment. The first estimate of US Q3 GDP is released tonight. The Bloomberg consensus is for annualised growth of 3.2%, but that figure is probably now stale and the risks are likely skewed to the downside. While net exports will be a significant drag, private consumption and business investment will be running at a much stronger pace, and those figures will be the market's focus.

Yesterday afternoon, the WSJ reported that the US has told several Gulf Arab nations to prepare for a possible short, intense military campaign against Iran after the mid-term elections. The US is sending an additional Patriot system to Israel to bolster its missile defences and, in preparation for an escalation, has moved troops off vulnerable bases in the Middle East. US forces in the region

have been restocking munitions, while bombers and fighter jets are preparing for strikes. Brent crude rose more than USD1 immediately after the report and extended its gain overnight to trade around USD116.50 per barrel, before easing back to USD115.

European natural gas prices surged more than 4%, breaking through the €100/MWh mark for the first time since Russia invaded Ukraine in 2022, on fears that an escalation in the US-Iran conflict could further disrupt supplies ahead of the peak winter season.

Yesterday, RBA Governor Bullock delivered hawkish testimony to a parliamentary committee, echoing Assistant Governor Hauser's hawkish comments last week. She noted that inflation was likely running higher than projected in August and that the Bank can't allow high inflation to persist. She added that while global pressures are certainly compounding the inflation problem, the Bank still sees inflation stemming from domestic capacity pressures, and the labour market appears a little tighter than previously projected.

The Australian CPI data that followed were broadly in line with market expectations, including the key trimmed mean measure of core inflation, which rose 1.0% q/q and 3.7% y/y. Market pricing for next week's RBA meeting increased to about an 85% chance of a 25bp hike. That would mark the fifth rate hike this year and widen the gap between Australia's cash rate target and NZ's OCR to 210bps.

The RBNZ's decision to leave the OCR on hold yesterday shocked the market, which had almost fully priced a 25bps hike. The 4-3 vote suggested the decision was finely balanced, but it was puzzling given the Bank's acknowledgement that core inflation had risen to the top of the 1-3% target range, price increases have become more broad-based, and GDP growth was stronger than expected over the first half of the year.

The decision to hold appeared to reflect global risks more than the domestic data. The minutes noted that two of the members voting to hold, Gai and Breman, attached material weight to the risk that the global environment could shift abruptly. All members agreed that tighter monetary policy is likely to be required. At the press conference, Governor Breman said several times that the Bank is likely to raise the OCR at coming meetings, adding that the projected rate track was likely to be higher than the one published in September.

The shock decision drove NZ rates lower, led by the short end of the curve, and triggered a broad-based fall in the NZD, with the TWI retesting its recent 15-year low. The RBNZ blamed "global events" for the NZD's recent sharp depreciation, seemingly oblivious to the fact that its decision to keep interest rates suppressed has been a key driver of the currency's debasement over the past year.

From 0.5675 before the announcement, the NZD collapsed to a low of 0.5585, near recent support, before regaining some poise and recovering modestly overnight to 0.5620. Technically, 0.5580 remains a notable short-term support level, and a break below it would open up the key multi-year support level of 0.55.

Against a backdrop of hawkish RBA commentary, NZD/AUD plunged to a fresh 13-year low of 0.7935 before finding support, and it currently sits just below 0.80. NZD/GBP fell to an 11-year low a tick below 0.42 before finding support. Among the other crosses, NZD/CNY traded at a 17-year low of 3.7250 and NZD/CAD fell below 0.79, while NZD/JPY found support just above 88 and NZD/EUR just above 0.5020.

The 2-year swap rate closed the day down 11bps at 4.01%, off a low of 3.97%. The 5-year swap rate fell 5bps to 4.32%, while the 10-year rate fell 1bp to 4.64%. The market reaction was restrained by the view that if the RBNZ isn't willing to address NZ's inflation problem now, it could raise the prospect of further hikes well down the track.

NZGB yields fell slightly further at the longer end of the curve. Earlier in the day, NZ Debt Management announced a cut to the weekly tender schedule from $450m to $350m, following the pre-election fiscal update, which trimmed the borrowing requirement for FY27. This drove a modest outperformance of NZGBs over swap, with the 10-year NZGB closing the day down 4bps at 4.93%.

On the economic calendar, the ANZ business outlook survey is released this afternoon, with the pricing indicators remaining of most interest. In the US, we've already noted Q3 GDP. PCE deflators are also released and a 0.3% lift in the core PCE deflator for September would nudge the annual rate up to 3.1% y/y. The ECB meets and is expected to keep policy on hold, following its rate hike last month.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
NZ	ANZ activity outlook (net%)	Oct		47.9	13:00
EC	Economic confidence	Oct	97.5	97.9	23:00
US	Personal income (m/m%)	Sep	0.3	0.2	01:30
US	Real personal spending (m/m%)	Sep	0.1	0.6	01:30
US	Initial jobless claims (k)	24-Oct	198	194	01:30
US	Core PCE deflator (m/m%)	Sep	0.3	0.2	01:30
US	Core PCE deflator (y/y%)	Sep	3.1	3	01:30
US	GDP (Ann'lsd q/q%)	Q3	3.2	2.2	01:30
EC	ECB deposit facility rate (%)	Oct	2.5	2.5	02:15

Source: Bloomberg

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5620	-1.1	0.5595	0.5629
AUD	0.7038	+0.2	0.7024	0.7046
EUR	1.1138	+0.1	1.1113	1.1153
GBP	1.3305	-0.0	1.3273	1.3321
JPY	158.27	+0.2	157.66	158.29
CAD	1.4037	-0.1		
NZD/AUD	0.7985	-1.2		
NZD/EUR	0.5046	-1.2		
NZD/GBP	0.4224	-1.1		
NZD/JPY	88.95	-0.9		
NZD/CAD	0.7889	-1.2		
NZ TWI	63.89	-1.0		

Other FX

	Last	% Day
CHF	0.8298	+0.1
SEK	9.931	-0.3
NOK	9.276	-0.7
HKD	7.846	+0.0
CNY	6.667	-0.0
SGD	1.283	+0.1
IDR	18,184	+0.2
THB	33.78	+0.0
KRW	1,344	+1.3
TWD	32.42	-0.2
PHP	64.04	-0.2

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,739	+0.2	12.3
Dow	52,484	+0.2	10.0
Nasdaq	26,451	-0.1	11.0
Stoxx 50	6,168	+0.1	8.1
FTSE	10,695	+0.1	10.3
DAX	25,704	+0.4	5.9
CAC 40	7,887	-0.0	-4.0
Nikkei	63,954	+1.1	24.6
Shanghai	3,681	+0.9	-7.7
ASX 200	8,847	-0.0	-0.9
NZX 50	13,691	+0.1	2.1
VIX Index	17.21	-1.8	+4.8

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	115.25	+1.2
Oil (WTI)	102.57	+2.7
Gold	4036.0	+0.9
HRC steel	1344.0	+0.1
CRB	411.9	-0.7
SGX Iron Ore	90.85	+0.7
NZ Milk '27	10.36	+0.0
NZ Milk '28	10.25	+0.2
NZ Milk '29	9.92	+0.0
WM powder	3920	-0.4

Australian Futures

3 year bond	95.09	-0.07
10 year bond	94.79	-0.03

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	4.00	4.85	4.63	4.65
AUD	4.60	4.86	4.94	5.34
NZD	2.75	3.37	4.01	4.64
EUR	2.50	2.62	3.42	3.47
GBP	3.75	3.87	4.79	4.88
JPY	1.25	1.32	1.90	2.72
CAD	2.50	2.60	3.31	3.65

Benchmark 10 Yr Bonds

	Last	Net Day
USD	5.03	0.03
AUD	5.21	0.06
NZD	4.93	-0.04
GER	3.37	0.01
GBP	5.32	-0.03
JPY	2.83	0.02
CAD	3.87	0.04

NZ Government Bonds

	Last	Chg
15-May-28	3.83	-0.11
20-Apr-29	4.09	-0.10
15-May-30	4.26	-0.09
15-May-31	4.41	-0.07
15-May-32	4.54	-0.06
14-Apr-33	4.64	-0.06
15-May-34	4.74	-0.04
15-May-35	4.84	-0.04
15-May-36	4.93	-0.04
15-May-37	5.02	-0.04
15-May-38	5.07	-0.04
15-May-41	5.28	-0.03
15-May-51	5.49	-0.02
15-May-54	5.50	-0.02

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	3.15	0.02
BKBM 3-mth	3.37	0.02
1 year	3.69	-0.15
2 year	4.01	-0.11
3 year	4.15	-0.09
5 year	4.32	-0.05
7 year	4.46	-0.03
10 year	4.64	-0.01
15 year	4.84	-0.02

NZ Inflation-Indexed Bonds

Sept-30	1.80	-0.05
Sept-35	2.57	-0.05
Sept-40	3.01	-0.05

Carbon Price

	Level	% Day	% Year
NZU	47.74	-1.1	-9.9

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

Rates are as of: NZT 07:13

Source: Bloomberg

Policy Meeting Run

	NZD	AUD	USD
1st	2.75	4.82	3.89
2nd	2.97	4.88	4.10
3rd	3.17	4.95	4.22
4th	3.35	4.97	4.39
5th	3.52	4.99	4.49

NZD exchange rates

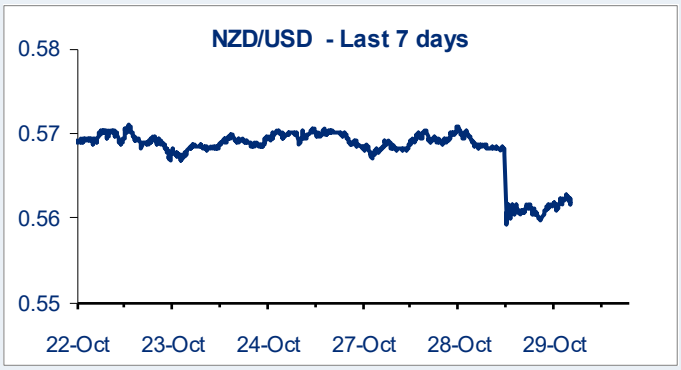
29/10/2026	7:13 am	Prev. NY close
USD	0.5620	0.5681
GBP	0.4224	0.4270
AUD	0.7985	0.8087
EUR	0.5046	0.5107
JPY	88.95	89.73
CAD	0.7889	0.7982
CHF	0.4664	0.4710
DKK	3.7711	3.8168
FJD	1.2592	1.2735
HKD	4.4130	4.4566
INR	53.57	54.04
NOK	5.2122	5.3045
PKR	155.65	157.29
PHP	36.02	36.46
PGK	2.5190	2.5430
SEK	5.5798	5.6581
SGD	0.7215	0.7278
CNY	3.7496	3.7872
THB	18.99	19.19
TOP	1.3232	1.3367
VUV	67.05	67.79
WST	1.5476	1.5621
XPF	60.05	60.59
ZAR	9.3763	9.4520

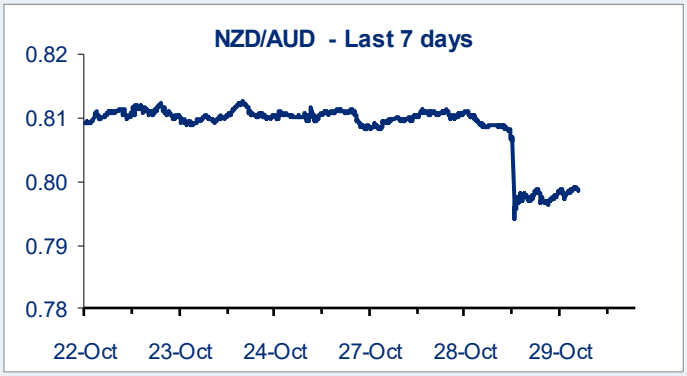
NZD/USD Forward Points

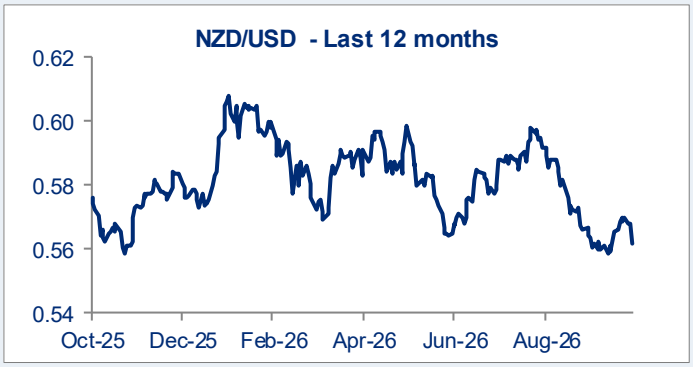
	BNZ buys NZD	BNZ sells NZD
1 Month	6.10	6.30
3 Months	17.51	18.10
6 Months	33.29	34.44
9 Months	46.92	49.47
1 Year	58.47	62.23

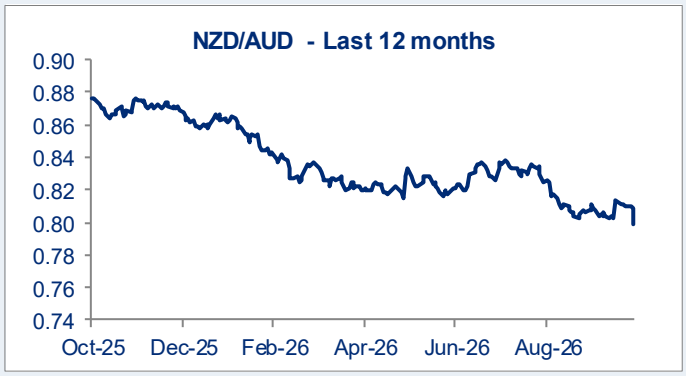
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.78	14.23
3 Months	38.35	39.60
6 Months	71.54	74.19
9 Months	97.83	103.03
1 Year	117.91	125.55









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.