Market Alert

Thursday 3 September 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5854	0.0027
NZD/AUD	0.8162	0.0063
NZD/JPY	92.905	-0.88
NZD/EUR	0.5051	-0.0012
NZD/GBP	0.4339	0.0020
NZD/CNH	3.9713	-0.0342
AUD/USD	0.7170	-0.0023
AUD/EUR	0.6186	-0.0064
EUR/USD	1.1589	0.0081
USD/CNH	6.7175	-0.0889
GBP/USD	1.3487	-0.0001
EUR/GBP	0.8588	0.0059

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.35%
90 day bills	3.06%	4.61%
2 year swap	3.75%	4.74%
10 year Govt	4.86%	5.33%

Did someone say dovish rate hike?

If you were looking for the RBNZ to validate the hawkish market pricing … it's time to recalibrate your portfolios!

While the MPC delivered the anticipated 25bps rate increase lifting the OCR to 2.75%, the accompanying Q&A struck a highly data-dependent tone that left both interest rate pricing and the NZD vulnerable. However, rather than framing the move as an aggressive economic squeeze, the central bank once again went to great lengths to emphasise it is withdrawing stimulus, rather than aggressively tightening policy, with Deputy Governor Karen Silk noting, *"We still think there's a reasonable level of accommodation sitting there today."*

Confirming this transitional stance, RBNZ Governor Anna Breman emphasised, *"We expect economic growth to strengthen and broaden,"* adding, *"The OCR is moving up toward neutral but remains accommodative. The Committee may need time to assess the current stance of policy, but the RBNZ is not on a preset course, with the timing of any further rate rise highly uncertain."* When pressed on whether we should anticipate a new holding pattern, or immediate back-to-back hikes, Breman doubled down stating, *"We are stressing that we're not on a preset course for the OCR. You've seen that it's been a volatile environment. We do think that it's likely there may be future OCR increases, but the timing is highly uncertain."*

On the neutral rate, Chief Economist Paul Conway stated, *"The short-term neutral may be higher than our estimate of the long-run neutral, which is around 3%, but there's a great deal of uncertainty about it."*

Driven by this lack of strict forward guidance, the NZD immediately weakened, falling across major currency pairs as traders unwound the interest rate premium. Although there was a lack of follow in the overnight markets. Exporters, especially USD exporters should take advantage of these levels as the concerns regarding the USD haven't changed.

Unlike the RBNZ …

- The BoC held their overnight cash rate at 2.25%, a decision that was widely expected by markets. The central bank flagged stronger upside risks to inflation.
- Australian GDP grew 0.4% in Q2, above market expectations and Q1's 0.3%. This saw annualised GDP print at 2.1%, below the prior quarter's 2.5%, but ahead of forecasts at 1.8%.
- The 'pop' in Australian growth was supported by increased household spending and business investment.
- US private businesses added just 38k jobs in August, the weakest increase since January and below forecasts at 47k.
- US factory orders rose 0.9% in July, rebounding from June's revised 0.2% decline.
- The Fed's Beige Book saw a modest increase in economic activity since early July. Ten of the twelve Districts reported growth in the slight to moderate range; two Districts reported no change. Consumer spending and employment grew slightly.

Fed Governor John Williams confirmed, *"It's the Fed's job to get price stability; 2% inflation is job number one. Tariffs and the Middle East war are big drivers of inflation (although) I am not seeing the 2nd round inflationary impact from the tariffs. Rates are in a good place."*

Bond markets spent the session consolidating

As concerns over inflation, higher rates and high levels of sovereign debt remain elevated. The 10-years US yield is continuing to flatline around the 4.79%-4.80% level, while the 2-years is 3bps lower at 4.38%.

Daily Rates

Thursday 3 September 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths		Spot Mid NZD/...	AUD/...
NZ TWI	66.40					CAD	0.8096	0.9919
NZD/USD	0.5854	0.0004	0.0014	0.0027	0.0049	CHF	0.4754	0.5828
NZD/AUD	0.8162	0.0010	0.0032	0.0063	0.0119	CNY	3.9333	4.8182
NZD/JPY	92.905	-0.16	-0.43	-0.8810	-1.77	DKK	3.7741	4.6241
NZD/EUR	0.5051	-0.0002	-0.0006	-0.0012	-0.0028	FJD	1.2727	1.5594
NZD/GBP	0.4339	0.0003	0.0010	0.0020	0.0040	HKD	4.5889	5.6224
						KRW	795.26	974.37
AU TWI	66.10					MYR	2.3660	2.8988
AUD/USD	0.7170	-0.0003	-0.0011	-0.0023	-0.0044	NOK	5.4520	6.6799
AUD/NZD	1.2248	-0.0015	-0.0049	-0.0098	-0.0190	SEK	5.6321	6.9006
AUD/JPY	113.88	-0.34	-0.98	-1.96	-3.82	SGD	0.7438	0.9113
AUD/EUR	0.6186	-0.0010	-0.0031	-0.0064	-0.0125	TWD	18.58	22.76
AUD/GBP	0.5313	-0.0003	-0.0009	-0.0018	-0.0030	ZAR	9.40	11.51
USD Index	99.59							
EUR/USD	1.1589	0.0014	0.0040	0.0081	0.0162			
USD/JPY	158.69	-0.39	-1.11	-2.24	-4.37			
GBP/USD	1.3487	0.0000	0.0001	-0.0001	-0.0012			
EUR/GBP	0.8588	0.0010	0.0029	0.0059	0.0125			
USD/CNY	6.719	-0.0162	-0.0431	-0.0882	-0.1869			

EQUITIES	Index
NZX50	13,931
ASX200	8,978
Dow Jones	53,062
S&P 500	7,669
FTSE100	10,756
DAX 40	25,839
Nikkei	64,326

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.94%	4.36%
90 day bank bills	3.06%	4.61%
1 year swap	3.49%	4.71%
2 year swap	3.75%	4.74%
3 year swap	3.89%	4.75%
5 year swap	4.11%	4.79%
10 year swap	4.50%	5.04%
3 year Govt bond	3.93%	4.87%
5 year Govt bond	4.28%	4.96%
10 year Govt bond	4.86%	5.33%

COMMODITIES	USD
Brent Crude	95.43
Gold	4,390.63
Silver	65.33
Iron Ore	99.33
CRB Index	535.66
	NZD
NZ Carbon	49.75

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