# Market Alert

Thursday 17 September 2026

| CURRENCIES | Spot | 6mths |
|---|---|---|
| NZD/USD | 0.5711 | 0.0030 |
| NZD/AUD | 0.8059 | 0.0061 |
| NZD/JPY | 89.300 | -0.87 |
| NZD/EUR | 0.4982 | -0.0011 |
| NZD/GBP | 0.4270 | 0.0019 |
| NZD/CNH | 3.8615 | -0.0340 |
| AUD/USD | 0.7086 | -0.0018 |
| AUD/EUR | 0.6181 | -0.0061 |
| EUR/USD | 1.1462 | 0.0083 |
| USD/CNH | 6.7126 | -0.0942 |
| GBP/USD | 1.3373 | 0.0005 |
| EUR/GBP | 0.8567 | 0.0057 |
| **INT RATES** | **NZ** | **Australia** |
| OCR/Cash | 2.75% | 4.35% |
| 90 day bills | 3.15% | 4.73% |
| 2 year swap | 4.03% | 5.01% |
| 10 year Govt | 5.10% | 5.46% |

## Fed rate hike

As markets expected, the Fed hiked by 25bps this morning, bringing the Fed Funds rate to a target range of 3.75% - 4.00%. This was the first hike since 2023 and was a unanimous decision by the FOMC. In the post-meeting statement, the Committee stated that *"Inflation remains elevated. Today's policy action will support a timelier return to the Committee's 2.0% goal. The Committee will deliver price stability."* During a news conference, Chairman Kevin Warsh stated that inflation has been *"too high… for too long."* He continued, *"We must be confident that underlying inflation is moving to our objective clearly and at sufficient speed. Today, the FOMC decided that this standard has not been satisfied."* The unanimous decision behind the rate hike has also helped remove fears that Warsh would be insistent on lowering rates as President Trump has requested.

As for forward guidance, 16 out of 18 officials expect at least one more rate hike this year, with 4 members expecting two further hikes. Once again, Chair Warsh did not participate in the dot plot. No hikes were expected in future years, although both 2028 and 2029 have one cut pencilled in.

Following the hike, the US 10-year Treasury yield rose by 8bps to 5.02% while the 2-year Treasury yield, which is more sensitive to changes in the Fed Funds rate, rose 14bps to 4.74%. Unsurprisingly, the USD index rose above 100.00, while the NZD/USD fell to now sit at the 0.5710 level, while the AUD/USD fell to a low of 0.7075 before pushing back to now sit around 0.7090. Given that the AUD reclaimed some of its losses, the NZD/AUD cross is lower today at 0.8060.

## The other releases

- US retail sales rose by 1.2% in August, better than expectations of 0.8%. Core retail sales rose 1.4% against forecasts of 0.6%.
- The US export price index rose by 0.6% in August, while the import price index rose by 0.7%.
- The Atalanta Fed's GDPNow is estimating Q3 US GDP growth at 5.1%.
- The UK's CPI met expectations, both for the August month and August year, at 0.5% and 3.1% respectively.
- Wages in the euro zone rose by 3.0% in the Q2 year.
- Eurozone industrial production fell by 0.1%, which was slightly better than expectations of a 0.2% fall.
- Japan had a trade deficit in August of JPY1.1trn, with imports up 28.0% as a result of surging oil prices while exports rose by 19.3%, led by computer chips and autos. Core machinery orders fell more than expected in July, down 3.7% against forecasts of a 1.2% drop, although they were up 11.2% on the year against forecasts of 9.6%.

## In New Zealand

New Zealand's seasonally current account deficit was NZD3.8bn in the June quarter, which was a devilish $666m narrow than the March quarter. The main contributor to the narrowing was a $712m narrowing in the primary income deficit. The goods deficit widened as a result of higher fuel prices, while the services balance went from a deficit in Q2 to a surplus in Q3.

Westpac's McDermott Miller Consumer Confidence index rose by 9 points to 89.5 for the September quarter. The index is still below the 100-level, indicating more New Zealand households are pessimistic about economic conditions than those who are optimistic.

# Daily Rates

Thursday 17 September 2026

| FX | Spot Mid | FECs (mid) 1mth | 3mths | 6mths | 12mths |
|---|---|---|---|---|---|
| NZ TWI | 64.90 | | | | |
| NZD/USD | 0.5711 | 0.0005 | 0.0015 | 0.0030 | 0.0054 |
| NZD/AUD | 0.8059 | 0.0010 | 0.0032 | 0.0061 | 0.0109 |
| NZD/JPY | 89.300 | -0.15 | -0.42 | -0.8728 | -1.92 |
| NZD/EUR | 0.4982 | -0.0002 | -0.0005 | -0.0011 | -0.0027 |
| NZD/GBP | 0.4270 | 0.0003 | 0.0010 | 0.0019 | 0.0036 |
| | | | | | |
| AU TWI | 65.90 | | | | |
| AUD/USD | 0.7086 | -0.0003 | -0.0010 | -0.0018 | -0.0038 |
| AUD/NZD | 1.2402 | -0.0018 | -0.0052 | -0.0100 | -0.0185 |
| AUD/JPY | 110.55 | -0.33 | -0.97 | -1.94 | -3.89 |
| AUD/EUR | 0.6181 | -0.0011 | -0.0032 | -0.0061 | -0.0118 |
| AUD/GBP | 0.5296 | -0.0003 | -0.0010 | -0.0016 | -0.0028 |
| | | | | | |
| USD Index | 100.30 | | | | |
| EUR/USD | 1.1462 | 0.0014 | 0.0042 | 0.0083 | 0.0165 |
| USD/JPY | 156.35 | -0.40 | -1.15 | -2.34 | -4.79 |
| GBP/USD | 1.3373 | 0.0002 | 0.0004 | 0.0005 | 0.0001 |
| EUR/GBP | 0.8567 | 0.0009 | 0.0028 | 0.0057 | 0.0118 |
| USD/CNY | 6.706 | -0.0157 | -0.0457 | -0.0939 | -0.2012 |

| | Spot Mid NZD/... | AUD/... |
|---|---|---|
| CAD | 0.7988 | 0.9913 |
| CHF | 0.4715 | 0.5852 |
| CNY | 3.8281 | 4.7516 |
| DKK | 3.7234 | 4.6201 |
| FJD | 1.2484 | 1.5492 |
| HKD | 4.4794 | 5.5588 |
| KRW | 786.76 | 976.35 |
| MYR | 2.3311 | 2.8929 |
| NOK | 5.3826 | 6.6798 |
| SEK | 5.6314 | 6.9884 |
| SGD | 0.7299 | 0.9057 |
| TWD | 18.18 | 22.56 |
| ZAR | 9.35 | 11.61 |

| EQUITIES | Index |
|---|---|
| NZX50 | 13,623 |
| ASX200 | 8,697 |
| Dow Jones | 51,462 |
| S&P 500 | 7,752 |
| FTSE100 | 10,688 |
| DAX 40 | 25,538 |
| Nikkei | 63,923 |

| INTEREST RATES | New Zealand Mid | Australia Mid |
|---|---|---|
| 30 day bank bills | 2.95% | 4.46% |
| 90 day bank bills | 3.15% | 4.73% |
| 1 year swap | 3.64% | 4.94% |
| 2 year swap | 4.03% | 5.01% |
| 3 year swap | 4.21% | 5.02% |
| 5 year swap | 4.42% | 5.06% |
| 10 year swap | 4.75% | 5.25% |
| 3 year Govt bond | 4.28% | 5.07% |
| 5 year Govt bond | 4.60% | 5.14% |
| 10 year Govt bond | 5.10% | 5.46% |

| COMMODITIES | USD |
|---|---|
| Brent Crude | 105.49 |
| Gold | 4,261.03 |
| Silver | 62.95 |
| Iron Ore | 97.41 |
| CRB Index | 548.43 |
| | NZD |
| NZ Carbon | 52.30 |



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