Market Alert

Wednesday 2 September 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5889	0.0026
NZD/AUD	0.8244	0.0061
NZD/JPY	94.345	-0.93
NZD/EUR	0.5082	-0.0014
NZD/GBP	0.4358	0.0019
NZD/CNH	3.9713	-0.0340
AUD/USD	0.7142	-0.0022
AUD/EUR	0.6163	-0.0062
EUR/USD	1.1587	0.0082
USD/CNH	6.7226	-0.0873
GBP/USD	1.3511	-0.0001
EUR/GBP	0.8575	0.0059

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	3.07%	4.60%
2 year swap	3.73%	4.67%
10 year Govt	4.88%	5.28%

Did someone say liquidity squeeze?

Well, it could get a lot worse before that term reaches the press!

Sovereign bond yields surged higher overnight as rising oil prices stoked inflation concerns, while traders increased bets on further interest rate hikes. US Treasury yields surged to new highs with the 2 and 10-year 5bps higher at 4.40% and 4.80%, while the 30-year firmed 2bps to 5.27%. The 10-year JGB rate hit 3.00% for the first time since 1996, the German bund yield climbed to a 15-year high, while the UK gilt yield reached an 18-year high!

The US launched new strikes against Iranian targets following attacks on two supertankers exiting the Strait of Hormuz. While the attacks show no sign of easing, Iran offered an olive branch implying it will return to talks if the US honours prior commitments, although Iran's IRGC announced, "*Severe punishment awaits the US!*" Scott Bessent countered with, "*The Strait of Hormuz will be a worthless piece of water*" in 2-years' time. Crude prices rose 5.6% to USD90.55, while brent is 5.1% higher at USD95.15. Gold, silver and copper fell 2.5%-3.5%.

Currency markets spent most of the session 'on the sidelines' with the USD-index posting a modest 0.3% gain. The NZD won the 'biggest loser' award falling 0.5%, while the AUD fell 0.3%. Both were weak on the crosses, while NZD/AUD fell to 0.8240 … or rallied to 1.2135. Equity markets were a 'sea of red' falling between 0.8% and 1.8%.

The data releases weren't supportive either …

- US ISM manufacturing PMI fell from July's 55.6, a near four-year high, to 54.6 in August.
- The US JOLTs job openings increased by 89k to 7.27m in July from June's downwardly revised 7.18m.
- Eurozone inflation accelerated from 2.9% to 3.3% in August.
- UK shop price inflation rose to 1.5% in August following July's 0.9% increase. It was the largest annual increase since February 2024.
- Japan's manufacturing PMI hit 54.9 as the new orders sub-index surged to its highest levels since 2018.

US Treasury Secretary Bessent confirmed, "*I expressed strong support for Japan's decisive market and monetary steps to address the substantial undervaluation of the JPY.*"

Fed Governor Michael Barr stated, "*I'll support rate hikes if inflation doesn't ease.*"

BoE's Catherine Mann suggested, "*It's better for interest rates to be a little bit too high, and then of course, correct if necessary. From the last MPC meeting to this one, we have seen stronger economic activity.*"

Canadian PM Mark Carney suggested US-CAD trade talks can resume if the US stops, "*Throwing shade*".

Skim drags the GDT index kicking and screaming into positive territory!

On the surface, the headline looks fine after the GDT auction saw prices firm 0.9%, with the average price firming to USD3,910M/t. While the event was a lengthy, heavily contested affair absorbing a sizable 43,976 metric tonnes of product, if you look beneath the hood, you will notice the positive result was largely due to the strong performance of SMP.

SMP acted as the absolute hero of the night, heavily outperforming expectations rallying 5.3%, while WMP was the laggard, heavily underperforming futures pricing, falling 0.1%. While futures pricing had been implying an aggressive 8.5% surge in GDT pricing, last night's disappointing result means the next auction in 2-weeks' time would require a 17.0% gain just to catch up the futures pricing! While it is expected Fonterra will lift its Farmgate milk price forecast in the next month, it is possible we will see a realignment from the futures market in the coming days …

Daily Rates

Wednesday 2 September 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	66.80				
NZD/USD	0.5889	0.0004	0.0013	0.0026	0.0047
NZD/AUD	0.8244	0.0010	0.0031	0.0061	0.0111
NZD/JPY	94.345	-0.17	-0.45	-0.9310	-1.91
NZD/EUR	0.5082	-0.0002	-0.0006	-0.0014	-0.0031
NZD/GBP	0.4358	0.0003	0.0010	0.0019	0.0037
AU TWI	66.20				
AUD/USD	0.7142	-0.0003	-0.0011	-0.0022	-0.0040
AUD/NZD	1.2124	-0.0016	-0.0048	-0.0093	-0.0176
AUD/JPY	114.19	-0.35	-0.99	-1.98	-3.83
AUD/EUR	0.6163	-0.0011	-0.0031	-0.0062	-0.0120
AUD/GBP	0.5285	-0.0003	-0.0009	-0.0017	-0.0027
USD Index	99.69				
EUR/USD	1.1587	0.0014	0.0041	0.0082	0.0160
USD/JPY	160.21	-0.41	-1.14	-2.29	-4.48
GBP/USD	1.3511	0.0000	0.0001	-0.0001	-0.0012
EUR/GBP	0.8575	0.0010	0.0029	0.0059	0.0124
USD/CNY	6.7202	-0.0162	-0.0429	-0.0878	-0.1839

	Spot Mid NZD/...	AUD/...
CAD	0.8181	0.9924
CHF	0.4779	0.5798
CNY	3.9555	4.7989
DKK	3.7978	4.6066
FJD	1.2811	1.5540
HKD	4.6167	5.5999
KRW	809.02	981.32
MYR	2.3764	2.8825
NOK	5.4935	6.6635
SEK	5.6656	6.8722
SGD	0.7498	0.9095
TWD	18.67	22.65
ZAR	9.52	11.55

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.93%	4.36%
90 day bank bills	3.07%	4.60%
1 year swap	3.44%	4.70%
2 year swap	3.73%	4.67%
3 year swap	3.87%	4.64%
5 year swap	4.08%	4.65%
10 year swap	4.45%	4.91%
3 year Govt bond	3.99%	4.78%
5 year Govt bond	4.32%	4.88%
10 year Govt bond	4.88%	5.28%

EQUITIES	Index
NZX50	13,787
ASX200	9,067
Dow Jones	52,767
S&P 500	7,625
FTSE100	10,789
DAX 40	25,970
Nikkei	66,215

COMMODITIES	USD
Brent Crude	95.33
Gold	4,329.02
Silver	64.09
Iron Ore	99.98
CRB Index	536.20
	NZD
NZ Carbon	51.25