

Market Alert

Thursday 01 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5634	0.0030
NZD/AUD	0.8109	0.0061
NZD/JPY	88.645	-0.85
NZD/EUR	0.4973	-0.0012
NZD/GBP	0.4249	0.0019
NZD/CNH	3.7834	-0.0359
AUD/USD	0.6946	-0.0016
AUD/EUR	0.6131	-0.0061
EUR/USD	1.1328	0.0087
USD/CNH	6.7089	-0.0979
GBP/USD	1.3256	0.0007
EUR/GBP	0.8542	0.0060

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.23%	4.82%
2 year swap	4.07%	4.96%
10 year Govt	5.12%	5.46%

So there I was last night ...

Listening in on a conference all at 8:00pm, but it does make it a long day when one starts at 7:00am. Naturally, hoping the cameras were off, I was in my PJ's eating a bowl of white chocolate and raspberry ripple ice-cream. Admittedly, it wasn't a good look ... the only thing missing was an empty house and 9-cats!

But enough of me ... welcome to the 1st day of Q4!

Closing out the last trading day of Q3, financial markets reacted to a complex web of macroeconomic data. The highlight was the noticeable cooling in US inflation after the Fed's preferred measure, the PCE deflator, slowed to 0.3% on the month and 3.4% annually, while the core prints slowed to 0.2% and 3.0%. While the cooler print effectively quells any immediate urgency for a

rate hike – current priced at 40% after Goldman Sachs deferred its hike forecast from October to December – global bond markets remained aggressively unshaken.

Despite the softer PCE metrics, short-term interest rate markets are pricing a 40% probability of an October Fed hike. This saw the US 10-year Treasury yield firm 5bps to touch 5.30% while the 30-years surged 7bps to 5.65%, as yields were sustained by an accelerating labour print, with US private payrolls expanding by 90k in September, beating expectations at 70k. Concurrently, the US goods trade deficit widened sharply to USD132.6bn, logging its widest gap since March 2025, while the final Q2 GDP print was revised 0.7% higher to an annualised 2.2%, although the current Atlanta Fed GDPNow Q3 projection was cut from 5.0% to 3.7%.

The other headlines saw ...

- An expansion in Eurozone inflation after German inflation ticked up to a hotter-than-expected 3.3% and French inflation exploded to 3.0% (up from 2.4%).
- This occurred despite a strong German unemployment report which saw a 67k drop to a seasonally adjusted rate of 6.4%.
- Chinese official manufacturing PMIs rose to 50.1, successfully returning to expansionary territory, while the private RatingDog composite index climbed to 52.4, spearheaded by a 5-month high in manufacturing at 52.1.

- Australian inflation rose to 4.0% in the year to August, unsurprisingly driven by fuel shocks, while the RBA's preferred trimmed mean core gauge slowed to a cooler-than-expected 0.2% to be at 3.6% for the year. Coming on the back of Tuesday's rate hike to 4.60%, the softer core print lowered the probability of a November follow-up hike to just 20%.

The weaker than expect inflation print saw the AUD/USD fall 0.5% to 0.6950, while it also remains weak on the crosses with AUD/NZD easing to 1.2330, or firming to 0.8110. The USD and NZD were largely unchanged.

Unfortunately, geopolitical crosscurrents continue to underpin volatility. While crude oil exports from the Strait of Hormuz successfully normalised to a pre-war baseline of 13.5m barrels per day, Axios reported that the Qatari-led diplomatic mediation has completely stalled. US officials are now warning the White House could order a return to major combat operations in the Middle East following the November midterm elections.

This pessimistic outlook saw oil prices recover some of the previous sessions losses with crude 1.3% higher at USD90.55 while Brent firmed 2.0% to USD98.10 despite rumours President Trump is backing a strategy to ease Russian sanctions in exchange for political prisoners – potentially unlocking vast commodities stockpiles – while the US plan to flood the market with 40m barrels of emergency crude from the Strategic Petroleum Reserve hasn't contributed to further falls.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	64.20					CAD	0.8017 0.9887
NZD/USD	0.5634	0.0005	0.0016	0.0030	0.0054	CHF	0.4705 0.5805
NZD/AUD	0.8109	0.0012	0.0033	0.0061	0.0107	CNY	3.7820 4.6617
NZD/JPY	88.645	-0.13	-0.44	-0.8526	-1.85	DKK	3.7162 4.5825
NZD/EUR	0.4973	-0.0001	-0.0006	-0.0012	-0.0031	FJD	1.2502 1.5418
NZD/GBP	0.4249	0.0003	0.0010	0.0019	0.0036	HKD	4.4190 5.4500
						KRW	763.36 941.45
AU TWI	64.70					MYR	2.2945 2.8298
AUD/USD	0.6946	-0.0003	-0.0009	-0.0016	-0.0022	NOK	5.4204 6.6850
AUD/NZD	1.2329	-0.0018	-0.0052	-0.0096	-0.0172	SEK	5.6367 6.9518
AUD/JPY	109.43	-0.32	-0.98	-1.87	-3.66	SGD	0.7197 0.8874
AUD/EUR	0.6131	-0.0011	-0.0033	-0.0061	-0.0116	TWD	17.95 22.13
AUD/GBP	0.5237	-0.0004	-0.0009	-0.0016	-0.0023	ZAR	9.25 11.40
USD Index	101.48					EQUITIES	
EUR/USD	1.1328	0.0014	0.0045	0.0087	0.0176		Index
USD/JPY	157.35	-0.39	-1.21	-2.33	-4.74	NZX50	13,834
GBP/USD	1.3256	0.0002	0.0005	0.0007	0.0011	ASX200	8,789
EUR/GBP	0.8542	0.0009	0.0030	0.0060	0.0122	Dow Jones	51,123
USD/CNY	6.7045	-0.0157	-0.0496	-0.0986	-0.2130	S&P 500	7,697
						FTSE100	10,606
						DAX 40	25,199
						Nikkei	66,754
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.02%		4.59%		Brent Crude	103.50
90 day bank bills		3.23%		4.82%		Gold	4,152.21
1 year swap		3.72%		4.94%		Silver	60.28
2 year swap		4.07%		4.96%		Iron Ore	96.73
3 year swap		4.26%		4.95%		CRB Index	528.81
5 year swap		4.45%		4.96%			NZD
10 year swap		4.81%		5.25%		NZ Carbon	52.60
3 year Govt bond		4.28%		4.98%			
5 year Govt bond		4.61%		5.07%			
10 year Govt bond		5.12%		5.46%			

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