

Market Alert

Friday 02 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5605	0.0029
NZD/AUD	0.8092	0.0060
NZD/JPY	88.585	-0.86
NZD/EUR	0.4987	-0.0015
NZD/GBP	0.4248	0.0018
NZD/CNH	3.7834	-0.0362
AUD/USD	0.6925	-0.0017
AUD/EUR	0.6161	-0.0064
EUR/USD	1.1239	0.0088
USD/CNH	6.7151	-0.0978
GBP/USD	1.3190	0.0007
EUR/GBP	0.8516	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.22%	4.81%
2 year swap	4.04%	4.94%
10 year Govt	5.18%	5.51%

Financial markets were hit by a fresh wave of volatility overnight

As the unyielding rout in sovereign bond markets blasts borrowing costs across the US, Europe, and the UK to milestones not seen in decades supercharged by a blistering US labour print and a resilient ISM manufacturing report.

Geopolitical anxieties added to the dramatic escalation amid a new surge in oil pricing. Crude gained 2.8%, while Brent surged 4.4%, following reports that the US has deployed a 3rd aircraft carrier to the Middle East. Compounding concerns, US Secretary of State Marco Rubio ordered Iran's UN delegation to leave New York after talks stalled. Adding to the energy squeeze, China's state oil major, PetroChina, abruptly suspended all gasoline and jet-fuel shipments for October to protect its

domestic inventories, offsetting recent supply relief out of Saudi Arabia.

Breaking the moves down ...

The benchmark US 10-year Treasury yield surged past 5.30%, striking its highest level since early 2002, before retreating to 5.24%. Long-duration paper faced an absolute buyers' strike, with the 30-year Treasury yield hitting a 24-year high at 5.69% before backtracking to 5.61%, with Goldman Sachs's cross-asset desks noting the long-end of the curve remains "still totally bid-less."

The sovereign bond rout aggressively spread across the Atlantic. In the UK, intense pressure mounted as the 30-year gilt yields breached 6.00% for the first time since 1998, while in the Eurozone, the French 10-year yields exploded to a 2002 high of 4.96%.

The surge in bond yields saw the USD index rally a further 0.7% as it moved above the 102.00 level, driving the NZD/USD towards a 12-month low and the AUD/USD towards a 3-month low ... begging the question ... what is going to stop the rot? The JPY also weakened, with USD/JPY reclaiming the 158.15 level, after the BoJ's Summary of Opinions exposed a fragmented board. While some members advocated for accelerating interest rate hikes relatively quickly due to the oil and import shock, a dovish faction made a robust case for holding with baseline CPI below 2.0%.

Equity markets were mixed. The European bourses came under sustained selling pressure falling 1.0%-2.0%,

although the US exchanges continue to hold up amid the carnage trading flat to 0.3% higher.

Breaking the data down ...

- US labour market conditions tightened after initial jobless claims fell 1k to 197k, beating expectations at 200k. Continuing claims fell by 11k to 1,701k.
- Momentum was supported after US ISM manufacturing PMIs printed at a strong 54.5, demonstrating resilient factory expansion paired with surging input price pressures.
- Australian manufacturing PMIs fell to 49.6 in September, from 52.0 in August. Output fell at the sharpest pace in 21-months, new orders fell for the 1st time since June, while headcount fell for the first time in 5-months.

Following Tuesday's rate hike to a 15-year high at 4.60%, the RBA's Financial Stability Review confirmed that the vast majority of Australian mortgage holders are securely insulated against an economic slowdown. Baseline modelling suggests fewer than 1% of domestic borrowers are currently sitting in negative equity, while stress testing revealed that even if house prices were to collapse an additional 20%, and unemployment climb above 6.0%, only 5% of mortgages would be at risk of moving into negative equity or even default. While the commercial banks remain highly capitalised and profitable, the RBA explicitly warned that the primary threat to domestic stability stems from overseas, citing increasingly opaque AI funding technology.



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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	0.7973
NZD/USD	0.5605	0.0005	0.0015	0.0029	0.0048	CHF	0.4656
NZD/AUD	0.8092	0.0012	0.0033	0.0060	0.0103	CNY	3.7820
NZD/JPY	88.585	-0.13	-0.43	-0.8637	-1.83	DKK	3.7262
NZD/EUR	0.4987	-0.0002	-0.0006	-0.0015	-0.0036	FJD	1.2473
NZD/GBP	0.4248	0.0003	0.0010	0.0018	0.0033	HKD	4.3963
						KRW	761.90
AU TWI	64.60					MYR	2.2876
AUD/USD	0.6925	-0.0003	-0.0010	-0.0017	-0.0028	NOK	5.3928
AUD/NZD	1.2351	-0.0018	-0.0051	-0.0095	-0.0162	SEK	5.6316
AUD/JPY	109.81	-0.32	-0.98	-1.89	-3.64	SGD	0.7178
AUD/EUR	0.6161	-0.0011	-0.0033	-0.0064	-0.0123	TWD	17.88
AUD/GBP	0.5248	-0.0004	-0.0009	-0.0017	-0.0027	ZAR	9.36
							11.57
USD Index	102.10					EQUITIES	
EUR/USD	1.1239	0.0014	0.0044	0.0088	0.0179		Index
USD/JPY	158.04	-0.39	-1.19	-2.34	-4.66	NZX50	13,811
GBP/USD	1.3190	0.0002	0.0005	0.0007	0.0011	ASX200	8,614
EUR/GBP	0.8516	0.0009	0.0030	0.0061	0.0123	Dow Jones	50,943
USD/CNY	6.7045	-0.0157	-0.0496	-0.0986	-0.2135	S&P 500	7,677
						FTSE100	10,428
						DAX 40	24,939
						Nikkei	68,957
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.00%		4.60%		Brent Crude	102.31
90 day bank bills		3.22%		4.81%		Gold	4,176.22
1 year swap		3.70%		4.91%		Silver	60.88
2 year swap		4.04%		4.94%		Iron Ore	93.21
3 year swap		4.20%		4.95%		CRB Index	531.16
5 year swap		4.41%		5.00%			NZD
10 year swap		4.77%		5.25%		NZ Carbon	52.89
3 year Govt bond		4.33%		5.03%			
5 year Govt bond		4.66%		5.13%			
10 year Govt bond		5.18%		5.51%			

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