

Market Alert

Tuesday 06 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5600	0.0030
NZD/AUD	0.8031	0.0061
NZD/JPY	88.455	-0.85
NZD/EUR	0.4992	-0.0013
NZD/GBP	0.4235	0.0020
NZD/CNH	3.7834	-0.0340
AUD/USD	0.6972	-0.0017
AUD/EUR	0.6214	-0.0064
EUR/USD	1.1218	0.0087
USD/CNH	6.7039	-0.0957
GBP/USD	1.3220	0.0005
EUR/GBP	0.8481	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.22%	4.81%
2 year swap	3.98%	4.92%
10 year Govt	5.13%	5.45%

Bonds don't ask questions ...

They inflict consequences! While the narrative may sound a little repetitive, blistering US economic data has added fuel to the global bond fire, crushing the EUR to multi-month lows.

Financial conditions tightened drastically following the finalisation of the US composite PMIs, which rocketed to 58.4 in September - the strongest expansion in business activity in over 5-years. While the standalone ISM Services PMI ticked down marginally to 54.9, it secured its 27th consecutive month in expansionary territory.

Once again bond desks faced intensive selling pressure, driving long-dated yields to new historic highs. This saw the US 2, 10 and 30-year Treasury yields rally 2bps, 5bps and 7bps to yield 4.86%, 5.33% and 5.69% respectively. The carnage was most severe in Europe

where expanding fiscal deficits and fresh political gridlocks triggered a massive flight out of regional assets. This saw the 10-year German vs. France yield spread surge to 140bps - its widest gap since the 2011 Eurozone debt crisis - while the head of the French Central Bank issued a stark warning cautioning that the nation risks being "strangled by interest rates" as its worsening fiscal outlook triggers a major sovereign buyers' strike.

Higher yields saw the USD-index break through the 102.00 level, driving EUR/USD down to a 17-month low amid the weakening French fiscal situation, while rumours also circulated that Spanish officials were preparing to call a surprise snap election. USD/JPY firmed despite explicit tightening warnings from Finance Minister Katayama confirmed the administration is not reflationary and stands ready to combat excessive FX volatility, while Economy Minister Kiuchi declared Japan has officially exited deflation. In amongst the carnage, the NZD/USD came under renewed selling pressure while the AUD/USD continued its recovery from 0.6900, which saw NZD/AUD fall to 0.8025 with the 1-year interest rate differentials stuck in the low 120bps.

In sharp contrast to the fixed-income bleeding, equity markets exhibited immense resilience. A persistent institutional rotation into mega-cap technology and AI infrastructure completely by passed rising borrowing costs, driving the Nasdaq to fresh record highs with most of the major exchanges cementing in gains in the 0.25%-0.75% range.

Finally, oil prices fell 2.4% after Saudi Aramco unexpectedly slashed its November Arab Light selling price for Asian buyers expanded its regional discount by USD3.00 to USD 5.00 below the Oman/Dubai benchmark marking its widest pricing discount implemented by the Kingdom since the 2020 pandemic. The pricing adjustment completely offsetting the ongoing Middle East hostilities after Yemen's Houthi militants claimed fresh drone and missile strikes on Aramco sites in Riyadh and Khurais.

Looking at the other releases ...

- Japan's composite PMIs eased from 52.5 to 52.3 while services PMIs eased from 51.6 to 51.3. The key takeout saw output prices experience intense upward pressures, which prompted S&P to warn that a BoJ interest rate hike could land it next rate hike as soon as this month.
- Australia's Services PMI eased to 51.9 as private firms aggressively cut staff headcount while grappling with intense input cost pressures.
- The NZ commodity price index rose 0.6% in September as the weak NZD provided a natural boost.

Australian Treasurer Jim Chalmers delivered a blunt address labelling the ongoing Middle East conflict an "economic disaster" for the Commonwealth. Big Jim warned that the resulting multi-decade surge in global bond yields will add billions of dollars in unbudgeted costs to Australia's sovereign debt-servicing requirements.



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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	63.90					CAD	0.7979 0.9938
NZD/USD	0.5600	0.0006	0.0016	0.0030	0.0052	CHF	0.4650 0.5791
NZD/AUD	0.8031	0.0012	0.0033	0.0061	0.0103	CNY	3.7820 4.6617
NZD/JPY	88.455	-0.14	-0.42	-0.8509	-1.84	DKK	3.7292 4.6445
NZD/EUR	0.4992	-0.0002	-0.0006	-0.0013	-0.0035	FJD	1.2437 1.5490
NZD/GBP	0.4235	0.0004	0.0010	0.0020	0.0035	HKD	4.3926 5.4708
						KRW	750.64 934.88
AU TWI	64.40					MYR	2.2868 2.8481
AUD/USD	0.6972	-0.0004	-0.0009	-0.0017	-0.0026	NOK	5.3683 6.6859
AUD/NZD	1.2448	-0.0020	-0.0053	-0.0099	-0.0174	SEK	5.6191 6.9983
AUD/JPY	109.85	-0.35	-0.98	-1.90	-3.69	SGD	0.7162 0.8917
AUD/EUR	0.6214	-0.0012	-0.0033	-0.0064	-0.0124	TWD	17.75 22.11
AUD/GBP	0.5271	-0.0004	-0.0009	-0.0016	-0.0025	ZAR	9.31 11.60
USD Index	102.17					EQUITIES	
EUR/USD	1.1218	0.0015	0.0044	0.0087	0.0183		Index
USD/JPY	157.94	-0.41	-1.18	-2.33	-4.70	NZX50	13,699
GBP/USD	1.3220	0.0002	0.0004	0.0005	0.0010	ASX200	8,686
EUR/GBP	0.8481	0.0010	0.0030	0.0061	0.0129	Dow Jones	51,374
USD/CNY	6.7045	-0.0157	-0.0496	-0.0986	-0.2135	S&P 500	7,784
						FTSE100	10,498
						DAX 40	25,254
						Nikkei	69,947
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid		USD	
30 day bank bills		3.02%		4.60%		Brent Crude	99.99
90 day bank bills		3.22%		4.81%		Gold	4,140.74
1 year swap		3.69%		4.89%		Silver	61.23
2 year swap		3.98%		4.92%		Iron Ore	91.35
3 year swap		4.15%		4.92%		CRB Index	530.00
5 year swap		4.37%		4.93%			
10 year swap		4.74%		5.22%			
3 year Govt bond		4.26%		4.94%			
5 year Govt bond		4.60%		5.05%			
10 year Govt bond		5.13%		5.45%			
						NZD	
						NZ Carbon	52.50

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