

Market Alert

Wednesday 07 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5628	0.0029
NZD/AUD	0.8055	0.0061
NZD/JPY	88.995	-0.86
NZD/EUR	0.4998	-0.0013
NZD/GBP	0.4239	0.0020
NZD/CNH	3.7834	-0.0352
AUD/USD	0.6985	-0.0017
AUD/EUR	0.6202	-0.0063
EUR/USD	1.1260	0.0087
USD/CNH	6.7016	-0.0962
GBP/USD	1.3276	0.0005
EUR/GBP	0.8480	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.23%	4.82%
2 year swap	4.01%	4.95%
10 year Govt	5.19%	5.50%

Financial markets

Markets experienced a sharp “risk-on” rotation overnight with equity markets a ‘sea of green,’ rallying 0.50%-0.75% with the key S&P500 and Nasdaq reaching fresh all-time highs. The key catalyst was an early session easing in energy prices, cooling short-term inflation anxieties. As one would expect, tech led the equity advance.

Oil prices initially fell on the news that Iran had temporarily halted military strikes, although those losses were soon pared back after Saudi Arabia confirmed it had intercepted and destroyed a ballistic missile launched by the Houthis. Oil prices are currently 0.25%-0.50% higher.

The possibility of a conclusion to conflict in the Middle East triggered a wave of short-covering across fixed-income desks, pulling sovereign bond yields

down from their highs. The US 10-year Treasury yield eased 4bps to 5.27%, as it continued to pull back from last week’s 24-year high of 5.34%. Short-end yields followed with the policy-sensitive 2-year Treasury yield softening 2bps to 4.80%. The 30-year yield trimmed losses to settle at 5.63%. PIMCO advisors noted that at these elevated decadal levels, US long-end yields are finally “*screaming good value*” for institutional buyers.

The moderation in energy-driven inflation anxiety also filtered into battered European markets. The UK 10-year gilt yield dipped back down to 5.40% while the French 10-year OAT yields steadied near 4.86%, though the French-to-German risk premium remains structurally wide, increasing to 141bps. Bucking the trend, Japan’s 10-year yield remained pinned at 3.09% as markets brace against the possibility of a further BoJ rate hike later this month.

While the safe-haven USD-index remains structurally supported by lingering Middle East gridlock, the index eased back below the 102.00 handle to the 101.85 level, which saw EUR/USD reclaim the 1.130 handle. The move provided the local currencies with a much-needed structural buffer as the NZD bounced off its year-to-date low, firming to 0.5625, while the AUD closed the gap towards the 0.7000 handle. Between them both, the NZD did better on the crosses, which saw NZD/AUD firm to 0.8050.

Looking at the releases ...

- The US trade deficit widened to USD105.6bn, its highest level

since March 2025 as it exceeded expectations at USD102.0bn.

- The US Logistics Managers’ Index increased to 70.2 from 66.6 to record its 2nd-highest reading in 4 years.
- In amongst the rioting, Eurozone retail sales volumes inched higher by 0.1% from the prior month, loosely aligned with market expectations for a 0.2% increase.
- The GDT auction saw the overall index firm 1.2% as SMP prices continued their stellar run gaining a further 4.3%. WMP gained 1.2%, while most other produced closed in negative territory.
- The NZIER’s Q3 QSBO survey showed optimism that the economy will improve with a net 40% of firms expecting better general economic conditions, up from a net 14% in the June quarter.

On a side note ...

The reason for the Spanish snap election? Rental increases have suddenly become an issue after an 87-year-old woman was evicted from her rent-controlled apartment ... after living there for 70 years after her rent was increased from EUR440.00 to EUR2,600 per month!

Apollo Global Management’s Chief Economist has highlighted a fundamental structural flaw within the AI value chain, noting that corporate profits are currently being heavily funded by venture capital and institutional investors rather than organic customer growth. Translated, it means AI isn’t adding to improved company profits.



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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	63.80					CAD	0.7992 0.9923
NZD/USD	0.5628	0.0006	0.0016	0.0029	0.0052	CHF	0.4675 0.5807
NZD/AUD	0.8055	0.0012	0.0034	0.0061	0.0105	CNY	3.7706 4.6804
NZD/JPY	88.995	-0.14	-0.42	-0.8581	-1.81	DKK	3.7343 4.6364
NZD/EUR	0.4998	-0.0002	-0.0005	-0.0013	-0.0031	FJD	1.2477 1.5491
NZD/GBP	0.4239	0.0003	0.0010	0.0020	0.0037	HKD	4.4149 5.4813
						KRW	752.43 934.19
AU TWI	64.80					MYR	2.2965 2.8513
AUD/USD	0.6985	-0.0004	-0.0010	-0.0017	-0.0026	NOK	5.3722 6.6698
AUD/NZD	1.2413	-0.0019	-0.0054	-0.0098	-0.0171	SEK	5.6167 6.9735
AUD/JPY	110.30	-0.34	-0.98	-1.90	-3.67	SGD	0.7186 0.8921
AUD/EUR	0.6202	-0.0011	-0.0033	-0.0063	-0.0120	TWD	17.88 22.20
AUD/GBP	0.5260	-0.0004	-0.0009	-0.0016	-0.0023	ZAR	9.30 11.54
USD Index	101.86					EQUITIES	
EUR/USD	1.1260	0.0014	0.0043	0.0087	0.0175		Index
USD/JPY	158.13	-0.40	-1.19	-2.34	-4.69	NZX50	13,700
GBP/USD	1.3276	0.0002	0.0004	0.0005	0.0006	ASX200	8,736
EUR/GBP	0.8480	0.0009	0.0030	0.0061	0.0125	Dow Jones	51,555
USD/CNY	6.7045	-0.0157	-0.0496	-0.0986	-0.2135	S&P 500	7,827
						FTSE100	10,542
						DAX 40	25,449
						Nikkei	70,684
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid			USD
30 day bank bills		3.00%		4.61%		Brent Crude	100.82
90 day bank bills		3.23%		4.82%		Gold	4,176.93
1 year swap		3.71%		4.91%		Silver	61.71
2 year swap		4.01%		4.95%		Iron Ore	91.45
3 year swap		4.18%		4.95%		CRB Index	533.80
5 year swap		4.40%		5.01%			NZD
10 year swap		4.77%		5.26%		NZ Carbon	52.50
3 year Govt bond		4.32%		4.96%			
5 year Govt bond		4.66%		5.09%			
10 year Govt bond		5.19%		5.50%			

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