

Market Alert

Monday 05 October 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5621	0.0028
NZD/AUD	0.8081	0.0059
NZD/JPY	88.725	-0.89
NZD/EUR	0.4995	-0.0019
NZD/GBP	0.4244	0.0019
NZD/CNH	3.7834	-0.0369
AUD/USD	0.6955	-0.0017
AUD/EUR	0.6180	-0.0069
EUR/USD	1.1253	0.0087
USD/CNH	6.7061	-0.0991
GBP/USD	1.3241	0.0006
EUR/GBP	0.8496	0.0062

INT RATES	NZ	Australia
OCR/Cash	2.75%	4.60%
90 day bills	3.23%	4.81%
2 year swap	4.01%	4.92%
10 year Govt	5.14%	5.44%

Financial markets absorbed a massive structural shock on Friday

After non-farm payrolls reported a near-complete stall in labour market expansion adding a meagre 29k jobs in September, drastically missing expectations for a 90k gain, while the prior month's data was revised lower to 133k.

While the catastrophic miss initially put the brakes on immediate Federal Reserve rate-hike expectations for October, the relief was short-lived as global bond yields aggressively reversed their initial post-data declines to push higher into the weekly close as sovereign debt markets remain fundamentally broken by persistent, multi-channel inflation.

Breaking the moves down ...

After initially diving to 5.19% on the soft labour print, the benchmark US 10-year Treasury yield surged back to close up

5bps at 5.28%, holding near its highest boundaries since 2002. Short-end yields closely followed, with the 2-year yield settling 4bps higher at 4.84% while the 30-year yield eventually closed at 5.61%.

The USD-index consolidated tightly to book its 4th consecutive weekly gain against the EUR, heavily insulated by the parallel sell-off in European sovereign debt curves. Conversely, the NZD and AUD exhibited localised resilience, holding their post-payroll ground against the USD.

Equity markets rose on the soft jobs data with the US exchanges gaining 0.5%-1.0% as Nvidia led the Nasdaq to an intraday record despite the WSJ reporting that IPO fervour has sharply chilled due to tepid institutional demand and valuation worries. The European bourses also cemented gains in the 0.5%-1.0% range.

WTI crude oil closed the week lower falling 2.0% to USD91.10, although Brent crude was flat at USD102.25. The selling pressure was driven by a major G7 mandate announcing the emergency release of 100m barrels of crude and diesel stockpiles over the next four months. The program features a heavily front-loaded release within the first 20 days to counter potential US export bans. Unfortunately, geopolitical tensions flared over the weekend when it was confirmed at least two vessels were struck by hostile fire near the waters of Oman and Iran while Saudi Arabia reported fresh drone and missile strikes on its core energy infrastructure.

- Eurozone inflation spiked from 3.2% to 3.8%, its fastest jump since the first month of the war.

- Tokyo inflation exploded to a 10-month high of 2.7%, while the underlying core-core gauge surged to a striking 3.0%. The spike prompted Japan's Economy Minister to openly declare that the nation no longer requires excessively loose monetary policy, solidifying bets for a BOJ rate hike later this month.
- In a move to shore up its under-pressure banking architecture, Beijing officially liquidated and closed hundreds of smaller rural banks to bolster the resilience of its broader financial system.
- NZ consumer confidence edged down to 97.6 as sentiment faded after oil prices spiked mid-month.

The week ahead...

Will see the fixed-income landscape remain firmly in the spotlight as markets digest the multi-week surge in sovereign bond yields and elevated energy prices.

In the US, the FOMC minutes, services PMIs, and the preliminary Michigan consumer sentiment index will be closely watched for further clues on the Fed's policy path. Elsewhere, the ECB will publish the minutes from its latest meeting, while we also have retail sales, PPIs and German factory orders and trade. The UK calendar is light with house prices and construction PMIs. The Asian week will start subdued with Chinese markets closed for the Golden Week holiday through to 7 October, while we also have Japanese and Australian PMIs, along with Australian consumer confidence and the inflation gauge. In NZ we also have PMIs as well as the quarterly business survey.



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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	0.7988 0.9914
NZD/USD	0.5621	0.0006	0.0016	0.0028	0.0054	CHF	0.4643 0.5763
NZD/AUD	0.8081	0.0012	0.0033	0.0059	0.0107	CNY	3.7820 4.6617
NZD/JPY	88.725	-0.14	-0.43	-0.8857	-1.78	DKK	3.7222 4.6196
NZD/EUR	0.4995	-0.0002	-0.0006	-0.0019	-0.0034	FJD	1.2440 1.5438
NZD/GBP	0.4244	0.0003	0.0010	0.0019	0.0037	HKD	4.3973 5.4574
						KRW	752.35 933.73
AU TWI	64.40					MYR	2.2870 2.8383
AUD/USD	0.6955	-0.0004	-0.0009	-0.0017	-0.0027	NOK	5.3875 6.6863
AUD/NZD	1.2367	-0.0020	-0.0052	-0.0100	-0.0168	SEK	5.6278 6.9845
AUD/JPY	109.29	-0.33	-0.99	-1.90	-3.64	SGD	0.7167 0.8895
AUD/EUR	0.6180	-0.0011	-0.0033	-0.0069	-0.0123	TWD	17.82 22.12
AUD/GBP	0.5251	-0.0004	-0.0010	-0.0016	-0.0024	ZAR	9.33 11.57
USD Index	101.92					EQUITIES	
EUR/USD	1.1253	0.0014	0.0044	0.0087	0.0181		Index
USD/JPY	157.83	-0.39	-1.20	-2.33	-4.71	NZX50	13,680
GBP/USD	1.3241	0.0002	0.0004	0.0006	0.0008	ASX200	8,682
EUR/GBP	0.8496	0.0009	0.0029	0.0062	0.0127	Dow Jones	51,177
USD/CNY	6.7045	-0.0157	-0.0496	-0.0986	-0.2135	S&P 500	7,723
						FTSE100	10,462
						DAX 40	25,231
						Nikkei	68,309
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Mid		Mid		USD	
30 day bank bills		3.00%		4.60%		Brent Crude	102.25
90 day bank bills		3.23%		4.81%		Gold	4,142.34
1 year swap		3.70%		4.91%		Silver	60.39
2 year swap		4.01%		4.92%		Iron Ore	91.35
3 year swap		4.18%		4.92%		CRB Index	528.73
5 year swap		4.39%		4.93%			NZD
10 year swap		4.76%		5.22%		NZ Carbon	52.65
3 year Govt bond		4.27%		4.95%			
5 year Govt bond		4.61%		5.05%			
10 year Govt bond		5.14%		5.44%			

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