

MONTHLY INSIGHT OCT. 26

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FX Analytics

USD INDEX

September 2026 Recap

September was a decisive month for the U.S. Dollar Index, with the DXY rising approximately 2.1% to around 101.47 and ending two consecutive monthly declines. The recovery above 100.00 that we identified as the key condition last month was achieved in the first half of the month.

The Federal Reserve's 25bp rate increase on 16 September, its first since 2023, was the principal driver. A hawkish dot plot, with 16 of 18 participants expecting at least one further hike this year, pushed the 2-year Treasury yield up 54bp to 4.88%.

Strong U.S. data reinforced the move. August payrolls rose 162K, retail sales increased 1.2% and the composite PMI reached a 62-month high, while renewed U.S.-Iran escalation added safe-haven demand.

Technically, September restored the bullish structure. The index held the 100.00–100.50 area after the Fed decision and reached the top of our 99.00–101.50 base-case range at month-end, with a further high near 101.80 on 1 October.

Key Takeaways

The broader outlook remains constructive as the Fed's renewed tightening cycle and higher Treasury yields support the dollar. However, the soft August PCE report has reduced the probability of an October hike, which could limit the pace of further gains.

Conclusion

September confirmed the recovery we expected, with the DXY moving from the bottom to the top of our base-case range. Fed tightening, higher yields and geopolitical risk combined to deliver the strongest monthly gain in over a year. Entering October, the question is whether softer inflation data slow the repricing or strong employment figures extend the move toward 102.00–103.00.



October 2026 Outlook

Starting Point After the September Breakout

The DXY enters October around 101.50-101.70, close to its highest level since April 2025. The Fed hike, the hawkish dot plot and Treasury yields at multi-year highs have shifted the medium-term structure back in favour of the dollar.

The key question for October is whether U.S. data justify another increase at the 28 October FOMC meeting, or whether the Fed waits until December.

Federal Reserve & Monetary Policy

Market pricing for an October hike fell below 40% after August core PCE slowed to 3.0% and New York Fed President Williams said there was no urgency for another move. A December hike remains broadly expected.

A second consecutive hike would extend the dollar's advance, while a clear pause with softer guidance would favour consolidation.

Key Economic Releases**Labour Market**

The September employment report on 2 October is expected to show payrolls of around 90K with unemployment at 4.1%. A stronger result would revive October hike expectations.

Inflation

September CPI on 14 October will be decisive. A further easing in core inflation would support the case for patience, while higher energy prices remain an upside risk to the headline rate.

Global Market Environment

The dollar continues to benefit from safe-haven demand linked to the U.S.-Iran conflict and from a growth advantage over Europe. A credible agreement that reopens Hormuz would reduce part of this premium, while the extended U.S.-China trade truce lowers one source of risk.

Technical Structure

- 103.00-103.50: Bullish extension
- 102.00-102.50: Immediate resistance
- 101.00: Primary pivot
- 100.20-100.50: Initial support
- 99.50-99.80: Major support

Holding above 101.00 keeps the bullish structure intact. A sustained break above 102.00 would expose 102.50-103.50, while a move below 100.20 would signal a deeper correction toward 99.50.

Scenario Matrix - October 2026

Base Case: Fed hike expectations persist, with December the most likely timing » 100.50-102.50

Bullish USD: Strong payrolls and CPI revive an October hike » 102.50-103.50

Bearish USD: Soft data, a Fed pause and a U.S.-Iran agreement » 99.00-100.50

Executive Summary

October begins with a constructive outlook for the DXY. The Fed's renewed tightening cycle, Treasury yields above 5% and persistent geopolitical risk continue to support the dollar, although the soft PCE report has reduced the urgency of further action.

The preferred scenario is a firm range between 100.50 and 102.50 with an upside bias toward 102.50. A sustained break above 102.50 would open 103.00-103.50, while a loss of 100.20 would return the index toward 99.50.

EUR/USD

September 2026 Recap

September was a clearly bearish month for EUR/USD, with the pair falling approximately 2.5% to around 1.1333, the dollar's largest monthly gain against the euro in 14 months. The bearish scenario in our previous edition, below 1.1450, was the one that played out.

The ECB raised its deposit rate by 25bp to 2.50% on 10 September, its second increase of 2026, but the move was fully expected and provided only brief support. President Lagarde declined to signal the next step.

The Federal Reserve's hike a week later, combined with stronger U.S. data, shifted the balance decisively toward the dollar. U.S. yields rose faster than European yields, widening the rate differential in favour of the USD.

Energy also weighed on the euro. Brent above \$100 worsens Europe's terms of trade, while renewed fiscal concerns in France pushed the OAT-Bund spread to its widest level in more than a year.

Key Takeaways

The outlook has turned moderately bearish as monetary-policy divergence and energy prices favour the dollar. A more hawkish ECB provides some support, but a recovery above 1.1450 is needed to stabilise the structure.

Conclusion

September broke the balanced structure of the summer. The loss of 1.1450 confirmed renewed dollar strength driven by Fed tightening, higher U.S. yields and Europe's exposure to the energy shock. Entering October, the focus shifts to whether the ECB delivers another hike on 29 October and whether the June low around 1.1325 can hold.



October 2026 Outlook**Starting Context**

EUR/USD enters October around 1.1300-1.1330, testing its lowest levels since the summer. The September breakdown leaves the pair below its weekly moving averages, with the 55-week EMA now near 1.1525.

Both central banks are tightening, but the Fed's moves have a greater impact on yields and the dollar, while higher energy prices weigh more heavily on Europe.

Macroeconomic Environment

The ECB meets on 29 October, with markets assigning around a 60% probability to a further hike to 2.75%. Eurozone inflation of 3.2% in August and the flash September reading on 2 October will be decisive.

Eurozone activity is supportive, with the composite PMI at a 41-month high of 53.1. A hike accompanied by firm guidance could help the euro stabilise.

Geopolitical & Energy Risk

Europe remains the region most exposed to Hormuz disruption through energy imports. Continued escalation would weigh on the euro, while a credible agreement would improve the outlook quickly.

French fiscal risk is a second source of pressure. The government now expects a 2026 deficit above 5%, and Moody's review on 23 October could renew pressure on French spreads.

Technical Structure

- 1.1550-1.1600: Major resistance
- 1.1450: Key resistance (former support)
- 1.1330: Primary pivot
- 1.1200: Initial support
- 1.1100: Major support
- 1.1000: Psychological support

A break below 1.1330 would open 1.1200, while a recovery above 1.1450 would neutralise the September breakdown.

Scenario Matrix - October 2026

Base Case: Fed and ECB both hawkish, energy prices elevated » 1.1200-1.1450

Bullish EUR: Fed and ECB both hawkish, energy prices elevated » 1.1200-1.1450

Bearish EUR: Strong U.S. data, Fed hike and French fiscal stress » 1.1000-1.1200

Strategic Summary

Dominant Bias: Moderately bearish

Expected Range: 1.1200-1.1450

Key Support: 1.1330 / 1.1200

Key Resistance: 1.1450 / 1.1550

Bullish Trigger: Recovery above 1.1460

Bearish Trigger: Weekly close below 1.1300

Main Drivers: NFP, U.S. CPI, ECB decision, energy prices and French fiscal risk

Executive Summary

EUR/USD enters October with a moderately bearish bias after September's breakdown below 1.1450. Fed tightening, wider rate differentials and higher energy prices favour the dollar, while a further ECB hike is the euro's main source of support.

The preferred scenario is a move toward 1.1200 while 1.1450 caps rallies. A recovery above 1.1460 would neutralise the bearish structure, while a break below 1.1200 would expose 1.1000-1.1100.

GBP/USD

September 2026 Recap

September reversed the recovery seen in August, with GBP/USD falling approximately 2.1% to around 1.3265 after reaching 1.3568 early in the month. Our preferred scenario of consolidation above 1.3400 did not hold, and the move below 1.3300 we flagged as the main risk materialised.

The Bank of England kept Bank Rate at 3.75% on 17 September, with three members voting for a hike. The split confirmed a hawkish bias, but the hold contrasted with the Fed's increase a day earlier.

UK data turned more stagflationary. CPI rose to 3.1% in August, unemployment reached 4.9% and payrolls continued to decline, while the composite PMI eased to 51.7.

Fiscal risk added pressure. The 10-year gilt yield rose to its highest level since 2007 and the 30-year yield approached 6%, eroding the Chancellor's fiscal headroom ahead of the 28 October Budget.

Key Takeaways

The outlook has shifted to neutral-to-bearish as fiscal concerns and a weaker labour market offset the hawkish minority on the MPC. A recovery above 1.3450 would be required to restore a constructive structure.

Conclusion

September showed that sterling remains vulnerable when higher gilt yields reflect fiscal risk rather than monetary tightening. A divided BoE, rising inflation and a softer labour market weakened the August recovery. Entering October, attention shifts to the Budget and to whether the 1.3150-1.3200 support area holds.



October 2026 Outlook**Starting Point: Support Under Pressure**

GBP/USD enters October around 1.3230-1.3265, close to its three-month low of 1.3206. The pair is trading below both weekly moving averages, which have converged near 1.3370.

October contains no BoE meeting, so the Budget on 28 October and UK inflation data will be the main domestic catalysts.

Technical Structure

- 1.3600-1.3680: Major resistance
- 1.3450: Intermediate resistance
- 1.3300-1.3330: Directional pivot
- 1.3150-1.3200: Primary support
- 1.3000: Major structural support

A break below 1.3150 would expose 1.3000, while a recovery above 1.3450 would restore the August recovery structure.

Macro & Monetary Environment

UK inflation is expected to rise further, with the BoE projecting a peak slightly above 4% in early 2027. September CPI on 21 October and labour data on 20 October will shape expectations for the 5 November MPC meeting.

Markets price a meaningful probability of a November hike. A clear hawkish shift would support sterling, provided gilt yields rise for monetary rather than fiscal reasons.

Fiscal Risk & the Budget

The 28 October Budget is the key event of the month. Higher gilt yields have reduced the fiscal headroom, and tax increases are widely expected. A credible package could reduce the gilt risk premium and stabilise sterling, while a poorly received Budget could push long-dated yields higher and weaken the pound.

Scenario Matrix - October 2026

Base Case: BoE hike expectations offset fiscal uncertainty » 1.3150-1.3450

Bullish GBP: Credible Budget, rising November hike odds and weaker USD » 1.3450-1.3600

Bearish GBP: Gilt stress around the Budget and strong U.S. data » 1.3000-1.3150

Structural Interpretation

October is a test of sterling's support zone. The question is whether rising expectations of BoE tightening can outweigh concerns over growth and public finances.

A sustained move below 1.3150 would indicate that fiscal risk has become the dominant driver.

Executive Summary

GBP/USD enters October with a neutral-to-bearish outlook. Inflation at 3.1% and a hawkish MPC minority support sterling, but weaker employment, gilt yields at 2007 highs and Budget uncertainty remain the principal risks.

The preferred scenario is a range between 1.3150 and 1.3450 with a mild downside bias toward 1.3150. A recovery above 1.3460 would improve the structure, while a break below 1.3150 would expose 1.3000.

USD/JPY

September 2026 Recap

September was a volatile month for USD/JPY, with the pair falling approximately 1.5% to around 157.40 after trading between 152.90 and 160.40. Our preferred scenario of consolidation between ¥154.00 and ¥159.00 with a mild downside bias was broadly confirmed.

The Bank of Japan raised its policy rate by 25bp to 1.25% on 18 September, the highest level since 1995. However, two board members dissented and Governor Ueda gave no signal of rapid further tightening, so the yen weakened after the decision. The Federal Reserve's hike two days earlier supported the dollar, keeping the U.S.-Japan yield differential wide despite the 10-year JGB yield rising above 3%.

Intervention risk remained in the background. Finance Minister Katayama warned that an undervalued yen is problematic and agreed with U.S. Treasury Secretary Bessent to strengthen cooperation, limiting the upside.

Key Takeaways

The outlook for October is bullish. Fed tightening, a cautious BoJ and looser Japanese fiscal policy support the dollar, with official concern over yen weakness the main risk above ¥160.

Conclusion

September confirmed a two-sided environment for USD/JPY. The BoJ hike briefly pushed the pair toward ¥153, but a cautious BoJ and a hawkish Fed pulled it back toward ¥157-158. Entering October, attention shifts to the BoJ meeting on 30 October and to official tolerance near ¥160.



October 2026 Outlook

**Overall Bias:
Bullish for October**

USD/JPY enters October around ¥158, recovering from the September low near ¥153. The Fed is tightening faster than the BoJ, and the yen weakened even after the BoJ's September hike.

The monthly trend points higher. Official warnings and the July intervention make the ¥163.50-164.00 area the main ceiling, but they do not change the direction of the trend.

Technical Structure

- 163.50-164.00: Intervention-sensitive ceiling
- 162.50: Monthly target
- 160.00-160.70: Breakout level
- 157.50: Pivot
- 155.00: Key support (invalidation)
- 152.00-153.00: Major support

Holding above ¥155 keeps the bullish trend intact. A break above ¥160.00-160.70 would confirm it and open ¥162.50, with intervention risk rising toward ¥163.50-164.00. A break below ¥155 would invalidate the scenario and expose ¥152-153.

Federal Reserve & U.S. Yields

U.S. employment and inflation data will determine whether the Fed hikes again on 28 October. Strong data would support USD/JPY, while further cooling in core inflation would reduce dollar support.

Bank of Japan

The BoJ meets on 29-30 October and will publish its Outlook Report. After the September hike, a further move this month is unlikely, and the 7-2 vote and Governor Ueda's cautious tone point to a slow pace of normalisation.

Japanese core CPI remains below 2%, which gives the BoJ little reason to accelerate and limits support for the yen.

Fiscal & Political Risk

Prime Minister Takaichi plans a temporary cut in the food consumption tax, with an extraordinary Diet session expected from 5 October. Looser fiscal policy could weigh on the yen and lift JGB yields.

Intervention Risk

Japan has spent around ¥15tn on intervention since the end of July. Officials have signalled that they are ready to act again with U.S. support if the yen weakens rapidly, which limits the upside.

Scenario Matrix - October 2026

Base Case: Fed-BoJ divergence and a weaker yen extend the uptrend » ¥158.00-162.50

Bullish Extension: Strong U.S. data and an October Fed hike, before intervention » ¥162.50-164.00

Bearish Risk: Soft U.S. data, hawkish BoJ guidance or intervention » ¥152.00-155.00

Key Events - October 2026

U.S. Labour & Inflation: 2 and 14 October.

Federal Reserve: Decision on 28 October.

Bank of Japan: Decision and Outlook Report on 30 October.

Official Commentary: Intervention risk rises as the pair approaches ¥163.50-164.00.

Executive Summary

USD/JPY enters October with a bullish monthly bias, in line with broader dollar strength. Fed tightening, a cautious BoJ and looser Japanese fiscal policy support the pair, while official willingness to defend the yen is the main risk near the July highs.

The preferred scenario is a break above ¥160 toward ¥162.50 during October while ¥155 holds. Intervention risk increases toward ¥163.50-164.00, and a break below ¥155 would invalidate the bullish view.

USD/CHF

September 2026 Recap

September was a strong month for USD/CHF, with the pair rising approximately 3.4% to around 0.8355, close to a 17-month high. The bullish extension toward 0.8150-0.8400 outlined in our previous edition played out.

The Federal Reserve's rate increase and the rise in U.S. yields were the main drivers, widening the rate differential sharply in favour of the dollar.

The Swiss National Bank kept its policy rate at 0% on 24 September and reaffirmed its willingness to intervene in the FX market. Swiss inflation rose to 0.8% in August, but remains well below the levels seen elsewhere.

Safe-haven demand for the franc was weaker than expected. Despite renewed Middle East escalation, investors favoured the higher-yielding dollar, limiting CHF support.

Key Takeaways

The broader outlook is bullish as the widest Fed-SNB rate differential in years supports the dollar. After a 3.4% monthly gain, consolidation above 0.8200 would be a healthy development.

Conclusion

September marked a decisive break higher for USD/CHF as the rate gap between the Fed and the SNB widened to almost 4 percentage points. The 0.8150 resistance gave way and the pair reached our upper target area. Entering October, the question is whether the move extends toward 0.8450 or consolidates after an overbought month.



October 2026 Outlook

Rate Differential vs. Safe-Haven Demand

USD/CHF enters October around 0.8340-0.8360 after September's breakout. The Fed has moved to 3.75%-4.00% while the SNB remains at 0%, the most important driver of the pair.

The franc's traditional safe-haven role has been outweighed by yield, although it could return if the conflict in the Middle East escalates sharply.

Federal Reserve & U.S. Dollar

U.S. data will remain the main catalyst. Strong employment and inflation would support another Fed hike and extend the move, while softer data could trigger a correction toward 0.8200.

Swiss National Bank & Risk Sentiment

The SNB projects inflation of just 0.7% this year and does not meet again until 10 December, so domestic policy offers little support to the franc.

A sharp deterioration in risk sentiment remains the main risk for the pair.

Technical Structure

- 0.8550: Major resistance
- 0.8400-0.8450: Immediate resistance
- 0.8300: Primary pivot
- 0.8200: Key support
- 0.8080: Major support (55-week EMA)

Holding above 0.8200 preserves the bullish structure. A break above 0.8450 would expose 0.8550, while a move below 0.8200 would signal a deeper correction toward 0.8080.

Scenario Matrix - October 2026

Bullish Extension: Strong U.S. data and another Fed hike » 0.8400-0.8550

Range Consolidation: Fed support with temporary profit-taking » 0.8200-0.8400

Bearish Pullback: Soft U.S. data or sharp risk aversion » 0.8050-0.8200

Strategic Summary

Short-Term Bias: Moderately bullish

Primary Support: 0.8200

Key Resistance: 0.8400-0.8450

Upside Target: 0.8450 / 0.8550

Downside Risk: 0.8080

Main Drivers: Fed expectations, U.S. data, SNB policy and geopolitical risk

Executive Summary

USD/CHF enters October with a moderately bullish outlook, supported by the widest Fed-SNB rate differential in years. After a strong September, short-term consolidation is likely.

The preferred scenario is a range between 0.8200 and 0.8450 with an upside bias toward 0.8450. A break below 0.8200 would increase downside risk toward 0.8080.

USD/CAD

September 2026 Recap

September was a strong month for USD/CAD, with the pair rising approximately 2.7% to around 1.4230, its highest level in over a year. The bullish scenario of 1.4000-1.4150 in our previous edition was exceeded.

The Federal Reserve's hike was the principal driver, while the Bank of Canada kept its rate at 2.25% on 2 September for a seventh consecutive meeting, widening the policy gap to 150-175bp.

Trade tensions intensified. The U.S. imposed 50% tariffs on a broad range of Canadian goods after talks collapsed, and Canada's counter-tariffs on C\$27.6bn of U.S. imports took effect on 8 September.

Canadian data were mixed. August employment fell by 42K, while Q2 GDP growth of 3.3% annualised and CPI at 3.0% showed resilience. Higher oil prices provided only limited support to the Canadian dollar.

Key Takeaways

The outlook remains bullish as policy divergence and tariff risks favour the U.S. dollar. Holding above 1.4000 preserves the stronger structure established in September.

Conclusion

September confirmed that monetary policy and trade, rather than oil, are driving USD/CAD. The pair broke above 1.4000 and reached the 1.4250 area as the Fed tightened and the trade dispute escalated. Entering October, attention shifts to the BoC decision on 28 October and to Canadian labour data.



October 2026 Outlook**Starting Context**

USD/CAD enters October around 1.4230-1.4250, testing the June high near 1.4250. A weekly close above this area would mark a breakout from the range in place since early 2025.

The Fed-BoC policy gap and the U.S.-Canada tariff dispute remain the dominant drivers.

Federal Reserve & U.S. Data

U.S. employment and inflation data will determine whether the Fed hikes again. Strong data would extend the move higher, while softer releases could trigger a correction toward 1.4000.

Bank of Canada

The BoC meets on 28 October with a new Monetary Policy Report. With inflation at 3.0% but employment falling, a further hold is the most likely outcome, which keeps the rate gap wide.

Oil & Geopolitical Risk

WTI around \$90 supports Canada's terms of trade, but this has been outweighed by rate differentials and trade risk. A sharp move in oil would affect CAD only at the margin.

U.S.-Canada Trade Risk

The 50% U.S. tariffs and Canadian retaliation weigh on exports and investment. Further escalation, including higher tariffs on autos and steel from January, would keep pressure on CAD.

Technical Structure

- 1.4500-1.4600: Extended bullish target
- 1.4400: Immediate resistance
- 1.4250: Breakout level
- 1.4100: Primary pivot
- 1.4000: Key support
- 1.3850: Major structural support

A weekly close above 1.4250 would confirm the breakout and expose 1.4400. A move below 1.4000 would weaken the bullish structure.

Scenario Matrix - October 2026

Base Case: Fed-BoC divergence and persistent trade tension » 1.4000-1.4400

Bullish USD/CAD: Strong U.S. data and trade escalation » 1.4400-1.4600

Bearish USD/CAD: Soft U.S. data, firmer Canadian data or trade relief » 1.3850-1.4000

Executive Summary

USD/CAD enters October with a bullish bias as Fed tightening, a BoC on hold and the tariff dispute support the U.S. dollar.

The preferred scenario is 1.4000-1.4400 with an upside bias toward 1.4400. A sustained break above 1.4400 would open 1.4500-1.4600, while a move below 1.4000 would point to 1.3850.

AUD/USD

September 2026 Recap

September was a disappointing month for AUD/USD, with the pair falling approximately 3.1% to around 0.6948 after reaching 0.7241 early in the month. The bullish bias in our previous edition failed once the 0.7100-0.7120 support was lost.

The Reserve Bank of Australia raised the cash rate by 25bp to 4.60% on 29 September, its fourth increase of 2026. However, Governor Bullock's cautious tone suggested that the tightening cycle may be close to an end, and the Australian dollar fell below 0.7000.

The Federal Reserve's hike and the rise in U.S. yields reduced the AUD's interest-rate advantage, while risk sentiment weakened as equities and commodities fell in the second half of the month. Domestic data were mixed. Headline inflation rose to 4.0% in August, while unemployment increased to 4.6%, its highest level since 2021.

Key Takeaways

September showed that RBA tightening alone is not sufficient to support the Australian dollar when the Fed is also tightening. The loss of 0.7100 and 0.7000 shifted the structure from constructive to neutral. Entering October, attention shifts to Chinese demand, U.S. data and the RBA meeting on 3 November.

Conclusion

The outlook has become more balanced. A higher RBA cash rate offers support, but a softer labour market, a cautious RBA and Fed tightening limit the upside.



October 2026 Outlook**Starting Context:**

AUD/USD enters October around 0.6940-0.6950, sitting on its 55-week EMA near 0.6930. This level is the key pivot between a correction and a broader reversal.

There is no RBA meeting in October, so U.S. data, China and risk sentiment will set direction.

Federal Reserve & U.S. Data

Strong U.S. data would revive October hike expectations and pressure AUD/USD toward 0.6850. Softer data would allow a recovery toward 0.7050-0.7100.

RBA Policy Outlook

The cash rate of 4.60% is the highest in about 15 years. The RBA said it would increase rates further if needed, but rising unemployment suggests a pause is more likely.

China & Commodity Markets

China's PMIs returned above 50 in September and the government announced targeted housing support. Iron ore remains near \$96 per tonne. A stronger Chinese recovery would support the Australian dollar.

Global Risk Sentiment

The AUD remains sensitive to equities and geopolitical risk. Further escalation in the Middle East or a correction in equities would weigh on the currency.

Technical Structure

- 0.7200-0.7240: Major resistance
- 0.7050-0.7100: Immediate resistance
- 0.6930: Primary pivot (55-week EMA)
- 0.6850-0.6870: Primary support
- 0.6750: Major structural support

A weekly close below 0.6930 would expose 0.6850-0.6870. A recovery above 0.7060 would restore a more constructive structure.

Scenario Matrix - October 2026

Bullish AUD: Weak U.S. data, firm Chinese data and risk-on » 0.7100-0.7250

Base Case: Balanced central-bank expectations and range trading » 0.6850-0.7100

Bearish AUD: Strong U.S. data, risk aversion or China weakness » 0.6750-0.6850

Executive Summary

AUD/USD enters October with a neutral-to-bearish bias after losing 0.7000. The higher RBA cash rate is a support, but a cautious RBA, rising unemployment and Fed tightening limit the recovery potential.

The preferred scenario is a test of 0.6850-0.6870 while 0.7060 caps rallies. A recovery above 0.7060 would reopen 0.7100-0.7250, while a break below 0.6850 would expose 0.6750.

NZD/USD

September 2026 Recap

September was a weak month for NZD/USD, with the pair falling approximately 4.8% to around 0.5635, the weakest performance among the major currencies. The bearish scenario of 0.5700–0.5850 in our previous edition was exceeded.

The Reserve Bank of New Zealand raised the OCR by 25bp to 2.75% on 2 September, but described the timing of further moves as highly uncertain, which limited support for the currency.

The Federal Reserve's hike and the rise in U.S. yields widened the rate gap further in favour of the dollar, while the wider sell-off in commodity currencies at the end of the month added pressure.

New Zealand's domestic picture remains weak. Q2 GDP grew just 0.2%, unemployment stands at 5.6% and inflation at 4.1% limits the scope for support from policy.

Key Takeaways

The outlook has turned bearish as the Fed-RBNZ policy gap widens and New Zealand's growth remains weak. A recovery above 0.5780 would be needed to ease downside pressure.

Conclusion

September confirmed the bearish risks we highlighted. A less hawkish RBNZ compared with the Fed, weak domestic growth and lower risk appetite took the pair below 0.5850 and toward the June low near 0.5630. Entering October, attention shifts to the RBNZ review on 28 October and to whether 0.5630 holds.



October 2026 Outlook**Macro Landscape & Key Drivers**

NZD/USD enters October around 0.5620-0.5635, testing the June low. The pair trades well below both weekly moving averages, which confirms the bearish structure.

The key theme is the gap between a Fed that is still tightening and an RBNZ that is expected to pause.

Federal Reserve & U.S. Data

Strong U.S. data and an October Fed hike would extend the decline. Softer data would allow a short-term recovery toward 0.5750.

New Zealand Domestic Conditions

The RBNZ meets on 28 October, with markets expecting a pause at 2.75%. With unemployment at 5.6% and GDP growth of only 1.7% over the year, the case for further tightening is limited.

Global Risk Sentiment & China

Improving Chinese PMIs offer some support. However, high energy prices and geopolitical risk continue to favour the U.S. dollar over commodity currencies.

Technical Structure

- 0.5900-0.5950: Major resistance
- 0.5750-0.5780: Immediate resistance
- 0.5630: Directional pivot
- 0.5580: Primary support
- 0.5490-0.5500: Major structural support (2025 low)

A weekly close below 0.5630 would expose 0.5580 and then 0.5500. A recovery above 0.5780 would ease the bearish pressure.

Institutional Positioning

Positioning is likely to remain defensive ahead of the Fed and RBNZ meetings on 28 October, with limited appetite to buy the Kiwi until the policy outlook becomes clearer.

Scenario Matrix - October 2026

Bullish NZD: Weak U.S. data, Fed pause and stronger Chinese demand » 0.5780-0.5900

Base Case: RBNZ pause and mixed U.S. data » 0.5550-0.5780

Bearish NZD: Strong U.S. data, Fed hike and risk aversion » 0.5450-0.5550

Executive Summary

NZD/USD enters October with a bearish bias after the weakest monthly performance among the majors. The Fed-RBNZ gap and weak domestic growth continue to weigh on the Kiwi.

The preferred scenario is a move toward 0.5500 while 0.5780 caps rallies. A recovery above 0.5780 would reopen 0.5900, while a break below 0.5490 would extend the decline.

Oil Market

September 2026 Recap

September was a highly volatile month for oil, with Brent rising approximately 14% to around \$103.50 and WTI around 5% to near \$90.40. Prices remained within our \$85–100 base case for WTI for most of the month, with a brief move above \$100 that matched our bullish scenario.

The U.S.–Iran conflict escalated. U.S. forces struck Iranian tankers, Iran attacked shipping near Hormuz, and transit through the strait remained at a small fraction of normal levels. WTI reached its monthly high above \$106 in mid-September.

Supply remains severely constrained. The IEA estimates that more than 10 mb/d of Gulf output is still offline and that global inventories have fallen by 507 mb since February. OPEC+ paused its monthly production increases for October.

Prices eased in the second half of the month as Saudi exports via Yanbu increased and Middle East shipments rose to their highest level since the conflict began. Demand destruction is also visible, with the IEA now expecting 2026 demand to fall by 2.5 mb/d.

Key Takeaways

The outlook remains highly sensitive to geopolitical risk. Constrained Gulf supply and depleted inventories support prices, while demand destruction and alternative export routes limit the potential for a sustained move above \$100 WTI.

Conclusion

September confirmed that oil prices remain driven by geopolitics and supply logistics. Escalation pushed WTI above \$100, while rerouted Saudi exports and weaker demand capped the rally. Entering October, the focus is on U.S.–Iran diplomacy, the OPEC+ meeting on 4 October and record diesel prices.



October 2026 Outlook

**Starting Context:
An Unresolved Supply Shock**

WTI enters October around \$90-92 and Brent around \$103. The Brent-WTI spread of around \$12-13 reflects the greater impact of the Gulf disruption on international markets.

No ceasefire has been agreed. Iran's latest proposal was rejected at the end of September, and reports suggest that strikes could resume after the U.S. mid-term elections on 3 November.

Global Supply Outlook

More than 10 mb/d of Gulf production remains offline, and the IEA no longer expects a full recovery before 2027. OPEC+ meets on 4 October to decide November production levels.

Saudi exports through the East-West pipeline and Yanbu are the main offset to the Hormuz disruption.

Global Demand Outlook

Demand destruction is the main counterweight. The IEA expects demand to fall by 2.5 mb/d in 2026, and record diesel prices are weighing on transport and industry.

Geopolitical & Supply Risk

The U.S.-Iran conflict remains the main upside risk. Further tanker attacks or strikes on Gulf infrastructure could push Brent toward its September highs above \$113.

Ukrainian drone attacks on Russian refineries add pressure on diesel supply, while the U.S. is considering restrictions on diesel exports.

Economic Impact by Price Zone

\$70-80/bbl: Moderate inflation pressure with manageable growth impact.

\$80-90/bbl: Increasing pressure on transport, logistics and production costs.

\$90-100/bbl: Material inflation risk and tighter monetary conditions.

Above \$100/bbl: Increased risk of demand destruction and weaker global growth.

With Brent above \$100, central banks are already responding through tighter policy.

Technical Structure

- \$100/bbl: Key resistance
- \$95/bbl: Upper range of the current geopolitical premium
- \$90/bbl: Pivot (9-week EMA)
- \$85/bbl: Initial de-escalation support
- \$80-81/bbl: Major support (55-week EMA)

Holding above \$85 confirms that the supply premium remains embedded in prices. A sustained break above \$100 would indicate renewed escalation.

Scenario Matrix - October 2026

Base Case: Hormuz largely closed, Saudi rerouting and weak demand » \$85-100/bbl

Bullish WTI: Renewed strikes or attacks on Gulf infrastructure » \$100-110/bbl

Bearish WTI: A U.S.-Iran agreement and reopening of Hormuz » \$75-85/bbl

Executive Summary

WTI enters October in an elevated and volatile environment. Constrained Gulf supply and depleted inventories support prices, while demand destruction and higher export volumes from Saudi Arabia limit the upside.

The preferred scenario is a range between \$85 and \$100, with a recovery toward \$95 while \$85 holds. A sustained move above \$100 would open \$106-110, while a diplomatic breakthrough could return prices toward \$75-85.

Gold

September 2026 Recap

September was a difficult month for gold, with prices falling approximately 6.8% to around \$4,155/oz after reaching \$4,522 early in the month. The bearish scenario of \$4,100-4,350 in our previous edition played out.

The Federal Reserve's rate increase and its hawkish projections were the main drivers. The rise in real yields, with the 10-year Treasury yield reaching 5.29%, increased the opportunity cost of holding gold.

The stronger U.S. dollar added pressure. The DXY's 2.1% gain reduced demand from non-U.S. buyers and weighed on prices throughout the second half of the month.

Geopolitical risk provided less support than expected. The U.S.-Iran escalation lifted oil prices and inflation expectations, which reinforced the case for higher rates rather than supporting gold.

Key Takeaways

The structural case for gold remains intact, supported by central-bank buying, fiscal concerns and geopolitical uncertainty. However, higher real yields and a stronger dollar are the main short-term headwinds.

Conclusion

September confirmed that gold remains sensitive to real yields when the Fed is tightening. The loss of \$4,300 led to a test of the \$4,100-4,150 area. Entering October, the focus shifts to whether softer U.S. inflation can stabilise yields and allow a recovery.



October 2026 Outlook**Starting Context:
Correction Within a Structural Uptrend**

Gold enters October near \$4,160/oz, down around 25% from its January record and below its 9-week EMA. The 55-week EMA near \$4,220 has been lost, making the \$4,100 area the key support.

Softer U.S. core PCE has reduced the probability of an October Fed hike and provided initial stabilisation.

Federal Reserve & U.S. Data

U.S. employment and inflation data will be decisive. Softer figures would lower yields and support a recovery, while strong data and another hike would keep pressure on the metal.

Geopolitical & Structural Risk

The U.S.-Iran conflict and the risk of renewed strikes after the U.S. midterms continue to support safe-haven demand. However, as in September, higher oil prices can also push yields up.

Central Bank & Institutional Demand

Central-bank demand remains an important support. The People's Bank of China bought 20.2 tonnes in August, its largest monthly purchase since 2023, and gold ETF holdings reached a record 4,189 tonnes in August.

Technical Structure

- \$4,700-4,720: Major resistance
- \$4,450-4,520: Immediate resistance
- \$4,300-4,320: Pivot (9-week EMA)
- \$4,100-4,150: Primary support
- \$3,900-3,930: Major structural support

A recovery above \$4,320 would indicate that the correction is stabilising and open \$4,450. A break below \$4,050 would expose \$3,900-3,930.

Scenario Matrix - October 2026

Bullish Scenario: Soft U.S. data, a Fed pause and renewed geopolitical risk » \$4,450-4,720

Base Case: Stabilisation as yields peak and central-bank demand persists » \$4,050-4,450

Bearish Scenario: Strong U.S. data, persistent energy inflation and higher yields » \$4,100-4,350

Tail-Risk Bull Case: Strong U.S. data, another Fed hike and a firmer dollar » \$3,900-4,050

Executive Summary

Gold enters October in a corrective phase within its structural uptrend. Fed tightening, high real yields and a stronger dollar are the main headwinds, while central-bank buying, ETF demand and geopolitical risk provide support.

The preferred scenario is stabilisation between \$4,050 and \$4,450, with a recovery toward \$4,450 if U.S. inflation keeps cooling. A break below \$4,050 would increase downside risk toward \$3,900.

S&P 500

September 2026 Recap

September was a month of consolidation for the S&P 500, with the index slipping approximately 0.4% to 7,651.5 while still gaining around 2.0% over the third quarter. The volatile consolidation we expected in our previous edition was confirmed.

The Federal Reserve's rate increase and the 54bp rise in the 10-year Treasury yield were the main headwinds, with the Dow falling 4.3% and the Russell 2000 underperforming.

Technology continued to lead. The Nasdaq rose approximately 1.9%, the technology sector gained around 5% and Micron's record results at the end of the month confirmed strong demand for AI-related memory.

Market breadth weakened. Consumer staples, utilities, financials and materials all fell by between 5% and 7%, reflecting the impact of higher yields on rate-sensitive sectors.

Key Takeaways

The outlook remains constructive as earnings growth and AI investment support the index. However, yields above 5% and concentrated leadership make the market more vulnerable to negative surprises.

Conclusion

September confirmed the resilience of the S&P 500 despite a significantly tighter macro environment. Technology and AI investment offset higher yields, while weaker breadth showed growing pressure beneath the headline index. Entering October, the start of the Q3 earnings season is the main test.



October 2026 Outlook

Executive Overview

The S&P 500 enters October around 7,650, roughly 2% below its August record of 7,817. The medium-term uptrend remains intact, with the index well above its 55-week EMA near 7,120.

October brings the Q3 earnings season, the FOMC decision and key inflation data in quick succession.

Macro Environment

Higher yields are the main challenge for valuations, with the forward P/E around 19. However, growth remains firm, with Q2 GDP revised up to 2.2% and business surveys at multi-year highs.

Federal Reserve & Economic Data

The 28 October FOMC decision will determine whether tighter policy becomes a larger headwind. Softer inflation and a Fed pause would support equities, while another hike combined with rising yields would increase pressure.

Corporate Earnings & Market Breadth

The earnings season begins on 13 October with the major banks. Analysts expect earnings growth of almost 29% for Q3, led by energy and technology, with more companies issuing positive than negative guidance.

Broader participation would be needed to sustain a move to new highs.

Geopolitical Risk

The U.S.-Iran conflict and oil above \$100 Brent remain the main external risks. The extended U.S.-China trade truce until 10 January reduces one source of uncertainty.

Technical Structure

- 8,000: Psychological resistance
- 7,800-7,820: Record-high resistance
- 7,650: Pivot
- 7,500: Key support (September low)
- 7,300: Major support
- 7,120: Structural support (55-week EMA)

Scenario Matrix - October 2026

Constructive Expansion: Strong earnings and softer inflation take the index above 7,820 toward 8,000.

Controlled Consolidation: Earnings offset high yields, keeping the index between 7,500 and 7,820.

Macro Repricing: Another Fed hike, higher yields and oil escalation push the index below 7,500 toward 7,300.

Key Variables - October 2026

Federal Reserve: The 28 October decision and the path of Treasury yields.

Inflation & Oil: September CPI on 14 October and the evolution of energy prices.

Corporate Earnings: Q3 results and guidance, especially from technology and AI leaders.

Executive Summary

The S&P 500 enters October with its medium-term bullish structure intact, supported by strong earnings and AI investment. Higher yields and narrow leadership remain the main risks.

The preferred scenario is controlled consolidation between 7,500 and 7,820, with an upside bias toward the record high as the earnings season progresses. A break below 7,500 would increase the risk of a deeper correction toward 7,300.

STOXX50

September 2026 Recap

September was a weak month for the Euro Stoxx 50, with the index falling approximately 2.3% to around 6,269, while the broader STOXX 600 recorded its first monthly loss in six months. The neutral-to-defensive bias in our previous edition proved appropriate.

The ECB's rate increase on 10 September and rising bond yields were the main headwinds, with the 10-year Bund yield reaching around 3.6% and the French 10-year yield rising sharply.

Energy prices added pressure. Brent above \$100 increased cost concerns for industrial and energy-intensive companies, while banks were affected by wider sovereign spreads in France and Italy.

Economic activity remained supportive. The composite PMI rose to 53.1, a 41-month high, and the German Ifo index reached its highest level since May 2023, which helped limit the decline.

Key Takeaways

The broader outlook remains constructive as the index is still well above its 55-week EMA, supported by resilient activity and earnings. However, higher yields, energy prices and fiscal risk are limiting the upside in the short term.

Conclusion

September confirmed a more defensive environment for European equities. Higher yields, energy costs and French fiscal concerns outweighed improving activity data. Entering October, the focus shifts to the ECB meeting on 29 October and to whether the 6,180-6,200 support area holds.



October 2026 Outlook

Market Overview

The Euro Stoxx 50 enters October around 6,190–6,270, close to the September low and the support zone near 6,180–6,200. The index is around 6% below its August record of 6,577.

The medium-term trend remains positive, but the short-term momentum has weakened.

Monetary Policy & Economic Outlook

The ECB meets on 29 October, with a further hike to 2.75% priced at around 60%. Eurozone activity remains firm, but higher rates and wider spreads are tightening financial conditions.

Earnings & Sector Positioning

Energy and Defence remain supported by the geopolitical environment, while technology benefits from AI-related demand, as Micron's results lifted ASML and Infineon on 1 October.

Banks, Autos, Chemicals and Consumer Discretionary remain more exposed to higher yields and energy costs.

Geopolitical & Market Risk

The Middle East conflict remains the main external risk, while the French fiscal situation and Moody's review on 23 October add a domestic risk premium.

Scenario Matrix - September 2026

Constructive Expansion: Hormuz de-escalation, lower oil and stable yields take the index back above 6,430.

Controlled Consolidation: Firm activity offsets higher rates, keeping the index between 6,000 and 6,430.

Risk Repricing: Further escalation, a hawkish ECB and French fiscal stress push the index below 6,000.

Key Variables - October 2026

ECB & Inflation: The flash September HICP on 2 October and the ECB decision on 29 October.

Energy Markets: Brent remains the main link between geopolitics, inflation and growth.

Fiscal Risk: French spreads, the Moody's review and Q2 Eurostat debt data on 23 October.

Technical Structure

- 6,580: Record high
- 6,430: Key resistance
- 6,300: Pivot (9-week EMA)
- 6,180–6,200: Primary support
- 6,000: Major support (55-week EMA)

Executive Summary

October is a demanding month for the Euro Stoxx 50. Resilient activity and earnings provide support, but higher yields, energy prices and fiscal risk in France have increased downside risk.

The preferred scenario is consolidation with a neutral-to-defensive bias, with a possible test of the 6,000 support area while 6,430 caps rallies. A recovery above 6,430 would reopen the record high near 6,580.

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