

# Research Markets Today

3 March 2026

## Events Round-Up

US: ISM manufacturing, Feb: 52.4 vs. 51.8 exp.

## Good Morning

Market attention has been fixated on the war in the Middle East following the joint US-Israeli missile attack against Iran and Iran's retaliation. The biggest reaction has been for commodity markets and bonds, with higher oil and gas prices adding to inflation concerns, and the stronger than expected US ISM manufacturing survey adding to the mix. The USD is broadly strongly, with the AUD and CAD falling the least since last week's close. The NZD has weakened to 0.5935.

Market reaction has been contained to the extent that investors believe the US elections later this year mean that the US won't want an enduring conflict that results in sustained higher oil prices, while Iran's defence capability was severely curtailed after last year's attacks. Brent crude opened Monday up 13% to over USD82 per barrel. After falling back down to USD76 yesterday afternoon, Brent crude currently has a USD77 handle, up 6% from last week's close.

Updating developments, the Strait of Hormuz, which carries about 20% of oil and gas supplies, remains effectively closed as insurance companies won't cover ships passing through, due to the risk of military attacks. Operations were paused at Saudi Arabia's largest oil refinery after a drone strike.

Qatar suspended LNG production at the world's largest export facility, which covers about 20% of global supply, after it was targeted in an Iranian drone attack. European gas futures rose over 50% and have since settled about 40% higher from last week's close. The duration of the shutdown is unknown. A Qatari assessment shared with Bloomberg warned that if shipping lanes in the region remain severely disrupted by the middle of this week, they would expect to see a more significant gas price reaction.

In media interviews, President Trump said he expected the military operation to last about four to five weeks if necessary and called on Iran's generals to either hand power to the nation's people or embrace a model similar to Venezuela. Iran's security chief said Tehran won't negotiate with the US. Trump told CNN we haven't even

started hitting them hard...the big wave hasn't even happened...the big one is coming soon". In the last hour, Trump has been talking to reporters and regarding the timeline he said we'll do "whatever it takes", noting that US has the capability to go far longer than the four to five weeks noted.

Bloomberg reported that the UAE and Qatar are private lobbying allies to help them persuade President Trump to reach for an off-ramp that would keep US military operations against Iran short.

Most Asian and European equity markets closed lower, with Japan's Nikkei down 1.3% and the Euro Stoxx 600 index down 1.6%. The US S&P500 opened down 1.2% but the fall faded and the index is flat in early afternoon trading, with the Nasdaq index up 0.4% as IT stocks outperform.

There has been more reaction in the global rates market, with US Treasury yields up 9-13bps across the curve, led by the belly. Investors see higher oil and gas prices adding to inflation pressure at a time when inflation is already trading above target in many places, including the US. Pricing for Fed rate cuts is 51bps through to the end of the year, 10bps less than at Friday's close.

While the 10-year rate fell slightly when Asia trading opened on a safe-haven bid, the yield subsequently trended higher on inflation concerns and it currently sits at 4.05%, just off from the high for the day. Adding to upside pressure, the US ISM manufacturing index fell by only 0.2pts to 52.4 in February, following the surge in January, leaving the index near a 3½ year high, stronger than expected. The prices paid index surged 11.5pts to 70.5, likely reflecting the sharp lift in oil prices earlier this year.

In currency markets the USD is broadly stronger, with the DXY index up 0.9% for the day, while other USD indices are up 0.5-0.7%. While some of this reflects a safe-haven bid, it also likely reflects a closing of large short USD positions that have built up, given the tendency for traders to trim positions when uncertainty increases.

CAD and AUD have shown some of the smallest falls against the USD, being least affected by the impact of higher oil and gas prices. The AUD is down 0.5% from last week's close at 0.7080. The NZD is down about 1% from last week's close at 0.5935, after trading below 0.5920 overnight. After trading stronger yesterday, as investors

closed short NZD/AUD positions, the cross rate has fallen through 0.8390.

JPY didn't attract any safe-haven flows, given Japan's high import exposure to oil and gas. USD/JPY is up 0.9% to 157.40 while NZD/JPY is only slightly weaker at 93.4. The notable outperformance of GBP versus EUR reflects the backdrop of higher oil and gas prices. NZD/EUR is little changed at 0.5075 while NZD/GBP has weakened to 0.4430.

In the domestic rates markets, NZ yields reluctantly pushed down from the open, on the back of global forces, but that all reversed during the afternoon as global rates lifted. NZGBs closed the day up 1-2bps across the curve. The 2-year swap rate rose 1bp to 2.95% while the 10-year rate rose 3bps to 3.97%. The Australian 10-year bond future is up about 6bps in yield terms since the NZ close, which will set the tone for the NZ open.

On the calendar today, RBA Governor Bullock will be giving a keynote speech at a business summit this morning. The key global economic release will be euro area CPI data tonight. However, rather than economic news, market focus will remain on developments in the Middle East.

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### Coming Up

	Period	Cons.	Prev.	NZT
AU	RBA's Bullock - speech at AFR business summit			10:10
NZ	Dwelling consents (m/m%)	Jan	-4.6	10:45
AU	Current a/c balance (\$b)	Q4	-17	-17 13:30
AU	Building approvals (m/m%)	Jan	5.5	-14.9 13:30
EA	CPI (y/y%)	Feb	1.7	1.7 23:00
EA	CPI core (y/y%)	Feb	2.2	2.2 23:00

Source: Bloomberg

Currencies					Equities					Commodities				
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices			Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day			Last	Net Day			
NZD	0.5938	-1.0	0.5916	0.5968	CHF	0.7786	+1.2	S&P 500	6,881	+0.1	15.6	Oil (Brent)	77.20	+5.9
AUD	0.7080	-0.5	0.7045	0.7098	SEK	9.146	+1.3	Dow	48,970	-0.0	11.7	Oil (WTI)	70.63	+5.4
EUR	1.1700	-1.0	1.1672	1.1767	NOK	9.596	+0.9	Nasdaq	22,767	+0.4	20.8	Gold	5319.9	+1.3
GBP	1.3406	-0.6	1.3314	1.3426	HKD	7.822	-0.0	Stoxx 50	5,987	-2.5	9.6	HRC steel	1012.0	-0.5
JPY	157.40	+0.9	156.80	157.75	CNY	6.905	+0.6	FTSE	10,780	-1.2	22.4	CRB	312.7	+0.9
CAD	1.3706	+0.5			SGD	1.274	+0.7	DAX	24,638	-2.6	9.3	Wheat Chic.	575.8	-2.7
NZD/AUD	0.8387	-0.5			IDR	16,868	+0.5	CAC 40	8,394	-2.2	3.5	Sugar	13.91	+0.1
NZD/EUR	0.5075	+0.0			THB	31.39	+1.1	Nikkei	58,057	-1.3	53.6	Cotton	63.61	+0.4
NZD/GBP	0.4429	-0.4			KRW	1,469	+2.0	Shanghai	4,183	+0.5	25.9	Coffee	283.6	+1.0
NZD/JPY	93.46	-0.2			TWD	31.52	+0.6	ASX 200	9,201	+0.0	11.6	WM powder	3835	-0.3
NZD/CAD	0.8139	-0.5			PHP	58.20	+0.9	NZX 50	13,657	-0.5	8.8	<b>Australian Futures</b>		
NZ TWI	67.43	-0.4						VIX Index	20.98	+5.6	+6.9	3 year bond	95.81	0.03
												10 year bond	95.27	-0.11

  

Interest Rates													
Rates		Swap Yields		Benchmark 10 Yr Bonds		NZ Government Bonds			NZ BKBM and Swap Yields				
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg
USD	3.75	4.85	3.31	3.62	USD	4.05	0.12	15-May-28	3.09	0.01	BKBM 1-mth	2.43	0.00
AUD	3.85	3.97	4.26	4.82	AUD	4.63	-0.02	20-Apr-29	3.35	0.01	BKBM 3-mth	2.49	0.00
NZD	2.25	2.49	2.95	3.97	NZD	4.35	0.01	15-May-30	3.59	0.01	1 year	2.62	-0.00
EUR	2.00	2.01	2.23	2.73	GER	2.71	0.07	15-May-31	3.79	0.01	2 year	2.95	0.01
GBP	3.75	3.91	3.48	3.96	GBP	4.37	0.14	15-May-32	3.95	0.01	3 year	3.19	0.00
JPY	0.74	-0.03	1.24	1.93	JPY	2.09	-0.03	14-Apr-33	4.04	0.01	5 year	3.51	0.01
CAD	2.25	4.97	2.38	2.99	CAD	3.23	0.11	15-May-34	4.15	0.01	7 year	3.73	0.02
								15-May-35	4.25	0.01	10 year	3.97	0.03
								15-May-36	4.35	0.01	15 year	4.23	0.03
								15-May-37	4.46	0.01			
								15-May-41	4.76	0.02			
								15-May-51	5.00	0.02	<b>NZ Inflation-Indexed Bonds</b>		
								15-May-54	5.00	0.02	Sept-30	1.51	-0.02
											Sept-35	2.31	-0.02
											Sept-40	2.72	-0.02

  

Carbon Price				Policy Meeting Run			
	Level	% Day	% Year		NZD	AUD	USD
NZU	45.25	-0.7	-28.5	1st	2.25	3.87	3.64
				2nd	2.26	4.05	3.61
				3rd	2.28	4.09	3.52
				4th	2.35	4.21	3.44
				5th	2.38	4.18	3.31

\* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 07:04

Source: Bloomberg

**NZD exchange rates**

<b>3/03/2026</b>	<b>7:04 am</b>	<b>Prev. NY close</b>
USD	0.5938	0.5998
GBP	0.4429	0.4449
AUD	0.8387	0.8427
EUR	0.5075	0.5078
JPY	93.46	93.60
CAD	0.8139	0.8181
CHF	0.4624	0.4614
DKK	3.7895	3.7938
FJD	1.3158	1.3165
HKD	4.6405	4.6924
INR	54.27	54.57
NOK	5.6989	5.7057
PKR	165.86	167.72
PHP	34.52	34.58
PGK	2.5464	2.5742
SEK	5.4274	5.4155
SGD	0.7560	0.7588
CNY	4.0968	4.1161
THB	18.66	18.64
TOP	1.3917	1.3827
VUV	70.54	71.23
WST	1.6091	1.5993
XPF	60.37	60.60
ZAR	9.5579	9.5587



**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	7.36	7.56
3 Months	19.88	20.30
6 Months	37.44	38.57
9 Months	50.09	52.19
1 Year	57.51	60.84

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	11.38	11.86
3 Months	33.24	34.28
6 Months	70.70	73.48
9 Months	108.10	112.66
1 Year	141.77	148.92

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