

Research Markets Today

12 March 2026

Events Round-Up

US: CPI (m/m%), Feb: 0.3 vs. 0.3 exp.

US: Core CPI (m/m%), Feb: 0.2 vs. 0.2 exp.

US: CPI (y/y%), Feb: 2.4 vs. 2.4 exp.

US: Core CPI (y/y%), Feb: 2.5 vs. 2.5 exp.

Good Morning

Risk sentiment is weaker as the Iran conflict continues at pace. While US CPI data were in line, US Treasury yields show a steady increase overnight on inflation fears as a result of the conflict. Oil prices are near the top end of their daily range despite the IEA agreeing to release 400m of barrels from strategic reserves. The USD is broadly stronger. The NZD has weakened towards 0.59 while the downturn in NZD/AUD continues deepening.

Soon after we went to print yesterday, media reported that Iran had begun laying mines in the Strait of Hormuz. Later, the US said it had destroyed multiple Iranian vessels, including 16 minelayers near the Strait. This was just another turn for the worse in the Iran conflict.

Overnight, the International Energy Agency agreed to release 400m barrels from strategic oil reserves, the largest ever release to counter the massive disruption caused by the effective closure of the Strait of Hormuz. This was much larger than the 182m figure that the WSJ mooted during the NZ trading session. Details on the timing of the release haven't been announced and there are logistical issues that will slow any release, but Japan said it would release 80m barrels beginning 16 March.

Analysts are sceptical that the release will be impactful enough to make a difference. The longer the Strait of Hormuz remains effectively closed, through which 20m barrels per day of petroleum products normally travels, the deeper the pending crisis. Oil prices remain volatile, and Brent crude has oscillated between about USD87 and USD93 per barrel overnight and currently trades near the top end of that range.

President Trump has repeated his line that the conflict will resolve "very soon". Meanwhile, the attacks continue to be spread throughout the gulf region, with little sign of easing. Iran struck three commercial ships around the Strait of Hormuz. Iran's position ostensibly remains one of

not backing down. A military spokesman said, "we will not allow even a single litre of oil to pass through the Strait of Hormuz for the benefit of the US, the Zionist regime or their partners".

US CPI data for February were in line with consensus estimates, with headline and core inflation of 0.3% and 0.2% m/m respectively, leaving annual changes unchanged at 2.4% and 2.5% respectively. The data had no more than a passing impact on the market, with focus directed towards the likely inflationary consequences of the Iran conflict and how that might alter the trajectory of Fed policy. The market prices "only" 31bps of cuts by the Fed this year, down from pre-conflict pricing of 61bps.

Reflecting inflation concerns, US Treasury yields show a steady rise since European markets opened. The 10-year rate is currently 4.21%, up 5bps for the day and up about 7bps from the NZ close and back at the top end of the range since the conflict began.

European rates have increased by more, with 2-year and 10-year rates up across the region, including the UK, in the order of 10-14bps. ECB GC member Kazmir said there was no need to raise rates at the meeting next week, but "I'd say a reaction by the ECB is potentially closer than many people think...I don't want to speculate about April or June, but we will be ready to act if needed".

In the currency market the USD is broadly stronger overnight. The AUD has been one of the least affected, with some support as trading banks rush to change rate calls to one of expecting the RBA to deliver a back-to-back 25bps hike next week, now around 70% priced. The AUD hit a near-four year high of 0.7187 overnight and is currently around 0.7150.

While the NZD traded higher towards 0.5950 after the local close, it has weakened overnight to 0.5910. The prospect of NZ-Australia rate spreads moving deeper into negative territory has deepened the downturn in the NZD/AUD cross rate to as low as 0.8260. In the absence of a hawkish pivot from RBNZ Governor Breman at a keynote speech in a couple of weeks or at the April MPR, the cross rate is destined to fall further, adding to unwanted inflationary pressure. As we've noted previously, the last time the NZ-Australia 2-year swap spread was so negative, the cross was sub-0.80 and technical support following the deep downturn is non-existent.

Other NZD cross movements are unremarkable, with only modest changes.

While the Iran conflict has removed tariffs from the headlines, the New York Times reported sources saying the Trump administration is ready to announce new investigations into unfair trading practices by other countries carried out under the legal framework of section 301 of the Trade Act of 1974. These investigations will pave the way to replace the import taxes struck down by the Supreme Court.

By recent standards, price action in the domestic rates market was muted yesterday, with NZGB yields flat to 3bps lower and swap rates down 1-2bps. The setup for the day ahead is one of much higher yields, with global move overnight, including the Australian 10-year bond future up 12bps in yields terms since the NZ close.

On the calendar today, NZ business financial data across various industries will allow us to finalise our pick for Q4 GDP, although obviously the conflict in Iran has since superseded, rendering the data as merely of historical interest. Only second-tier US data are released tonight, including trade, jobless claims, housing starts and building permits.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Business financial data	Q4	1.1	10:45	
US	Trade balance (\$b)	Jan	-66.0	-70.3	01:30
US	Initial jobless claims	7-Mar	215	213	01:30
US	Housing starts (k)	Jan	1341	1404	01:30
US	Building permits (k)	Jan	1410	1455	01:30

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	% Day	% Year	Last	Net Day			
NZD	0.5910	-0.3	0.5905	0.5947	CHF	0.7799	+0.2	S&P 500	6,751	-0.4	21.2	Oil (Brent)	92.48	+5.2
AUD	0.7142	+0.3	0.7138	0.7187	SEK	9.230	+0.5	Dow	47,315	-0.8	14.2	Oil (WTI)	87.89	+5.2
EUR	1.1568	-0.4	1.1561	1.1645	NOK	9.657	+0.2	Nasdaq	22,654	-0.2	29.9	Gold	5171.3	-1.4
GBP	1.3406	-0.1	1.3394	1.3456	HKD	7.826	+0.0	Stoxx 50	5,795	-0.7	9.1	HRC steel	1010.0	-0.8
JPY	158.90	+0.5	157.86	158.98	CNY	6.873	+0.1	FTSE	10,354	-0.6	21.9	CRB	348.0	-2.5
CAD	1.3588	+0.1			SGD	1.275	+0.1	DAX	23,640	-1.4	5.9	Wheat Chic.	594.5	+0.7
NZD/AUD	0.8275	-0.6			IDR	16,886	+0.1	CAC 40	8,042	-0.2	1.3	Sugar	14.25	-1.1
NZD/EUR	0.5109	+0.0			THB	31.86	+1.0	Nikkei	55,025	+1.4	49.4	Cotton	65.17	-0.2
NZD/GBP	0.4408	-0.2			KRW	1,477	+0.7	Shanghai	4,133	+0.2	22.3	Coffee	287.4	-3.2
NZD/JPY	93.91	+0.2			TWD	31.77	+0.1	ASX 200	8,743	+0.6	12.3	WM powder	3860	-2.2
NZD/CAD	0.8031	-0.3			PHP	59.14	+0.4	NZX 50	13,293	+1.5	8.5	Australian Futures		
NZ TWI	67.12	-0.2						VIX Index	25.57	+2.6	-5.0	3 year bond	95.54	0.02
												10 year bond	95.03	-0.08
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	Last	Chg	
USD	3.75	4.85	3.45	3.75	USD	4.21	0.05	15-May-28	3.29	-0.03	BKBM 1-mth	2.43	0.00	
AUD	3.85	4.15	4.51	5.05	AUD	4.85	0.00	20-Apr-29	3.58	-0.03	BKBM 3-mth	2.50	0.00	
NZD	2.25	2.50	3.17	4.19	NZD	4.57	-0.01	15-May-30	3.83	-0.02	1 year	2.76	0.00	
EUR	2.00	2.14	2.54	2.95	GER	2.93	0.10	15-May-31	4.04	-0.02	2 year	3.17	-0.02	
GBP	3.75	3.88	3.88	4.27	GBP	4.69	0.13	15-May-32	4.20	-0.02	3 year	3.43	-0.02	
JPY	0.73	-0.03	1.24	2.00	JPY	2.17	-0.01	14-Apr-33	4.29	-0.02	5 year	3.76	-0.02	
CAD	2.25	4.97	2.59	3.20	CAD	3.46	0.06	15-May-34	4.39	-0.02	7 year	3.96	-0.02	
								15-May-35	4.48	-0.01	10 year	4.19	-0.01	
								15-May-36	4.57	-0.00	15 year	4.44	-0.00	
								15-May-37	4.66	-0.00				
								15-May-41	4.93	-0.01	NZ Inflation-Indexed Bonds			
								15-May-51	5.17	-0.02	Sept-30	1.62	0.02	
								15-May-54	5.18	-0.01	Sept-35	2.40	0.02	
											Sept-40	2.82	0.02	
Carbon Price					Policy Meeting Run									
	Level	% Day	% Year		NZD	AUD	USD							
NZU	44.10	-0.1	-28.8		1st	2.26	4.04	3.64						
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:57														
Source: Bloomberg														

NZD exchange rates

12/03/2026	6:57 am	Prev. NY close
USD	0.5910	0.5929
GBP	0.4408	0.4419
AUD	0.8275	0.8327
EUR	0.5109	0.5106
JPY	93.91	93.71
CAD	0.8031	0.8052
CHF	0.4614	0.4616
DKK	3.8203	3.8155
FJD	1.2977	1.3031
HKD	4.6288	4.6390
INR	54.44	54.43
NOK	5.7050	5.7149
PKR	165.21	165.64
PHP	34.99	34.92
PGK	2.5430	2.5512
SEK	5.4550	5.4438
SGD	0.7537	0.7548
CNY	4.0646	4.0723
THB	18.77	18.74
TOP	1.3898	1.3915
VUV	70.86	71.01
WST	1.6023	1.5878
XPF	60.83	60.80
ZAR	9.7340	9.6589



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.84	7.04
3 Months	20.18	20.65
6 Months	36.45	37.67
9 Months	48.19	50.78
1 Year	55.63	58.96

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.51	12.01
3 Months	36.89	38.07
6 Months	75.73	78.58
9 Months	114.21	119.57
1 Year	149.17	156.99

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