Research

Markets Today

14 August 2026

Events round-up

NZ: RBNZ 2yr inflation expectations, Q3: 2.34 vs. 2.53 prev.

UK: GDP (q/q%), Q2: 0.4 vs. 0.4 exp.

EA: Industrial production (m/m%), Jun: 0.0 vs. 0.0 exp.

US: Initial jobless claims (k), wk to 8-Aug: 209 vs. 202 exp.

US: PPI ex food, energy (m/m%), Jul: 0.2 vs. 0.3 exp.

US: PPI ex food, energy (y/y%), Jul: 4.2 vs. 4.1 exp.

Good morning

Benign US PPI data supported lower US rates and helped US equities reach a fresh record high. Currency markets remain moribund. The NZD reversed the decline that followed yesterday's RBNZ survey of expectations.

US PPI inflation data were broadly in line with consensus, after accounting for revisions, and showed an easing in inflation pressure. The headline measure was flat in July, seeing the annual increase fall from 5.5% to 4.7%. The core measure rose 0.2% m/m, taking the annual increase down to 4.2% from 4.7%. Despite the benign result, Pantheon Macroeconomics revised up its estimate of the core PCE deflator for the month from 0.16% to 0.24%, not helped by the 5.6% jump in PPI portfolio management fees. However, forthcoming methodology changes to the calculation of this component, and others, will soon result in a 0.2pp downward revision to annual core PCE inflation, so this is unlikely to trouble the Fed.

Despite the 9k lift in initial jobless claims last week to 209k, the figures remain historically low and the four-week average, which smooths out volatility, was just 199k. The figures remain consistent with a low-firing labour market environment and, as last week's employment report showed, also a low-hiring one.

Recent benign inflation figures haven't swayed Cleveland Fed President Hammock's view on policy. She was one of three FOMC members who dissented in favour of a hike at the last policy meeting, and she said she didn't have confidence that inflation would fall enough to return to the 2% target. She added, "I think we need to act now", saying rates were not meaningfully restricting the economy and that it could take "some number" of adjustments to bring inflation back to target. Richmond Fed President Barkin, a non-voter this year, said much of today's elevated inflation has come from shocks that should pass, but supply-chain challenges and the AI investment boom could generate more persistent price pressures, which might argue that more help is required to bring inflation back down to target.

The benign PPI data supported a move lower in US rates across the curve, with the market pricing just 9bps of hikes for September and 23bps for the year, down from 27bps. The 10-year rate fell to a low of 4.61% before lifting to the current level of 4.63%, down 4bps from the NZ close. The Treasury successfully issued $25b of 30-year notes at a rate of 5.216%, the highest yield in a quarter of a century, reflecting the lift in rates since the previous auction.

The stalemate in the Middle East continues, with the US approach focused on applying economic pain rather than military action, raising the prospect of a drawn-out process. The US is counting on Iran eventually capitulating as funds run dry, while Iran is counting on dwindling oil supplies ultimately driving up oil prices and pushing the US into a deal. Breaking of string of daily price gains, oil prices fell overnight, with Brent crude falling towards USD86 per barrel.

US equities are on track for another record close, with the S&P 500 index up 0.6% in late-afternoon trading, supported by the backdrop of lower US rates. The Nasdaq index is up 0.9%. The Euro Stoxx 600 index closed flat.

UK Q2 GDP was in line with expectations at 0.4% q/q. The BoE's chief economist Pill, who has been voting for higher rates and has been outnumbered on the MPC, said the figure was reassuring in showing that the UK was not entering a sharp downturn and supported his policy view, against the backdrop of inflation running above target. There was little market reaction to the data.

Bloomberg reported that Japan's PM Takaichi is supportive of a near-term rate hike by the BoJ, with the next move likely in either September or October, according to sources. This reflects the BoJ's concerns over yen weakness driving up inflation and the government's desire to strengthen the impact of the recent US-Japan currency intervention. JGB yields nudged up across the curve. The market sees a September hike as more likely than the BoJ waiting until October. The positive impact of the report on the yen was only temporary, and USD/JPY is currently around 159.50.

Net currency movements remain insignificant in the current low-volatility environment. The NZD faced some selling pressure after the RBNZ's survey of expectations yesterday afternoon (see below), but the move reversed overnight and NZD/USD is trading around 0.5850, from a low just above 0.5820. As a result, NZD crosses are all slightly stronger overnight, but slightly lower compared with this time yesterday. The AUD is steady at 0.7060, while NZD/AUD is little changed around 0.8290, after briefly dipping below 0.8265.

In the domestic rates market, the reaction to the RBNZ's survey of expectations, based on 38 respondents, looked overdone. The survey reported higher wage expectations, higher house price expectations and higher long-term inflation expectations, but traders latched onto the fall in one-year and two-year inflation expectations, the latter from 2.53% to 2.34%. This appeared to be explained by the fall in oil and fuel prices, given the timing of the quarterly survey. The survey revealed more about market positioning and the disposition of hedge funds than it provided any clear guidance on the appropriate monetary policy response.

OIS rates fell, more so for the dated meetings, and the earlier fall in swap rates extended. By the close, swap rates were down 5–6bps across the curve for the day, taking the two-year rate to 3.59% and the 10-year rate to 4.34%. This spilled over into the bond market, with NZGB yields down 4–6bps across the curve. The market still prices a high chance of a September hike, while the following expected 25bps move is split between the October and December meetings.

In the day ahead, NZ's manufacturing PMI is released and, after the massive surge to 59.7 in June, some pullback would not surprise. Anything in the mid-50s would suggest there is genuine momentum in the sector. RBA Governor Bullock will face lawmakers this morning, justifying the policy stance against a backdrop of sticky, elevated inflation. Tonight sees the release of US retail sales, where a soft reading is expected, followed by the University of Michigan's consumer survey.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
NZ	Manufacturing PMI	Jul		59.7	10:30
AU	RBA's Bullock-Testimony				11:30
US	Retail sales (m/m%)	Jul	0.1	0.2	00:30
US	Retail sales ex auto, gas (m/m%)	Jul	0.3	0.4	00:30
US	Retail sales control grp (m/m%)	Jul	0.3	0.5	00:30
US	U. of Mich. consumer sentiment	Aug	54.9	55.2	02:00
US	U. of Mich. 5-10yr inflation exp.	Aug	3.3	3.3	02:00

Source: Bloomberg

Currencies

FX Majors — **Indicative overnight ranges (*)**

	Last	% Day	Low	High
NZD	0.5849	-0.1	0.5829	0.5857
AUD	0.7057	-0.1	0.7046	0.7067
EUR	1.1529	+0.0	1.1517	1.1545
GBP	1.3485	-0.1	1.3475	1.3513
JPY	159.50	+0.0	159.02	159.56
CAD	1.3937	-0.0		
NZD/AUD	0.8288	-0.1		
NZD/EUR	0.5073	-0.2		
NZD/GBP	0.4337	-0.1		
NZD/JPY	93.29	-0.1		
NZD/CAD	0.8152	-0.2		
NZ TWI	66.50	-0.1		

Other FX

	Last	% Day
CHF	0.8136	+0.0
SEK	9.569	-0.1
NOK	9.513	+0.2
HKD	7.847	-0.0
CNY	6.745	-0.0
SGD	1.281	+0.0
IDR	17,877	+0.0
THB	33.18	+0.2
KRW	1,418	+0.1
TWD	32.16	-0.3
PHP	61.35	+0.2

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,794	+0.6	20.5
Dow	53,817	+0.1	19.8
Nasdaq	26,820	+0.9	23.5
Stoxx 50	6,545	+0.2	21.5
FTSE	10,773	-0.6	17.5
DAX	26,300	-0.1	8.7
CAC 40	8,651	-0.3	10.8
Nikkei	68,309	+1.2	60.2
Shanghai	3,927	-0.5	6.6
ASX 200	9,188	-0.2	3.5
NZX 50	13,825	+0.6	7.7
VIX Index	14.69	+1.0	+1.4

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	86.95	-2.3
Oil (WTI)	81.12	-2.6
Gold	4361.4	-1.1
HRC steel	1196.0	+0.0
CRB	393.2	+0.7
SGX Iron Ore	96.00	+0.5
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.67	+0.4
NZ Milk '28	9.64	+0.1
WM powder	3595	+0.0

Australian Futures

3 year bond	95.50	0.05
10 year bond	95.02	0.04

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.00	4.23
AUD	4.35	4.51	4.53	5.03
NZD	2.50	2.96	3.59	4.34
EUR	2.25	2.51	2.95	3.16
GBP	3.75	3.87	4.20	4.55
JPY	0.99	-0.03	1.70	2.72
CAD	2.25	4.97	2.81	3.38

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.64	-0.06
AUD	4.99	-0.03
NZD	4.65	-0.05
GER	3.13	-0.03
GBP	4.95	-0.02
JPY	2.89	0.03
CAD	3.62	-0.07

NZ Government Bonds

	Last	Chg
15-May-28	3.51	-0.06
20-Apr-29	3.72	-0.06
15-May-30	3.91	-0.05
15-May-31	4.09	-0.05
15-May-32	4.24	-0.06
14-Apr-33	4.35	-0.06
15-May-34	4.45	-0.05
15-May-35	4.55	-0.05
15-May-36	4.65	-0.05
15-May-37	4.75	-0.05
15-May-38	4.81	-0.04
15-May-41	5.05	-0.04
15-May-51	5.27	-0.04
15-May-54	5.28	-0.04

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.78	0.00
BKBM 3-mth	2.96	0.01
1 year	3.36	-0.03
2 year	3.59	-0.06
3 year	3.73	-0.06
5 year	3.94	-0.06
7 year	4.13	-0.05
10 year	4.34	-0.05
15 year	4.59	-0.05

NZ Inflation-Indexed Bonds

Sept-30	1.67	-0.03
Sept-35	2.49	-0.03
Sept-40	2.96	-0.03

Carbon Price

	Level	% Day	% Year
NZU	54.80	-0.1	-4.2

Policy Meeting Run

	NZD	AUD	USD
1st	2.73	4.39	3.72
2nd	2.84	4.47	3.78
3rd	3.00	4.50	3.87
4th	3.14	4.52	3.91
5th	3.25	4.51	3.96

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

Rates are as of: NZT 06:46

Source: Bloomberg

NZD exchange rates

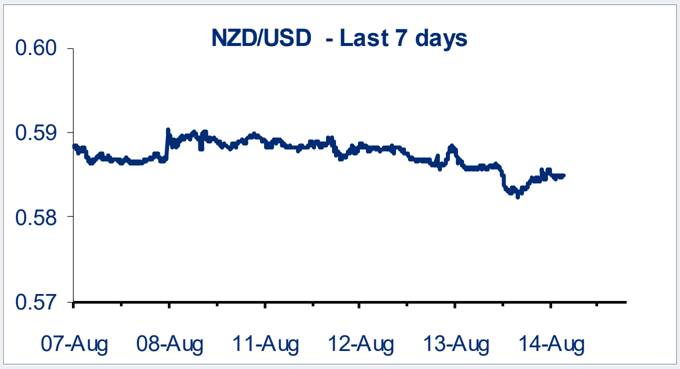
14/08/2026	6:46 am	Prev. NY close
USD	0.5849	0.5858
GBP	0.4337	0.4341
AUD	0.8288	0.8295
EUR	0.5073	0.5082
JPY	93.29	93.39
CAD	0.8152	0.8167
CHF	0.4757	0.4766
DKK	3.7921	3.7996
FJD	1.2984	1.3024
HKD	4.5889	4.5968
INR	55.82	55.85
NOK	5.5633	5.5624
PKR	162.36	162.77
PHP	35.88	35.85
PGK	2.5888	2.5955
SEK	5.5958	5.6129
SGD	0.7490	0.7502
CNY	3.9439	3.9512
THB	19.38	19.43
TOP	1.3776	1.3633
VUV	69.42	69.50
WST	1.5914	1.5936
XPF	60.39	60.46
ZAR	9.4800	9.4601

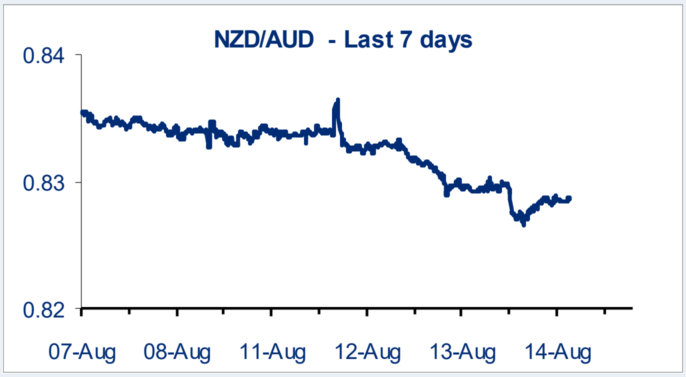
NZD/USD Forward Points

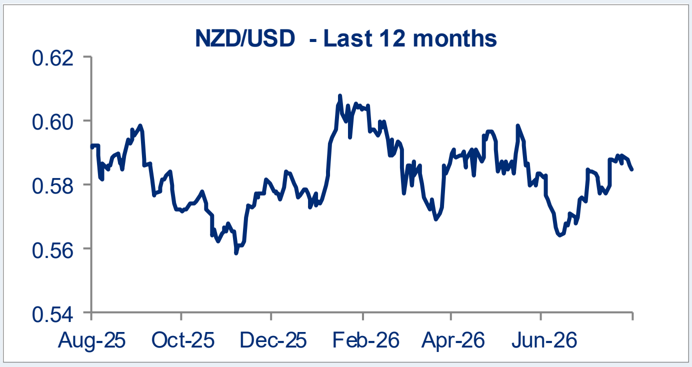
	BNZ buys NZD	BNZ sells NZD
1 Month	5.34	5.56
3 Months	14.87	15.51
6 Months	27.32	28.98
9 Months	36.08	39.59
1 Year	44.21	48.19

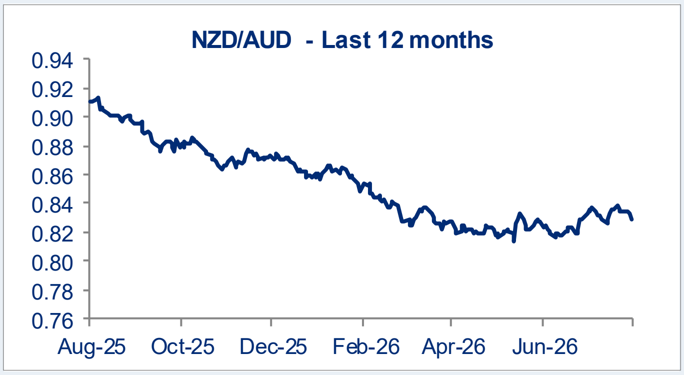
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.00	12.51
3 Months	33.88	35.38
6 Months	63.56	67.09
9 Months	87.12	93.90
1 Year	109.17	117.24









Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

India Power
Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Mike Jones
BNZ Chief Economist

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854