Research

Markets Today

14 July 2026

Events round-up

NZ: Performance of services index, Jun: 50.6 vs. 48.0 prev.

Good morning

The escalation of tensions between the US and Iran late last week, over the weekend, and during the NZ trading session set the tone for markets at the start of the new week. From the US perspective, the objective of the latest military action was to degrade Iran's ability to attack ships transiting the Strait of Hormuz. From Iran's perspective, the aim was to show it still had leverage in negotiations and wanted to maintain control of the Strait.

In overnight developments, President Trump posted on social media that the US would reinstate a blockade preventing Iranian ships, or those of its customers, from entering or leaving the Strait of Hormuz. He said the US would become the "GUARDIAN OF THE HORMUZ STRAIT" and, as a matter of fairness, charge 20% on all cargo shipped through the Strait to cover the cost of safety and security.

With Trump, one never quite knows how seriously to take such pronouncements, but Gulf allies would not be pleased with this plan, and it almost certainly violates international law. The 20% levy would add about USD16 to the cost of every barrel of oil passing through the Strait on a typical supertanker. It remains to be seen whether the plan will stick — probably not — and whether it is merely a negotiating tactic aimed at getting Iran to pause its military strikes on shipping in the area.

The FT reported that the UAE plans to build a new port and container terminal on its east coast at Fujairah, allowing exports to bypass the Strait of Hormuz. The new port would take about 18 months to build.

Oil prices have extended the gains seen during Asian trading, with Trump's plan adding to upside pressure. Brent crude is trading around USD83 per barrel, up 9% from last week's close. European gas futures are up over 7%. As we go to print, there are headlines that Houthis say they attacked an airport in Saudi Arabia with ballistic missiles.

Higher oil prices pushed global rates higher, with a hawkish speech by Fed Governor Waller adding to the pressure. Waller said that if there is another hot reading on core inflation this week, the Fed will need to consider tightening monetary policy in the near term. He added that he was concerned about the elevated pace of core inflation this year, noting the steady rise in the core PCE deflator. If core inflation were to show several months of lower readings — still a reasonable outcome — he would support keeping policy steady.

US Treasury yields are up 4–6bps across the curve from Friday's close, with the 2-year rate at 4.26%, the 10-year rate at 4.61%, and the 30-year rate at 5.10%. Short-end rates are now trading at a fresh cycle high, while longer-end rates remain about 7–10bps below their May highs. The Fed Funds market is back to pricing a full hike by the September meeting and two full hikes by March. European and UK rates are also higher, led by the short end, as higher oil prices bring ECB and BoE rate hikes back into play.

In equity markets, investors have also had to contend with a significant sell-off in semiconductor stocks, amid questions over whether the AI boom has become overextended. South Korea's SK Hynix plunged a record 15%, sending the Kospi index down 9% and triggering a market suspension. This dynamic has spilled over into the US market, with the S&P500 down 0.7% in late-afternoon trading, led lower by the IT sector. The Nasdaq is down 1½%. The Euro Stoxx 600 closed flat.

Compared with other markets, currency moves have been modest. The yen has been on the weaker side of the ledger, reflecting the higher-rates backdrop, but also following a Reuters report that Japan has no plans to overhaul the Government Pension Investment Fund's asset allocation — something FM Katayama had encouraged on Friday, which had supported the yen. USD/JPY is up 0.5% from last week's close to 162.40, while NZD/JPY has pushed up to 93.5.

The NZD is little changed from where we left it yesterday, at around 0.5755, and is only slightly below last week's close after trading up toward 0.5790 overnight. The AUD has been at the weaker end of the ledger, trading down to 0.6920 and supporting a move in NZD/AUD above 0.83. Overall, NZD cross movements have been modest, with the NZD relatively flat against both EUR and GBP.

In the domestic rates market, the combination of global forces and ongoing payside pressure at the short end of the curve, following last week's RBNZ hike and strong PMI data, drove rates higher, led by the short end. NZ's Performance of Services Index rose 2.6pts in June to 50.6, among the strongest readings seen over the past three years, albeit still below the long-run average of 52.7. The survey was not as strong as last week's stellar PMI, but it is consistent with the theme that NZ's economic recovery is getting back on track.

The 2-year swap rate rose 8bps to 3.61%, the 5-year rate rose 7bps to 3.93%, and the 10-year rate rose 5bps to 4.27%. As expected, NZDM launched the syndication of a new nominal 2038 bond, expecting to issue between $5–7 billion, with initial price guidance of 6–10bps over the 2037 bond. An update last night showed a firm orderbook of around $23b and narrower price guidance of 6–8bps.

In the day ahead, the economic and event calendar is action-packed. NZ's QSBO will be released, providing further information on the state of NZ's recovery and price pressures. The RBNZ Chief Economist is also giving a speech on inflation. China trade data and Australian consumer and business surveys are due. US CPI data tonight are expected to show lower gasoline prices driving headline inflation lower. Core inflation is expected to be steady at 0.2% m/m and 2.9% y/y, although the distribution of economists' forecasts suggests the risks are tilted toward a higher increase. Fed Chair Warsh also gives testimony to lawmakers.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
NZ	Quarterly survey of business opinion				10:00
NZ	RBNZ's Conway peaks on inflation				10:00
AU	Westpac consumer confidence	Jul		80.6	12:30
AU	NAB business conditions	Jun		3	13:30
CH	Exports (USD, y/y%)	Jun	19.2	19.4	
CH	Imports (USD, yoy%)	Jun	25.0	27.4	
US	NFIB Small Business Optimism	Jun	95.7	95.3	22:00
US	Core CPI (m/m%)	Jun	0.2	0.2	00:30
US	Core CPI (y/y%)	Jun	2.9	2.9	00:30
US	CPI (m/m%)	Jun	-0.1	0.5	00:30
US	CPI (y/y%)	Jun	3.8	4.2	00:30
US	Fed Chair Warsh testifies				02:00

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5754	-0.2	0.5750	0.5789
AUD	0.6922	-0.5	0.6918	0.6950
EUR	1.1387	-0.2	1.1383	1.1446
GBP	1.3360	-0.3	1.3355	1.3412
JPY	162.41	+0.4	161.85	162.48
CAD	1.4150	-0.0		
NZD/AUD	0.8313	+0.3		
NZD/EUR	0.5053	+0.1		
NZD/GBP	0.4307	+0.2		
NZD/JPY	93.45	+0.3		
NZD/CAD	0.8142	-0.1		
NZ TWI	66.18	+0.0		

Other FX

	Last	% Day
CHF	0.8142	+0.7
SEK	9.707	+0.5
NOK	9.782	+0.0
HKD	7.838	-0.0
CNY	6.780	+0.0
SGD	1.295	+0.2
IDR	18,109	+0.2
THB	33.49	+0.6
KRW	1,497	-0.1
TWD	32.20	+0.0
PHP	61.57	+0.1

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,520	-0.7	20.1
Dow	52,490	-0.3	18.3
Nasdaq	25,918	-1.4	25.9
Stoxx 50	6,271	+0.0	16.5
FTSE	10,498	+0.0	17.4
DAX	25,114	+0.2	3.5
CAC 40	8,365	+0.3	6.8
Nikkei	67,243	-1.9	70.4
Shanghai	3,914	-2.1	11.5
ASX 200	8,809	+0.0	2.8
NZX 50	13,723	-0.5	8.2
VIX Index	17.17	+14.2	+4.7

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	82.65	+8.7
Oil (WTI)	77.53	+8.5
Gold	4006.8	-2.6
HRC steel	1156.0	-0.2
CRB	366.2	-0.6
Wheat Chic.	635.3	-0.8
Sugar	14.75	-0.9
Cotton	79.83	+0.1
Coffee	330.0	-1.3
WM powder	3405	+0.3

Australian Futures

	Last	Net Day
3 year bond	95.56	-0.03
10 year bond	95.07	-0.05

Interest Rates

Rates — **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.12	4.18
AUD	4.35	4.46	4.50	4.98
NZD	2.50	2.85	3.61	4.27
EUR	2.25	2.41	2.93	3.15
GBP	3.75	3.87	4.26	4.58
JPY	0.99	-0.03	1.47	2.66
CAD	2.25	4.97	2.80	3.32

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.61	0.05
AUD	4.86	0.02
NZD	4.61	0.04
GER	3.11	0.04
GBP	4.97	0.10
JPY	2.79	0.05
CAD	3.57	0.06

NZ Government Bonds

	Last	Chg
15-May-28	3.56	0.06
20-Apr-29	3.75	0.06
15-May-30	3.92	0.05
15-May-31	4.08	0.04
15-May-32	4.23	0.04
14-Apr-33	4.33	0.04
15-May-34	4.43	0.04
15-May-35	4.52	0.04
15-May-36	4.61	0.03
15-May-37	4.72	0.03
15-May-41	5.00	0.03
15-May-51	5.25	0.03
15-May-54	5.26	0.03

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.70	0.00
BKBM 3-mth	2.85	0.02
1 year	3.29	0.04
2 year	3.61	0.08
3 year	3.73	0.08
5 year	3.93	0.07
7 year	4.08	0.06
10 year	4.27	0.05
15 year	4.52	0.05

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.67	-0.01
Sept-35	2.47	-0.01
Sept-40	2.94	-0.01

Carbon Price

	Level	% Day	% Year
NZU	54.10	-0.6	-5.8

Policy Meeting Run

	NZD	AUD	USD
1st	2.72	4.41	3.74
2nd	2.84	4.44	3.88
3rd	3.03	4.49	3.95
4th	3.17	4.50	4.05
5th	3.27	4.48	4.10

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

Rates are as of: NZT 06:52

Source: Bloomberg

NZD exchange rates

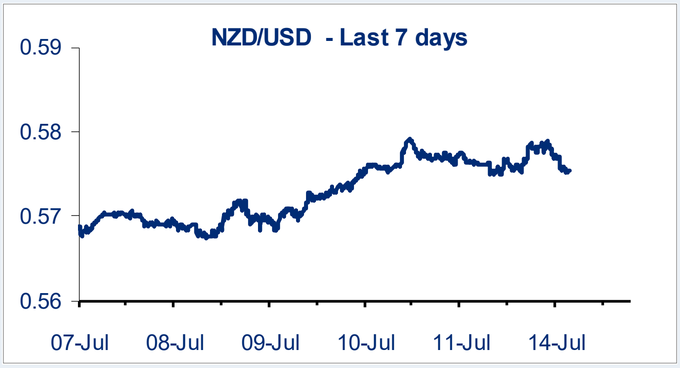
14/07/2026	6:52 am	Prev. NY close
USD	0.5754	0.5763
GBP	0.4307	0.4299
AUD	0.8313	0.8287
EUR	0.5053	0.5048
JPY	93.45	93.18
CAD	0.8142	0.8157
CHF	0.4685	0.4660
DKK	3.7770	3.7734
FJD	1.2830	1.2852
HKD	4.5096	4.5175
INR	55.01	54.94
NOK	5.6268	5.6376
PKR	159.95	160.31
PHP	35.42	35.45
PGK	2.5288	2.5321
SEK	5.5847	5.5686
SGD	0.7448	0.7443
CNY	3.9004	3.9045
THB	19.19	19.20
TOP	1.3517	1.3399
VUV	68.87	69.10
WST	1.5630	1.5681
XPF	60.19	60.21
ZAR	9.4635	9.4033

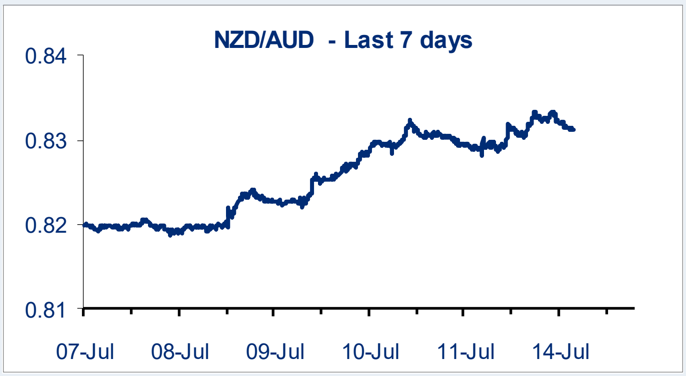
NZD/USD Forward Points

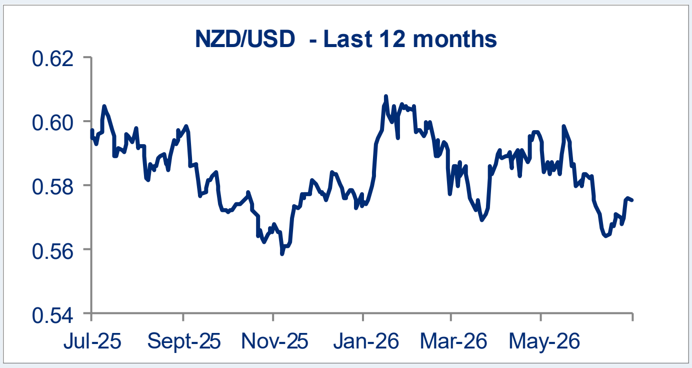
	BNZ buys NZD	BNZ sells NZD
1 Month	5.91	6.12
3 Months	16.08	16.68
6 Months	30.87	32.01
9 Months	43.00	44.73
1 Year	53.07	55.65

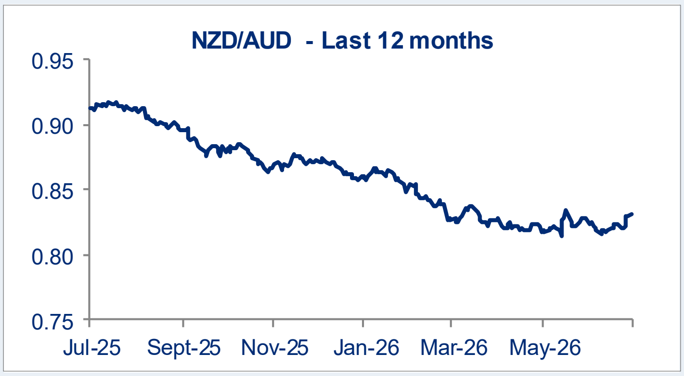
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.87	13.36
3 Months	35.36	36.61
6 Months	66.16	68.90
9 Months	91.23	95.54
1 Year	112.43	118.59









Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior 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