Research

Markets Today

15 July 2026

Events round-up

NZ: QSBO domestic trading exp., Q2, 10 vs 13 prev.

AU: Westpac consumer confidence, Jul: 83.9 vs. 80.6 prev.

AU: NAB business conditions, Jun: 3 vs. 3 prev.

CH: Exports (USD, y/y%), Jun: 27.0 vs. 19.0 exp.

CH: Imports (USD, y/y%), Jun: 36.0 vs. 26.1 exp.

US: NFIB small business optimism, Jun: 97.4 vs. 95.7 exp.

US: Core CPI (m/m%), Jun: 0.0 vs. 0.2 exp.

US: Core CPI (y/y%), Jun: 2.6 vs. 2.9 exp.

US: CPI (m/m%), Jun: -0.4 vs. -0.1 exp.

US: CPI (y/y%), Jun: 3.5 vs. 3.8 exp.

Good morning

During NZ trading hours, the US and Iran exchanged missile fire, with the US targeting military assets near the Strait of Hormuz and Iran targeting the US base in Bahrain. Overnight, President Trump unsurprisingly backed down from his plan to charge a 20% levy on cargo traversing the Strait of Hormuz, a policy that lasted less than 24 hours. This followed pushback from Gulf nation allies, with Trump instead claiming these nations would make trade and investment deals with the US.

Brent crude peaked above USD87.50 overnight and currently sits around USD85, paring its daily gain to 2% and leaving it around where it was at the NZ close. Also weighing on sentiment, the UAE said two of its tankers were struck in the Strait, while there were also reports of multiple explosions on Iran's Qeshm Island.

US CPI data for June were much weaker than expected across all measures. A plunge in gasoline prices drove the CPI down 0.4% m/m, taking the annual rate to 3.5% from 4.2%. Core CPI was flat, and slightly negative on unrounded figures, taking the annual rate to 2.6% from 2.9%. Core goods prices fell 0.1% m/m, while the closely watched "super core" measure of services excluding housing and energy fell 0.2% m/m. Pantheon Macroeconomics noted deflationary impacts from lower tariffs and some negative effects from the World Cup, with pre-booking having boosted inflation in previous months. Inflation looks set to pick up as higher energy and computer hardware prices filter through supply chains.

Fed Chair Warsh testified before lawmakers and maintained a hawkish tone, reiterating his "resolute commitment to restoring price stability". When asked about the June CPI outcome, he said some might say "mission accomplished", but "that is not my view". His assessment of the overall economy was upbeat, describing the labour market as broadly stable, with few signs of layoffs and solid nominal wage growth.

The softer US CPI print drove US Treasury yields lower, led by the short end of the curve, although the move faded somewhat after Warsh's comments. After reaching an overnight low of 4.52%, the 10-year rate is currently 4.59%, down 2bps from the NZ close. The 2-year rate is 8bps lower from the NZ close. A July hike is now seen as unlikely, and Fed Funds rate pricing has fallen across the curve, with only 43bps of hikes now priced by March, down from 53bps yesterday.

US equities have been supported by lower rates and a rebound in tech stocks, as whippy price action in semiconductors continues. Notably, IBM plunged 25% as customers redirected their IT spending elsewhere, crimping its revenue. The S&P500 is up about ½% and the Nasdaq is up 1%.

The USD followed the move in Treasuries, with broad-based falls before some subsequent fading. The NZD has outperformed over the past 24 hours, with several factors going its way. The RBNZ's hike last week, stronger data and a hawkish undertone to Conway's speech yesterday (see below) have supported the NZD, with the move exacerbated by the closing of significant short positions built up after a long period in which shorting the NZD had been a profitable strategy. The NZD briefly pushed above 0.5840 overnight and currently sits just above 0.58, up about 1% from this time yesterday.

The AUD has also been one of the better performers overnight and is currently trading at 0.6975. The closing of significant short NZD/AUD positions has been clearly evident since the RBNZ's hike. The cross reached a high of 0.8370 overnight and is now slightly lower than at the NZ close, at 0.8330. Most other key NZD crosses have pushed higher overnight, adding to yesterday's gains.

Yesterday, Japan MoF Katayama floated the idea of adding government bonds to a tax-free investment programme for individuals. Viewed alongside her comments last week encouraging increased asset allocation toward Japanese assets, it appears she is deliberately trying to tilt the playing field toward investment in JGBs and the yen. Japan's real exchange rate trading around its lowest level in more than forty years is a sign that policy has been mismanaged for some time and that a change in strategy is overdue. The BoJ's actions, with government encouragement, have played a key role in where the market currently sits. Japan's 10-year rate fell 7bps, adding to Friday's significant fall.

China trade data featured blowout results for both exports and imports, alongside a near-record trade surplus of more than USD125b for June. The figures were boosted by AI-related exports and investment, as well as China's dominance across many manufacturing categories. Its growing trade surplus and cheap currency are attracting increasing attention, with countries looking to impose trade barriers and diversify away from China.

RBNZ Chief Economist Conway's speech yesterday on inflation noted that, given Middle East developments, there was already upside risk to the Bank's central forecast prepared last week. He ended his speech by saying, "if inflation pressures stemming from the Middle East conflict prove to be more persistent than expected, we will respond. Because when expectations become embedded in price-setting behaviour, bringing inflation back to target becomes much more difficult and costly."

The key message from the QSBO was one of strengthening inflationary pressure, evident across both cost and pricing intentions. Furthermore, the "sales as a major constraint" indicator continues to ease and is more consistent with an output gap estimate closer to zero than the deeply negative estimate currently assumed by the RBNZ. Labour market indicators are on the slightly easier side of neutral, but not significantly so.

The defining feature of the domestic rates market remains a scramble to close received positions in the swaps market, as the turn in the data and the start of a clear tightening cycle have shifted market sentiment. Moves yesterday were exacerbated by payside pressure to hedge flows associated with investment in the government's new 2038 bond issue.

The 2-year swap rate rose as high as 3.72% before closing up 9bps at 3.70%, breaching the highs reached earlier in the year. That milestone was not reached for 5- and 10-year swap rates, although yields still rose 11bps to 4.03% and 9bps to 4.36%, respectively.

The syndication of the new 2038 bond can be deemed a success, with NZDM issuing the maximum amount sought of $7b and pricing at the tight end of the range, 6bps over the 2037 bond. The final order book was over $26.7b. NZGB yields did not rise as much as swaps, with the 10-year rate closing up only 5bps at 4.66%.

In the day ahead, soon after we go to print, BoE Governor Bailey will speak at the annual Mansion House address. NZ card spending, China Q2 GDP and June activity indicators will also be released. Tonight brings US PPI data, a speech by NY Fed President Williams, and another session for Fed Chair Warsh in front of lawmakers. The Bank of Canada meets, with little chance seen of any policy adjustment.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
UK	BOE Governor Bailey speaks at Mansion House				08:00
NZ	Card spending total (m/m%)	Jun		2.2	10:45
CH	GDP (q/q%)	Q2	0.9	1.3	14:00
CH	GDP (y/y%)	Q2	4.5	5.0	14:00
CH	Fixed investment (YTD, y/y%)	Jun	-5.0	-4.1	14:00
CH	Industrial production (y/y%)	Jun	4.6	4.5	14:00
CH	Retail sales (y/y%)	Jun	-0.1	-0.6	14:00
EC	Industrial production (m/m%)	May	0.3	0.1	21:00
US	Empire Manufacturing	Jul	9.3	5.7	00:30
US	PPI ex food and energy (m/m%)	Jun	0.3	0.4	00:30
US	PPI ex food and energy (y/y%)	Jun	5.2	4.9	00:30
US	Fed's Williams delivers keynote remarks				00:45
CA	Bank of Canada policy rate (%)	Jul	2.25	2.25	01:45
US	Fed Chair Warsh testifies again				02:00

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5806	+1.0	0.5784	0.5841
AUD	0.6971	\ Unclass	0.6928	0.6992
EUR	1.1417	+0.3	1.1384	1.1462
GBP	1.3373	+0.2	1.3351	1.3443
JPY	162.27	-0.1	161.63	162.39
CAD	1.4073	\ Unclassified		
NZD/AUD	0.8329	+0.2		
NZD/EUR	0.5085	+0.7		
NZD/GBP	0.4342	+0.8		
NZD/JPY	94.21	+0.9		
NZD/CAD	0.8171	+0.4		
NZ TWI	66.60	+0.8		

Other FX

	Last	% Day
CHF	0.8099	-0.6
SEK	9.668	-0.5
NOK	9.693	-1.0
HKD	7.838	+0.0
CNY	6.774	-0.1
SGD	1.292	-0.2
IDR	18,091	-0.1
THB	33.49	-0.0
KRW	1,490	-0.5
TWD	32.19	-0.0
PHP	61.71	+0.2

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,552	+0.5	20.5
Dow	52,477	-0.0	18.0
Nasdaq	26,132	+1.0	26.6
Stoxx 50	6,280	+0.1	16.9
FTSE	10,529	+0.3	17.0
DAX	25,147	+0.1	4.1
CAC 40	8,367	\ Unclass	7.2
Nikkei	67,744	+0.7	70.7
Shanghai	3,967	+1.4	12.7
ASX 200	8,808	\ Unclass	2.1
NZX 50	13,651	-0.5	7.6
VIX Index	16.36	-4.7	-4.9

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	84.95	+2.0
Oil (WTI)	79.54	+1.8
Gold	4062.4	+1.4
HRC steel	1158.0	+0.2
CRB	374.5	+2.3
Wheat Chic.	644.0	+1.4
Sugar	14.88	+0.9
Cotton	79.60	-0.3
Coffee	326.1	-1.2
WM powder	3405	+0.0

Australian Futures

3 year bond	95.50	-0.06
10 year bond	95.08	0.02

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.06	4.17
AUD	4.35	4.47	4.49	4.96
NZD	2.50	2.87	3.70	4.36
EUR	2.25	2.43	2.93	3.14
GBP	3.75	3.87	4.25	4.57
JPY	0.99	-0.03	1.45	2.58
CAD	2.25	4.97	2.78	3.32

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.59	-0.03
AUD	4.91	0.05
NZD	4.66	0.06
GER	3.11	0.00
GBP	4.98	0.01
JPY	2.72	-0.07
CAD	3.57	0.00

NZ Government Bonds

	Last	Chg
15-May-28	3.65	0.09
20-Apr-29	3.85	0.10
15-May-30	4.01	0.10
15-May-31	4.17	0.10
15-May-32	4.32	0.09
14-Apr-33	4.41	0.08
15-May-34	4.50	0.07
15-May-35	4.58	0.06
15-May-36	4.66	0.05
15-May-37	4.76	0.04
15-May-41	5.05	0.05
15-May-51	5.29	0.04
15-May-54	5.30	0.04

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.70	0.00
BKBM 3-mth	2.87	0.02
1 year	3.35	0.06
2 year	3.70	0.09
3 year	3.83	0.11
5 year	4.03	0.11
7 year	4.18	0.10
10 year	4.36	0.09
15 year	4.60	0.08

NZ Inflation-Indexed Bonds

Sept-30	1.71	0.05
Sept-35	2.52	0.05
Sept-40	2.98	0.04

Carbon Price

	Level	% Day	% Year
NZU	54.00	-0.2	-6.1

Policy Meeting Run

	NZD	AUD	USD
1st	2.74	4.41	3.68
2nd	2.88	4.45	3.80
3rd	3.09	4.51	3.86
4th	3.25	4.52	3.96
5th	3.35	4.51	4.00

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

Rates are as of: NZT 06:43

Source: Bloomberg

NZD exchange rates

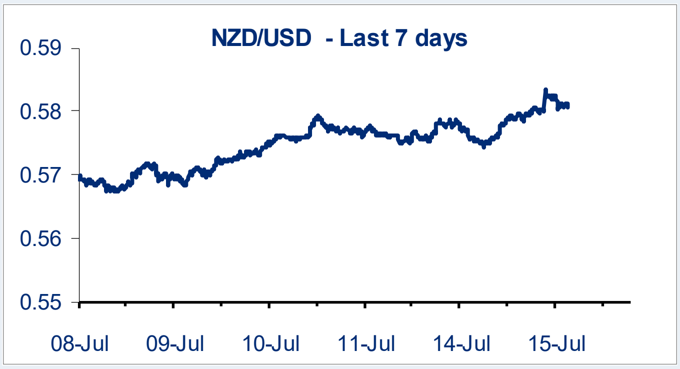
15/07/2026	6:43 am	Prev. NY close
USD	0.5806	0.5750
GBP	0.4342	0.4308
AUD	0.8329	#VALUE!
EUR	0.5085	0.5052
JPY	94.21	93.40
CAD	0.8171	#VALUE!
CHF	0.4702	0.4685
DKK	3.8015	3.7765
FJD	1.2975	1.2881
HKD	4.5537	4.5067
INR	55.89	54.98
NOK	5.6284	5.6304
PKR	161.53	159.94
PHP	35.86	35.41
PGK	2.5538	2.5275
SEK	5.6115	5.5882
SGD	0.7501	0.7443
CNY	3.9341	3.8986
THB	19.48	19.18
TOP	1.3658	1.3514
VUV	69.60	68.84
WST	1.5798	1.5726
XPF	60.67	60.17
ZAR	9.5131	9.4696

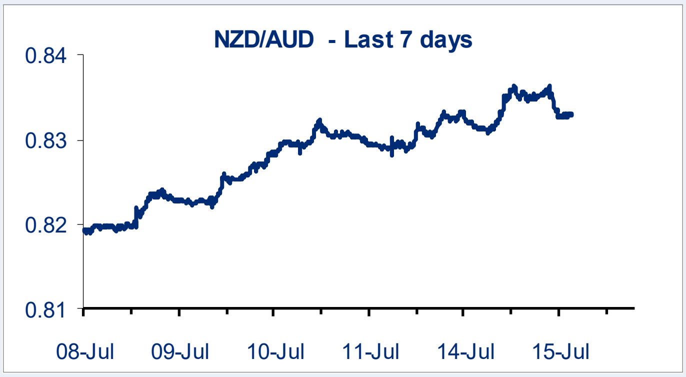
NZD/USD Forward Points

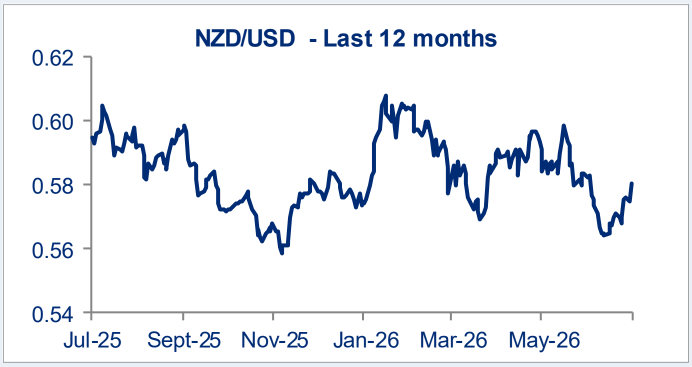
	BNZ buys NZD	BNZ sells NZD
1 Month	5.68	5.91
3 Months	15.36	15.96
6 Months	28.76	29.92
9 Months	38.17	40.11
1 Year	46.49	49.50

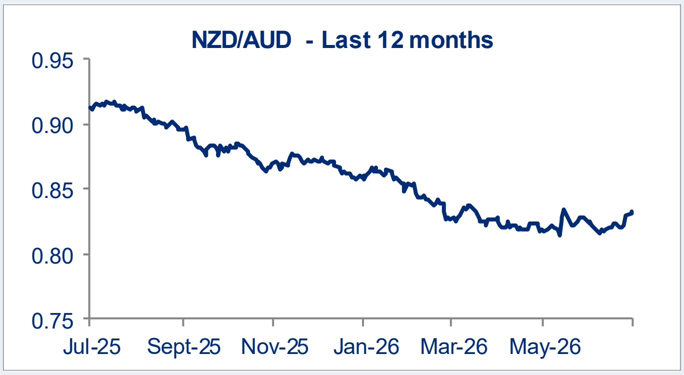
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.55	13.08
3 Months	35.21	36.56
6 Months	66.38	69.13
9 Months	88.87	93.46
1 Year	108.99	115.75









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