Research

Markets Today

17 August 2026

Events round-up

NZ: Manufacturing PMI, Jul: 54.3 vs. 60.1 prev.

US: Retail sales (m/m%), Jul: -0.6 vs. 0.1 exp.

US: Retail sales ex auto, gas (m/m%), Jul: -0.3 vs. 0.3 exp.

US: Retail sales control grp (m/m%), Jul: -0.4 vs. 0.3 exp.

US: U. of Mich. consumer sentiment, Aug: 51 vs. 54.9 exp.

US: U. of Mich. 5-10yr inflation exp., Aug: 3.3 vs. 3.3 exp.

Good morning

Global equity markets were little changed at the end of last week. The S&P 500 closed marginally lower but remains close to record highs. Softer-than-expected US consumer data contributed to an initial rally in Treasury yields, although the move quickly reversed. European government bond yields also moved higher, led by the long end, which reached multi-decade highs. The US dollar was broadly weaker against G10 currencies. Brent crude fluctuated near $88 a barrel after US Treasury Secretary Bessent threatened “unprecedented” economic measures against Iran, including the continued naval blockade of Iranian ports.

Volatility across equity and currency markets has continued to decline. The VIX index, a gauge of expected S&P 500 volatility, has fallen towards 14, its lowest level since December. That appears consistent with investors assigning a low probability to renewed market disruption, even as oil prices approach $90 a barrel. The decline in implied volatility suggests a degree of investor complacency toward geopolitical risks and their potential market impact.

US retail sales were weaker than expected in July. Headline sales fell 0.6% m/m, partly reflecting lower gas prices. The data may have been affected by Amazon Prime Day, which fell in late June this year rather than July. Core retail sales, which exclude gas and autos, were also softer than the consensus estimate. Sales in the “control group” categories, which feed into GDP calculations, fell 0.4%, the first monthly decline this year.

The Michigan consumer sentiment index fell to 51.0 in August, below the 55.0 consensus. Sentiment remains above the lows reached earlier this year, but price pressures and concerns about the economic effects of the Iran conflict continue to weigh on consumers. One-year-ahead inflation expectations edged up to 4.3% from 4.2% in July, while five-to-ten-year expectations were unchanged at 3.3%. Both measures remain around 0.5% below their May highs.

The weak data initially contributed to a dip in Treasury yields, but the move was quickly unwound. Two-year yields fell to 4.10% before reversing to 4.17%. The curve steepened, with 10-year yields making a shallower initial move lower before trading up towards 4.70%. The price action has been poor given the recent run of weaker-than-expected activity data and last week’s benign CPI print. European bond markets were also under pressure, although there was no clear catalyst for the move, pushing longer-dated French and German yields to multi-decade highs. Ten-year bund yields closed 7bp higher at 3.20%.

The US dollar declined against the G10 currencies, although moves were modest. The DXY has remained in a narrow range this month, after falling sharply at the end of July. The yen and Swiss franc underperformed and were little changed against the dollar. NZD/USD steadily rose through the offshore session on Friday, reaching a peak just below 0.5900. Moves across most NZD crosses were small, although NZD/JPY traded up towards 93.90.

NZ yields rose and the curve steepened in Friday’s local session, without an obvious catalyst apart from a reversal of the previous day’s outperformance. The only domestic data release was the manufacturing PMI, which eased to a still healthy 54.3 after a spike higher in June. The 2-year swap rate ended 2bp higher at 3.65%, while the 10-year rate closed 4bp higher at 4.39%. The government curve saw a similar adjustment. Australian 10-year bond futures imply yields around 5bp higher since the local close, suggesting an upward bias for NZ rates on the open.

The domestic economic calendar is front-loaded this week, with the July services PMI, card spending and partial inflation indicators due for release today. The services PMI edged back above 50 in June, after several months in contractionary territory. The monthly inflation partials will provide an important baseline for Q3 CPI. Offshore, Japan releases Q2 GDP, while China publishes monthly activity data. Canada CPI is also due, with markets looking for further evidence on the underlying inflation trend.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	Performance Services Index	Jul		50.6	10:30
NZ	Monthly CPI indicators	Jul		0.6	10:45
NZ	Card Spending Total (m/m%)	Jul		-1.2	10:45
JN	GDP (q/q%)	2Q P	0.5	0.5	11:50
CH	Retail Sales (y/y%)	Jul	1.5	1	14:00
CH	Industrial Production (y/y%)	Jul	4.9	5.3	14:00
CH	Fixed Assets Ex Rural YTD (y/y%)	Jul	-6.2	-5.7	14:00
US	Empire Manufacturing	Aug	10	15.6	00:30
CA	CPI (y/y%)	Jul	3	2.8	00:30
CA	CPI Core- Median (y/y%)	Jul	2	1.9	00:30
CA	CPI Core- Trim (y/y%)	Jul	1.8	1.8	00:30
US	NAHB Housing Market Index	Aug	33	34	02:00

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5890	+0.7	0.5869	0.5898
AUD	0.7084	+0.4	0.7067	0.7096
EUR	1.1570	+0.4	1.1543	1.1585
GBP	1.3534	+0.4	1.3503	1.3562
JPY	159.32	-0.1	158.60	159.40
CAD	1.3874	-0.4		
NZD/AUD	0.8314	+0.3		
NZD/EUR	0.5091	+0.3		
NZD/GBP	0.4352	+0.3		
NZD/JPY	93.85	+0.6		
NZD/CAD	0.8172	+0.3		
NZ TWI	66.87	+0.6		

Other FX

	Last	% Day
CHF	0.8133	-0.1
SEK	9.529	-0.4
NOK	9.443	-0.7
HKD	7.847	+0.0
CNY	6.745	-0.0
SGD	1.279	-0.2
IDR	17,827	-0.3
THB	33.14	-0.1
KRW	1,416	-0.2
TWD	32.03	-0.4
PHP	61.45	+0.2

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,786	-0.2	20.4
Dow	53,732	-0.2	19.6
Nasdaq	26,729	-0.3	23.1
Stoxx 50	6,540	-0.1	20.3
FTSE	10,750	-0.2	17.1
DAX	26,440	+0.5	8.5
CAC 40	8,637	-0.2	9.7
Nikkei	68,714	+0.6	58.4
Shanghai	3,927	+0.0	7.1
ASX 200	9,115	-0.8	2.0
NZX 50	13,854	+0.2	7.5
VIX Index	14.25	-2.6	-3.9

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	88.62	+1.8
Oil (WTI)	82.40	+1.4
Gold	4380.4	+0.4
HRC steel	1196.0	+0.0
CRB	391.4	+0.8
SGX Iron Ore	95.75	-0.2
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.70	+0.3
NZ Milk '28	9.70	+0.6
WM powder	3625	+0.8

Australian Futures

	Last	Net Day
3 year bond	95.48	-0.02
10 year bond	94.94	-0.07

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.03	4.28
AUD	4.35	4.51	4.56	5.10
NZD	2.50	2.95	3.62	4.38
EUR	2.25	2.51	3.00	3.23
GBP	3.75	3.87	4.25	4.64
JPY	0.99	-0.03	1.71	2.75
CAD	2.25	4.97	2.85	3.44

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.69	0.05
AUD	5.01	0.02
NZD	4.68	0.03
GER	3.20	0.07
GBP	5.04	0.08
JPY	2.89	0.01
CAD	3.68	0.05

NZ Government Bonds

	Last	Chg
15-May-28	3.54	0.03
20-Apr-29	3.75	0.03
15-May-30	3.95	0.03
15-May-31	4.12	0.03
15-May-32	4.27	0.03
14-Apr-33	4.38	0.03
15-May-34	4.48	0.03
15-May-35	4.59	0.03
15-May-36	4.68	0.03
15-May-37	4.78	0.04
15-May-38	4.85	0.04
15-May-41	5.09	0.04
15-May-51	5.32	0.05
15-May-54	5.33	0.05

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.78	0.00
BKBM 3-mth	2.95	-0.01
1 year	3.36	0.01
2 year	3.62	0.02
3 year	3.76	0.02
5 year	3.97	0.03
7 year	4.16	0.04
10 year	4.38	0.04
15 year	4.64	0.05

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.67	0.00
Sept-35	2.49	0.00
Sept-40	2.96	0.00

Carbon Price

	Level	% Day	% Year
NZU	54.80	+0.0	-1.3

Policy Meeting Run

	NZD	AUD	USD
1st	2.73	4.39	3.72
2nd	2.84	4.47	3.77
3rd	3.01	4.50	3.87
4th	3.14	4.56	3.92
5th	3.26	4.53	3.97

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

Rates at NY close

Source: Bloomberg

NZD exchange rates

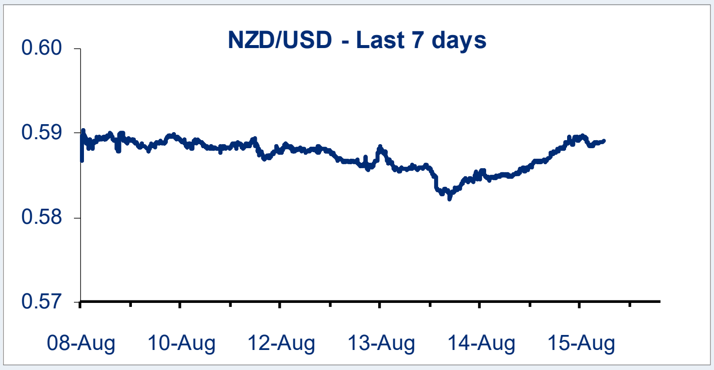
15/08/2026	NY close	Prev. NY close
USD	0.5890	0.5850
GBP	0.4352	0.4338
AUD	0.8314	0.8287
EUR	0.5091	0.5075
JPY	93.85	93.31
CAD	0.8172	0.8150
CHF	0.4793	0.4762
DKK	3.8075	3.7934
FJD	1.3122	1.2988
HKD	4.6242	4.5904
INR	56.24	55.84
NOK	5.5649	5.5651
PKR	163.60	162.55
PHP	36.21	35.89
PGK	2.6110	2.5896
SEK	5.6154	5.5977
SGD	0.7534	0.7492
CNY	3.9734	3.9453
THB	19.54	19.38
TOP	1.3866	1.3646
VUV	69.96	69.44
WST	1.5995	1.5924
XPF	60.75	60.42
ZAR	9.5472	9.4692

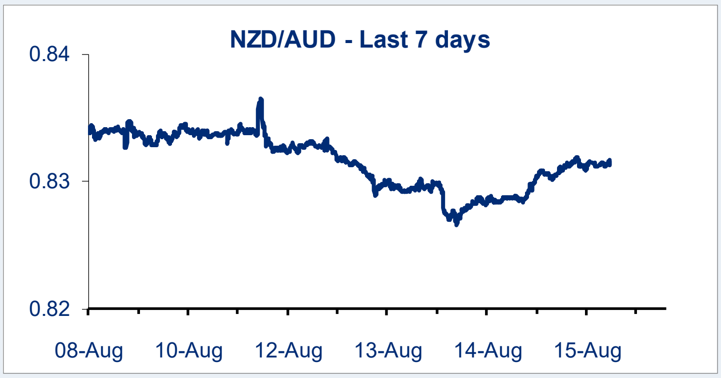
NZD/USD Forward Points

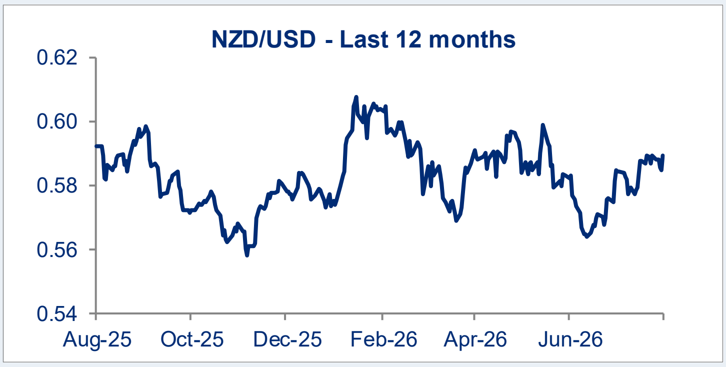
	BNZ buys NZD	BNZ sells NZD
1 Month	5.36	5.56
3 Months	14.81	15.39
6 Months	27.30	28.61
9 Months	36.60	39.02
1 Year	43.85	48.07

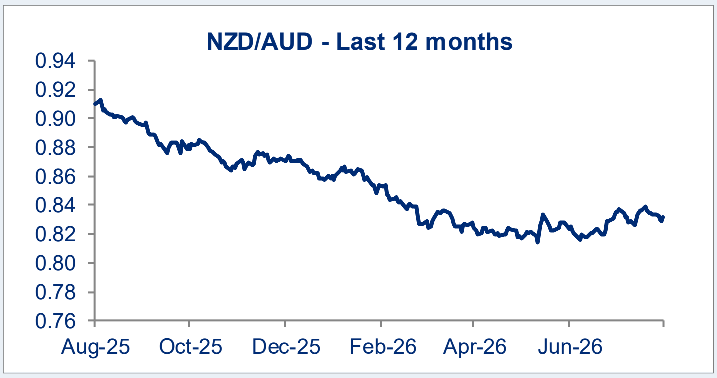
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.95	12.44
3 Months	33.79	35.06
6 Months	63.83	66.75
9 Months	88.29	93.45
1 Year	109.57	117.72









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