Research

Markets Today

18 August 2026

Events round-up

NZ: Performance of services index, Jul: 50.3 vs. 50.6 prev.

NZ: Card spending total (m/m%), Jul: 1.0 vs. -1.2

JN: GDP (q/q%), Q2: 0.3 vs. 0.5 exp.

CH: Retail sales (y/y%), Jul: 0.6 vs. 1.5 exp.

CH: Industrial production (y/y%), Jul: 4.5 vs. 5.0 exp.

CH: Fixed assets invest. (ytd, y/y%), Jul: -6.7 vs. -6.2 exp.

US: Empire manufacturing, Aug: 20.6 vs. 10.0 exp.

US: NAHB housing market index, Aug: 35 vs. 33 exp.

CA: CPI (y/y%), Jul: 3.0 vs. 2.9 exp.

CA: CPI (avg med/trim), (y/y%), Jul: 1.95 vs. 1.85 exp.

Good morning

Global long-term rates have risen to fresh multi-decade highs against a backdrop of higher oil prices. The USD weakness evident yesterday reversed overnight, with the NZD pulling back to 0.59 after reaching a 2½-month high.

Oil prices are higher, with Brent crude rising above USD91 per barrel after Iranian TV confirmed the seizure of an oil tanker in the Strait of Hormuz, following earlier reports that Iran had taken a UAE-owned tanker. Reports by the WSJ and Reuters since the weekend suggest Iran will take a more hawkish stance in the war with the US, flexing some military muscle. In a phone interview with Fox News, President Trump said the US navy blockade was putting pressure on Iran and that he had no timeline for resolving the conflict. He warned that if Oman gets in the way, "we'll bomb the sh** out of them". Later, speaking to reporters, Trump said the Strait of Hormuz was open, oil prices were coming down and reiterated that the US controls the strait, contradicting all of the above.

Global bond markets continue to trade heavily, with long-end rates in the US, Germany and Japan reaching fresh multi-decade highs. The synchronised nature of the move reflects a global repricing of the term premium, the compensation investors demand for taking duration risk. While there are likely multiple drivers, the sustainability of current fiscal trajectories and the prospect of increased bond supply are two obvious factors.

Since Friday's close, the US Treasury curve has steepened, with an insignificant lift in the 2-year rate and a 5bps rise in the 30-year rate to 5.31%. The 10-year rate is currently up 3bps to 4.72%.

Economic data released over the past 24 hours have not been a notable factor. Japan's Q2 GDP rose 0.3% q/q in Q3, below the consensus estimate of 0.5%, with unexpectedly flat private consumption acting as a drag. The softer figures would give the BoJ a convenient excuse to delay the next rate hike from September to October, if it chose to, but the market still saw the case for higher rates in Japan as compelling. JGB yields were higher across the curve, with the 10-year rate rising 5bps to a fresh three-decade high of 2.92%.

Second-tier US economic data released overnight were stronger than expected. The first of the Fed's regional manufacturing surveys, the Empire survey covering New York, showed a further lift in the headline index to 20.6, its highest level since the end of 2021 and consistent with broader positivity across the US manufacturing sector. Homebuilder sentiment, measured by the NAHB index, ticked higher to 35, a level still consistent with soft activity.

Canadian CPI inflation data for July were slightly higher than expected, with annual headline inflation rising two-tenths to 3.0% and the core measure (the average of trim and median) nudging up to 1.95%. The latter remains consistent with underlying inflation being well contained.

China's monthly activity data for July were softer than consensus across the board. The theme remained familiar, with weak domestic demand, driven by the slump in the property sector, weighing on growth. Meanwhile, the strong export sector, partly supported by a cheap currency and the AI boom, appears to be the only growth engine providing meaningful economic support. There was little market reaction, with the broadly softer USD seeing USD/CNY nudge below 6.74, taking the yuan to its strongest level in 3½ years.

USD weakness evident through the NZ trading session and a little beyond reversed overnight. The NZD broke out of its tight range, rising through recent resistance just below 0.5910 to reach a 2½-month high of 0.5926, before falling back to 0.59. The AUD showed a similar pattern, meeting resistance just below 0.7130 before falling back towards 0.71. NZD/AUD is down slightly to just above 0.83. The yen has been the weakest of the majors since last week's close, and NZD/JPY has sustained a move above 94.

Equity markets have struggled against the backdrop of higher long-term rates. In late-afternoon trading, the S&P 500 is down 0.4%, while the Euro Stoxx 600 index closed down 0.2%.

Global forces drove NZ curves higher and steeper yesterday. The 2-year swap rate closed up 2bps to 3.64%, while the 10-year rate rose 4bps to 4.42%. NZGB yields were marked up 1–4bps across the curve.

NZ economic data did not move the needle. Monthly price indicators were in line with our expectations, giving us no reason to change our Q3 CPI forecast of 0.7% q/q and 3.7% y/y. Such an outcome would represent weaker inflation from the 4.1% peak, but would still be above the RBNZ's July forecast of 3.3%. Meanwhile, growth also appears to be running ahead of the RBNZ's forecasts, if one believes its own KiwiGDP weekly nowcast estimates. A strong rebound in electronic card transactions for July and PMI/PSI data remaining in expansionary territory support the view that NZ's economic recovery is gaining some traction.

On the economic calendar, UK labour market data tonight are the key release, with only second-tier data elsewhere.

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Coming up

		Period	Cons.	Prev.	NZT
AU	Westpac consumer confidence	Aug		83.9	12:30
UK	Pvt earnings ex bonus (3m/ y/y%)	Jun	2.8	2.9	18:00
UK	Unemployment rate (%)	Jun	4.8	4.9	18:00
US	Housing starts (k)	Jul	1350	1427	00:30
US	Building permits (k)	Jul	1374	1374	00:30
US	Industrial production (m/m%)	Jul	0.3	0.1	01:15
US	Pending home sales (m/m%)	Jul	0.0	-5.4	02:00

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5900	+0.1	0.5899	0.5926
AUD	0.7102	+0.3	0.7101	0.7129
EUR	1.1573	+0.0	1.1571	1.1614
GBP	1.3539	+0.0	1.3537	1.3571
JPY	159.55	+0.1	158.85	159.59
CAD	1.3875	+0.0		
NZD/AUD	0.8308	-0.1		
NZD/EUR	0.5098	+0.1		
NZD/GBP	0.4358	+0.1		
NZD/JPY	94.13	+0.3		
NZD/CAD	0.8186	+0.1		
NZ TWI	66.95	+0.0		

Other FX

	Last	% Day
CHF	0.8115	-0.2
SEK	9.521	-0.1
NOK	9.423	-0.2
HKD	7.845	-0.0
CNY	6.741	-0.1
SGD	1.278	-0.0
IDR	17,798	-0.2
THB	33.06	-0.3
KRW	1,416	+0.0
TWD	31.84	-0.6
PHP	61.48	+0.1

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,758	-0.4	20.3
Dow	53,481	-0.5	19.0
Nasdaq	26,659	-0.3	23.3
Stoxx 50	6,530	-0.1	19.9
FTSE	10,720	-0.3	17.3
DAX	26,339	-0.4	8.1
CAC 40	8,580	-0.7	8.3
Nikkei	69,220	+0.7	58.3
Shanghai	3,983	+1.4	7.7
ASX 200	9,073	-0.5	1.3
NZX 50	13,722	-1.0	5.8
VIX Index	15.07	+5.8	-0.1

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	90.85	+2.6
Oil (WTI)	84.50	+2.5
Gold	4413.8	+0.8
HRC steel	1197.0	+0.1
CRB	391.4	+0.8
SGX Iron Ore	95.50	+0.2
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.68	-0.2
NZ Milk '28	9.70	+0.0
WM powder	3590	-1.0
Australian Futures		
3 year bond	95.46	-0.03
10 year bond	94.92	-0.02

Interest Rates

	Rates		Swap Yields	
	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.04	4.31
AUD	4.35	4.51	4.56	5.11
NZD	2.50	2.97	3.64	4.42
EUR	2.25	2.51	3.00	3.25
GBP	3.75	3.87	4.27	4.65
JPY	0.99	-0.03	1.74	2.78
CAD	2.25	4.97	2.87	3.48

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.72	0.03
AUD	5.04	0.04
NZD	4.72	0.03
GER	3.22	0.02
GBP	5.06	0.02
JPY	2.92	0.03
CAD	3.71	0.04

NZ Government Bonds

	Last	Chg
15-May-28	3.55	0.01
20-Apr-29	3.76	0.01
15-May-30	3.96	0.02
15-May-31	4.14	0.02
15-May-32	4.29	0.02
14-Apr-33	4.40	0.02
15-May-34	4.51	0.03
15-May-35	4.62	0.03
15-May-36	4.72	0.04
15-May-37	4.82	0.04
15-May-38	4.89	0.04
15-May-41	5.13	0.04
15-May-51	5.36	0.04
15-May-54	5.37	0.04

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.80	0.02
BKBM 3-mth	2.97	0.02
1 year	3.37	0.00
2 year	3.64	0.02
3 year	3.78	0.02
5 year	4.00	0.03
7 year	4.19	0.03
10 year	4.42	0.04
15 year	4.69	0.05

NZ Inflation-Indexed Bonds

Sept-30	1.68	0.00
Sept-35	2.50	0.00
Sept-40	2.97	0.00

Carbon Price

	Level	% Day	% Year
NZU	54.50	-0.5	-1.8

Policy Meeting Run

	NZD	AUD	USD
1st	2.73	4.39	3.73
2nd	2.85	4.47	3.79
3rd	3.01	4.51	3.88
4th	3.14	4.54	3.92
5th	3.25	4.54	3.98

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

Rates are as of: NZT 06:41

Source: Bloomberg

NZD exchange rates

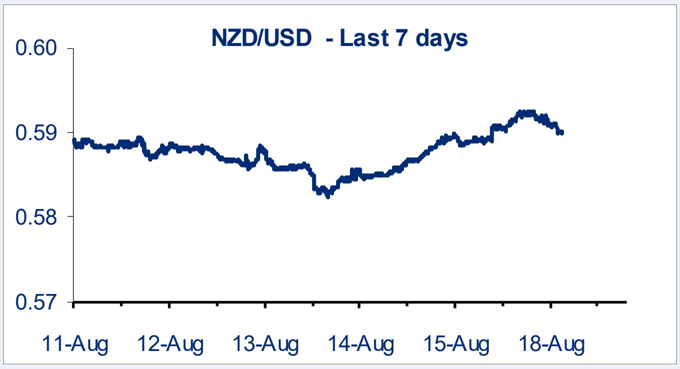
18/08/2026	6:41 am	Prev. NY close
USD	0.5900	0.5893
GBP	0.4358	0.4353
AUD	0.8308	0.8319
EUR	0.5098	0.5093
JPY	94.13	93.89
CAD	0.8186	0.8177
CHF	0.4787	0.4793
DKK	3.8095	3.8075
FJD	1.3114	1.3122
HKD	4.6284	4.6242
INR	56.41	56.24
NOK	5.5576	5.5649
PKR	163.77	163.60
PHP	36.27	36.21
PGK	2.6141	2.6087
SEK	5.6115	5.6154
SGD	0.7538	0.7534
CNY	3.9768	3.9734
THB	19.47	19.54
TOP	1.3689	1.3866
VUV	69.99	69.96
WST	1.6026	1.5995
XPF	60.69	60.75
ZAR	9.5824	9.5472

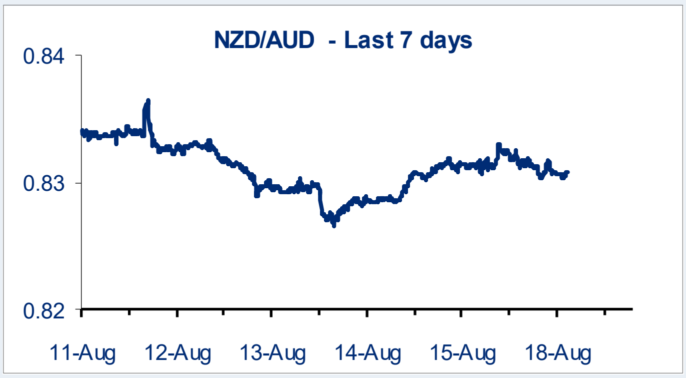
NZD/USD Forward Points

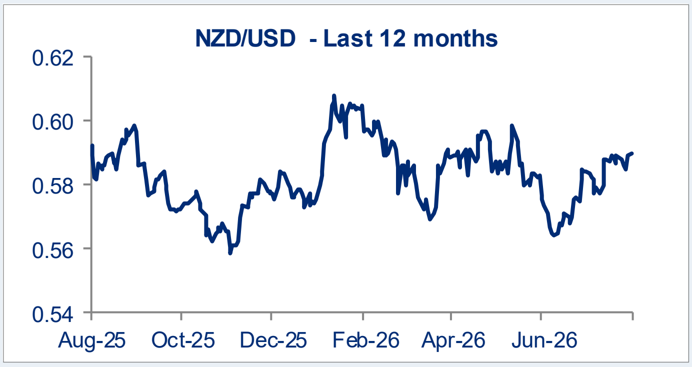
	BNZ buys NZD	BNZ sells NZD
1 Month	5.60	5.80
3 Months	14.76	15.34
6 Months	27.21	28.49
9 Months	36.16	38.94
1 Year	43.83	47.70

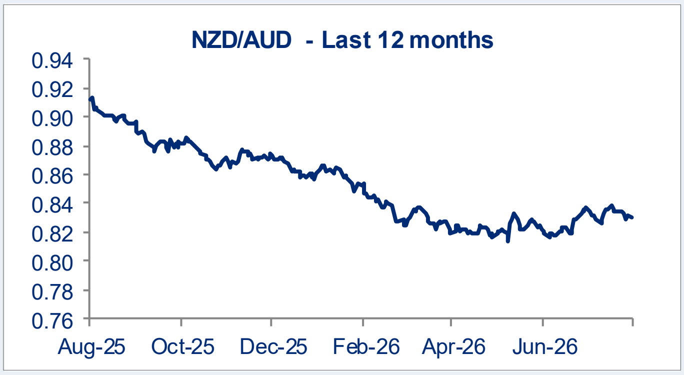
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.27	12.75
3 Months	33.35	34.74
6 Months	63.39	66.28
9 Months	87.42	93.08
1 Year	108.80	116.63









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