

Research Markets Today

20 August 2026

Events round-up

NZ: PPI output (qoq%), Q2: 1.6% vs. 0.8 prev.
 AU: Wage price index (q/q%), Q2: 0.8 vs. 0.8 exp.
 AU: Wage price index (y/y%), Q2: 3.2 vs. 3.2 exp.
 UK: CPI (y/y%), Jul: 2.9 vs. 2.9 exp.
 UK: CPI core (y/y%), Jul: 2.6 vs. 2.5 exp.
 UK: CPI services (y/y%), Jul: 3.4 vs. 3.4 exp.

Good morning

News that the US Treasury plans to increase buybacks of longer-dated bonds contributed to a sharp fall in 30-year yields. The move followed the 30-year yield reaching its highest level in 19 years earlier this week, amid investor concerns over fiscal deficits, heavy AI-related borrowing and inflation. The announcement supported risk sentiment, with the S&P 500 rising to session highs, although the net gain was modest. The US dollar fell to its lowest level since May, while Brent crude edged above US\$92.50 per barrel, with no sign of progress toward resolving the US-Iran conflict.

The Treasury said it will at least double the size of liquidity-support buybacks for securities in the 10- to 30-year sector, extending a programme that has so far had limited market impact. The larger operations are intended to improve trading conditions in older, less-liquid off-the-run bonds rather than directly lower benchmark yields, although the timing was taken as a signal that officials are alert to pressure in long-end borrowing costs. Thirty-year yields fell nearly 10bp to around 5.20%, driving a notable flattening of the curve, while 10-year yields were little changed near 4.67% and front-end yields were modestly higher.

There was limited economic data to provide the market with direction. The July FOMC minutes showed several officials favoured a rate hike, while many said tightening would be needed if inflation failed to decline. The debate centred on divergent inflation views, with the outlook described as “highly uncertain”. The labour market was seen as stable, with demand and supply broadly in balance. The minutes also showed Fed Chair Warsh raised the prospect of reducing the annual number of policy meetings from eight to six, though not this year.

The US dollar index recorded its largest fall in three weeks, dropping to its weakest level since mid-May after the Treasury announcement. Losses were broad-based across G10 currencies, led by the Swiss franc. The Canadian dollar was supported by news the US would delay more punitive tariffs while trade negotiations continue. The softer dollar pushed NZD/USD to an overnight peak above 0.5930, its highest level since early June, while the NZD was firmer on the key crosses.

The People’s Bank of China set the daily USD/CNY fixing at its lowest level in more than three years yesterday. The stronger fixing signals a preference for yuan appreciation and follows data showing Chinese corporates slowed repatriation flows, which are sensitive to interest rate differentials, to an eight-month low.

UK CPI rose to 2.9% y/y in July, from 2.6% in June, matching consensus and slightly above the Bank of England’s 2.8% forecast. The lift was mainly driven by a rise in the household energy price cap, which limits the rates and suppliers can charge. Services inflation eased to 3.4%, while the core measure was unchanged at 2.6%. The data had limited impact on the pound, with market pricing suggesting rates are likely to remain steady at 3.75% next month.

The recent underperformance at the longer end of the NZ curve took a breather in the local session yesterday. Yields moved modestly lower across the curve. Two-year swap rates dipped 2bp to 3.62%, while 10-year rates declined 4bp to 4.41%. The government curve matched the move in swaps, with 10-year NZGB yields closing 4bp lower at 4.71%. The market looks ahead to today’s weekly tender, with NZ Debt Management offering \$250m of the May-32 and \$200m of the May-35 bonds.

There is no domestic data of note today. The regional focus will be on Australia’s July labour market report. Consensus expects a 12k gain in employment after June’s surprisingly strong print, with the unemployment rate steady at 4.4%. Following the upside surprise in Q2 unemployment, the RBA’s August SoMP now expects little further increase in the near term, forecasting a 4.5% unemployment rate in Q4. Offshore, the main releases tonight are the Philly Fed Business Outlook survey and weekly US jobless claims.

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Coming up

		Period	Cons.	Prev.	NZT
AU	Employment Change	Jul	12	76.3	13:30
AU	Unemployment Rate	Jul	4.4	4.4	13:30
US	Philadelphia Business Outlook	Aug	25	41.4	00:30
US	Initial Jobless Claims	15 Aug	210	209	00:30

Source: Bloomberg

Currencies					Equities					Commodities							
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices			Price (Near futures, except CRB)							
	Last	% Day	Low	High		Last	% Day		Last	% Day	% Year		Last	Net Day			
NZD	0.5933	+0.9	0.5869	0.5938	CHF	0.7984	-1.7	S&P 500	7,714	+0.3	20.3	Oil (Brent)	92.21	+1.4			
AUD	0.7119	+0.4	0.7069	0.7129	SEK	9.442	-0.9	Dow	53,467	+0.2	19.0	Oil (WTI)	86.45	+1.8			
EUR	1.1670	+0.8	1.1592	1.1677	NOK	9.332	-0.8	Nasdaq	26,331	+0.1	23.5	Gold	4489.4	+3.0			
GBP	1.3601	+0.5	1.3545	1.3630	HKD	7.840	-0.0	Stoxx 50	6,444	-0.4	17.5	HRC steel	1194.0	-0.2			
JPY	158.38	-0.7	158.05	159.28	CNY	6.730	-0.2	FTSE	10,743	+0.1	16.9	CRB	396.8	-0.1			
CAD	1.3813	-0.6			SGD	1.272	-0.5	DAX	26,091	-0.1	6.8	SGX Iron Ore	95.95	-0.0			
NZD/AUD	0.8334	+0.5			IDR	17,840	-0.1	CAC 40	8,502	-0.1	6.6	NZ Milk '26	9.75	+0.0			
NZD/EUR	0.5084	+0.2			THB	32.86	-0.7	Nikkei	65,326	-3.2	52.3	NZ Milk '27	9.92	+1.3			
NZD/GBP	0.4362	+0.5			KRW	1,388	-1.7	Shanghai	3,894	-2.4	4.5	NZ Milk '28	9.80	+0.3			
NZD/JPY	93.97	+0.2			TWD	31.95	-0.0	ASX 200	9,054	-0.2	1.5	WM powder	3740	+0.1			
NZD/CAD	0.8195	+0.3			PHP	61.82	+0.1	NZX 50	13,930	+0.5	6.6	Australian Futures					
NZ TWI	67.03	+0.6						VIX Index	15.21	-4.0	-2.3	3 year bond	95.44	0.03			
												10 year bond	94.95	0.02			
Interest Rates																	
Rates		Swap Yields			Benchmark 10 Yr Bonds			NZ Government Bonds			NZ BKBM and Swap Yields						
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg				
USD	3.75	4.85	4.04	4.26	USD	4.65	-0.05	15-May-28	3.52	-0.04	BKBM 1-mth	2.83	0.02				
AUD	4.35	4.50	4.57	5.10	AUD	5.06	-0.04	20-Apr-29	3.74	-0.03	BKBM 3-mth	2.99	0.01				
NZD	2.50	2.99	3.62	4.41	NZD	4.71	-0.04	15-May-30	3.94	-0.04	1 year	3.36	-0.01				
EUR	2.25	2.50	3.06	3.29	GER	3.26	0.00	15-May-31	4.12	-0.04	2 year	3.62	-0.02				
GBP	3.75	3.87	4.29	4.65	GBP	5.04	-0.04	15-May-32	4.28	-0.03	3 year	3.76	-0.03				
JPY	0.99	-0.03	1.72	2.74	JPY	2.90	-0.06	14-Apr-33	4.39	-0.04	5 year	3.99	-0.03				
CAD	2.25	4.97	2.88	3.46	CAD	3.69	-0.01	15-May-34	4.50	-0.03	7 year	4.18	-0.04				
								15-May-35	4.61	-0.04	10 year	4.41	-0.04				
								15-May-36	4.71	-0.04	15 year	4.68	-0.04				
								15-May-37	4.81	-0.04							
								15-May-38	4.88	-0.04	NZ Inflation-Indexed Bonds						
								15-May-41	5.12	-0.04	Sept-30	1.68	-0.01				
								15-May-51	5.35	-0.04	Sept-35	2.51	-0.01				
								15-May-54	5.36	-0.04	Sept-40	2.98	-0.01				
Carbon Price				Policy Meeting Run													
	Level	% Day	% Year			NZD	AUD	USD									
NZU	53.50	-0.9	-5.3		1st	2.74	4.40	3.72									
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer									2nd						2.86	4.48	3.78
									3rd						3.01	4.52	3.87
Rates are as of: NZT 06:15									4th						3.13	4.55	3.92
Source: Bloomberg									5th						3.24	4.54	3.98

NZD exchange rates

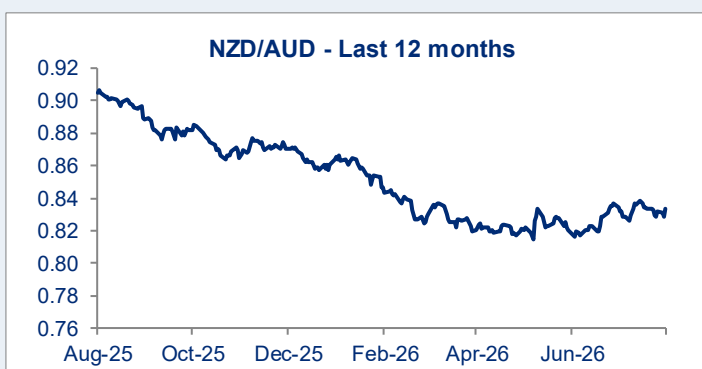
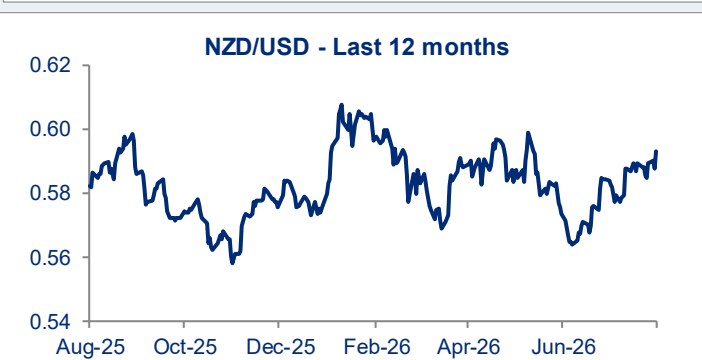
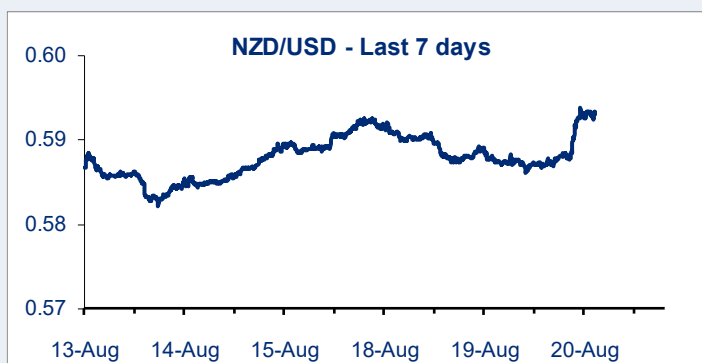
20/08/2026	6:16 am	Prev. NY close
USD	0.5933	0.5876
GBP	0.4362	0.4342
AUD	0.8334	0.8290
EUR	0.5084	0.5076
JPY	93.97	93.79
CAD	0.8195	0.8166
CHF	0.4737	0.4773
DKK	3.8006	3.7950
FJD	1.3190	1.3040
HKD	4.6516	4.6092
INR	56.82	56.22
NOK	5.5369	5.5314
PKR	164.69	163.13
PHP	36.68	36.30
PGK	2.5717	2.6012
SEK	5.6020	5.6013
SGD	0.7544	0.7511
CNY	3.9930	3.9629
THB	19.61	19.43
TOP	1.3917	1.3774
VUV	70.29	69.60
WST	1.6132	1.5933
XPF	60.92	60.47
ZAR	9.5600	9.5550

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.23	5.43
3 Months	14.91	15.49
6 Months	27.15	28.85
9 Months	36.69	39.30
1 Year	45.58	49.36

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.46	11.91
3 Months	33.72	35.20
6 Months	63.31	66.80
9 Months	88.07	93.55
1 Year	111.60	119.31



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