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

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

	Last	% Day	Low	High
NZD	0.5933	+0.9	0.5869	0.5938
AUD	0.7119	+0.4	0.7069	0.7129
EUR	1.1670	+0.8	1.1592	1.1677
GBP	1.3601	+0.5	1.3545	1.3630
JPY	158.38	-0.7	158.05	159.28
CAD	1.3813	-0.6		
NZD/AUD	0.8334	+0.5		
NZD/EUR	0.5084	+0.2		
NZD/GBP	0.4362	+0.5		
NZD/JPY	93.97	+0.2		
NZD/CAD	0.8195	+0.3		
NZ TWI	67.03	+0.6		

Other FX

	Last	% Day
CHF	0.7984	-1.7
SEK	9.442	-0.9
NOK	9.332	-0.8
HKD	7.840	-0.0
CNY	6.730	-0.2
SGD	1.272	-0.5
IDR	17,840	-0.1
THB	32.86	-0.7
KRW	1,388	-1.7
TWD	31.95	-0.0
PHP	61.82	+0.1

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,714	+0.3	20.3
Dow	53,467	+0.2	19.0
Nasdaq	26,331	+0.1	23.5
Stoxx 50	6,444	-0.4	17.5
FTSE	10,743	+0.1	16.9
DAX	26,091	-0.1	6.8
CAC 40	8,502	-0.1	6.6
Nikkei	65,326	-3.2	52.3
Shanghai	3,894	-2.4	4.5
ASX 200	9,054	-0.2	1.5
NZX 50	13,930	+0.5	6.6
VIX Index	15.21	-4.0	-2.3

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	92.21	+1.4
Oil (WTI)	86.45	+1.8
Gold	4489.4	+3.0
HRC steel	1194.0	-0.2
CRB	396.8	-0.1
SGX Iron Ore	95.95	-0.0
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.92	+1.3
NZ Milk '28	9.80	+0.3
WM powder	3740	+0.1
Australian Futures		
3 year bond	95.44	0.03
10 year bond	94.95	0.02

Interest Rates

	Rates: Cash	Rates: 3Mth	Swap Yields: 2 Yr	Swap Yields: 10 Yr
USD	3.75	4.85	4.04	4.26
AUD	4.35	4.50	4.57	5.10
NZD	2.50	2.99	3.62	4.41
EUR	2.25	2.50	3.06	3.29
GBP	3.75	3.87	4.29	4.65
JPY	0.99	-0.03	1.72	2.74
CAD	2.25	4.97	2.88	3.46

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.65	-0.05
AUD	5.06	-0.04
NZD	4.71	-0.04
GER	3.26	0.00
GBP	5.04	-0.04
JPY	2.90	-0.06
CAD	3.69	-0.01

NZ Government Bonds

	Last	Chg
15-May-28	3.52	-0.04
20-Apr-29	3.74	-0.03
15-May-30	3.94	-0.04
15-May-31	4.12	-0.04
15-May-32	4.28	-0.03
14-Apr-33	4.39	-0.04
15-May-34	4.50	-0.03
15-May-35	4.61	-0.04
15-May-36	4.71	-0.04
15-May-37	4.81	-0.04
15-May-38	4.88	-0.04
15-May-41	5.12	-0.04
15-May-51	5.35	-0.04
15-May-54	5.36	-0.04

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.83	0.02
BKBM 3-mth	2.99	0.01
1 year	3.36	-0.01
2 year	3.62	-0.02
3 year	3.76	-0.03
5 year	3.99	-0.03
7 year	4.18	-0.04
10 year	4.41	-0.04
15 year	4.68	-0.04

NZ Inflation-Indexed Bonds

Sept-30	1.68	-0.01
Sept-35	2.51	-0.01
Sept-40	2.98	-0.01

Carbon Price

	Level	% Day	% Year
NZU	53.50	-0.9	-5.3

Policy Meeting Run

	NZD	AUD	USD
1st	2.74	4.40	3.72
2nd	2.86	4.48	3.78
3rd	3.01	4.52	3.87
4th	3.13	4.55	3.92
5th	3.24	4.54	3.98

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

Rates are as of: NZT 06:15

Source: Bloomberg

NZD exchange rates

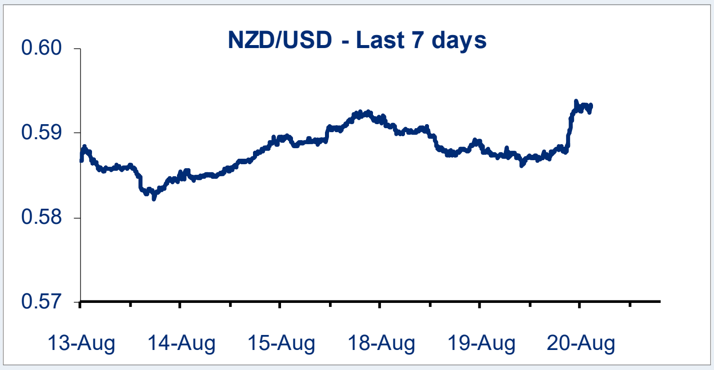
20/08/2026	6:16 am	Prev. NY close
USD	0.5933	0.5876
GBP	0.4362	0.4342
AUD	0.8334	0.8290
EUR	0.5084	0.5076
JPY	93.97	93.79
CAD	0.8195	0.8166
CHF	0.4737	0.4773
DKK	3.8006	3.7950
FJD	1.3190	1.3040
HKD	4.6516	4.6092
INR	56.82	56.22
NOK	5.5369	5.5314
PKR	164.69	163.13
PHP	36.68	36.30
PGK	2.5717	2.6012
SEK	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

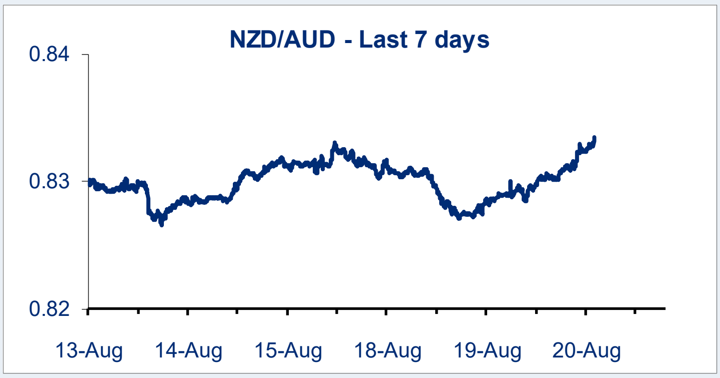
NZD/USD Forward Points

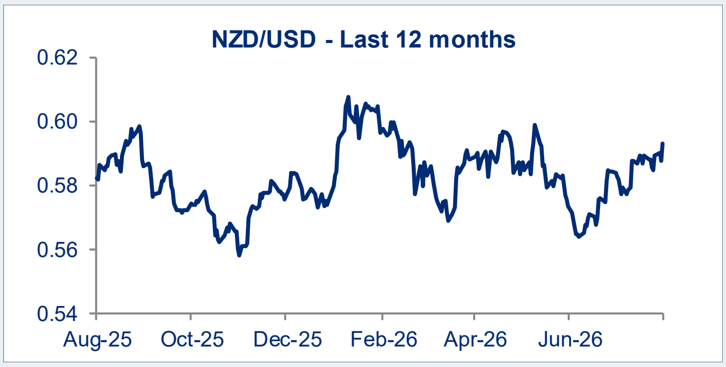
	BNZ buys NZD	BNZ sells NZD
1 Month	5.23	5.43
3 Months	14.91	15.49
6 Months	27.15	28.85
9 Months	36.69	39.30
1 Year	45.58	49.36

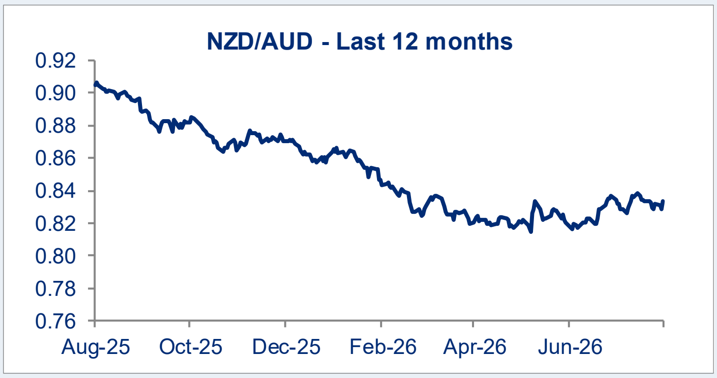
NZD/AUD Forward Points

	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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