Research

Markets Today

20 July 2026

Events round-up

US: Building permits (k), Jun: 1367 vs. 1403 exp.

US: Housing starts (k), Jun: 1427 vs. 1310 exp.

US: Industrial production (m/m%), Jun: 0.1 vs. 0.2 exp.

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

US: U. of Mich. consumer sentiment, Jul: 54.4 vs. 51.0 exp.

Good morning

Rates and currency markets showed well contained price movements to end last week, with more notable price action in oil markets and US equities.

US and Iran tit-for-tat military attacks increased in scale through the week and that continued over the weekend. This included US targeting southern Iranian cities as part of its attacks on logistics infrastructure, while Iran was spreading it attacks across multiple gulf nations, with strikes of water desalination and electricity plants in Kuwait, for example. Over the weekend, tensions have increased further, with US military deaths and injuries after Iran targeted a US base in Jordan. The NY Times reported the US was sending more warplanes to the Middle East, a signal of future US escalation in aerial attacks.

Oil prices rose steadily through the overnight Friday trading session, with Brent crude up 4½% and closing the week near its high for the day just over USD88 per barrel and taking its weekly gain to almost 16%. When the oil market reopens today, expect to see another lurch higher.

Despite the lift in oil prices, US Treasuries didn't show much price movement, with the 10-year rate trading a tight 4bps range of 4.51-4.55% and closing at the top end of the range, little changed from the NZ close. The curve flattened, with the 2-year rate up 4bps to 4.18%. Cleveland Fed President Hammack said persistently high inflation is her bigger concern, echoing recent comments by her colleagues on the FOMC.

Second-tier economic data didn't move the needle. Housing starts bounced back strongly in June after a very weak May. Building permits, which show less volatility, fell 3% in June. Industrial production rose 0.1% m/m in June, capping off a strong quarter where manufacturing production rose at an annualised pace of 4.7%, the strongest quarterly growth in over five years, with broadly based gains. US consumer sentiment rose nearly 5pts in June on the University of Michigan survey to 54.4.

Currency movements on Friday were insignificant. The NZD traded a range of less than 25pips and ended just above 0.5840, capping off another week of gains in the wake of the RBNZ's recent rate hike and supported by stronger data that followed. The AUD had another session where it struggled to sustain levels above 0.70 and it closed the week just above 0.6980. NZD/AUD closed up slightly at 0.8370.

The yen bounced after PM Takaichi flagged the importance encouraging household and the Government Pension Investment Fund to increase investment in Japanese financial assets, echoing the same comments by her Finance Minister recently. However, the movement quickly reversed and the yen reverted to its trading range and closed the week near 162.40. NZD cross movements overall were minimal.

US equities ended last week on a weaker note, with the S&P500 falling 1% and the Nasdaq down 1.4%. While almost all sectors fell, getting investors' attention was Chinese AI startup Moonshot revealing its Kimi K3 open-source model, with claims that it rivals some of the top US models. This raised concerns about competition in the AI sector and if companies have to access cheap Chinese AI models, then what is the future of the massive capex plans for companies linked to US AI models?

The domestic rates market ended the week on a quiet note. There was minimal movement in NZGB yields and swap rates closed up 1-3bps, with the 2-year rate at 3.62% and the 10-year rate at 4.35%. NZ monthly CPI figures didn't change BNZ's pick for Q2 CPI of 1.5% q/q and 4.1% y/y, with the quarterly data released tomorrow. All of the big four trading banks see upside risk relative to the RBNZ's recent 3.9% estimate.

In the day ahead, NZ trade data and Canadian CPI data are released. After from tomorrow's CPI print, there is no other domestic data of note. The ECB meets later in the week and is widely expected to keep policy on hold. Other key global economic releases include Australian labour market, CPIs for Japan and UK, and UK labour market data. Flash global PMIs for July will also be released this week.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	Trade balance (ann $b)	Jun		-3367	10:45
CA	CPI (y/y%)	Jun	2.9	3.2	00:30
CA	Core CPI (avg trim/median y/y%)	Jun	2.05	2.05	00:30

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5842	-0.0	0.5825	0.5848
AUD	0.6982	-0.2	0.6966	0.6990
EUR	1.1438	-0.0	1.1425	1.1452
GBP	1.3454	-0.2	1.3426	1.3481
JPY	162.41	+0.0	162.16	162.52
CAD	1.4020	-0.1		
NZD/AUD	0.8368	+0.2		
NZD/EUR	0.5108	+0.0		
NZD/GBP	0.4342	+0.2		
NZD/JPY	94.88	+0.0		
NZD/CAD	0.8190	-0.1		
NZ TWI	66.99	+0.1		

Other FX

	Last	% Day
CHF	0.8073	-0.2
SEK	9.640	-0.0
NOK	9.649	-0.3
HKD	7.840	+0.0
CNY	6.775	+0.0
SGD	1.292	+0.1
IDR	17,921	-0.4
THB	33.63	+0.1
KRW	1,488	+0.5
TWD	32.33	+0.2
PHP	61.59	-0.1

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,458	-1.0	18.4
Dow	52,146	-0.8	17.6
Nasdaq	25,520	-1.4	22.1
Stoxx 50	6,231	-0.8	16.3
FTSE	10,600	+0.3	17.9
DAX	24,831	-0.3	2.2
CAC 40	8,339	-0.5	6.6
Nikkei	64,141	-4.0	61.1
Shanghai	3,764	-3.0	6.5
ASX 200	8,797	-0.5	0.5
NZX 50	13,695	+0.6	6.3
VIX Index	18.77	+12.2	+14.4

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	88.10	+4.6
Oil (WTI)	82.49	+4.5
Gold	4018.8	+0.7
HRC steel	1154.0	+0.0
CRB	382.0	+1.6
Wheat Chic.	699.8	+1.3
Sugar	14.83	+2.7
Cotton	77.07	-0.8
Coffee	320.3	+2.5
WM powder	3410	-0.6

Australian Futures

3 year bond	95.52	-0.02
10 year bond	95.04	-0.03

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.03	4.13
AUD	4.35	4.47	4.54	5.01
NZD	2.50	2.88	3.62	4.35
EUR	2.25	2.49	3.00	3.17
GBP	3.75	3.87	4.28	4.56
JPY	0.98	-0.03	1.43	2.57
CAD	2.25	4.97	2.79	3.31

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.55	-0.01
AUD	4.90	0.00
NZD	4.65	0.00
GER	3.13	-0.01
GBP	4.95	-0.02
JPY	2.70	-0.02
CAD	3.56	0.03

NZ Government Bonds

	Last	Chg
15-May-28	3.58	-0.00
20-Apr-29	3.78	0.00
15-May-30	3.96	0.00
15-May-31	4.12	-0.00
15-May-32	4.28	-0.00
14-Apr-33	4.37	-0.00
15-May-34	4.47	0.00
15-May-35	4.57	0.00
15-May-36	4.65	0.01
15-May-37	4.75	0.01
15-May-41	5.04	0.01
15-May-51	5.27	0.00
15-May-54	5.27	0.00

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.70	0.00
BKBM 3-mth	2.88	0.01
1 year	3.34	0.02
2 year	3.62	0.02
3 year	3.76	0.01
5 year	3.97	0.01
7 year	4.15	0.01
10 year	4.35	0.03
15 year	4.59	0.03

NZ Inflation-Indexed Bonds

Sept-30	1.69	0.02
Sept-35	2.49	0.03
Sept-40	2.96	0.02

Carbon Price

	Level	% Day	% Year
NZU	54.80	+0.0	-5.4

Policy Meeting Run

	NZD	AUD	USD
1st	2.73	4.41	3.67
2nd	2.86	4.45	3.80
3rd	3.07	4.52	3.86
4th	3.22	4.53	3.95
5th	3.33	4.53	3.99

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

Rates at NY close

Source: Bloomberg

NZD exchange rates

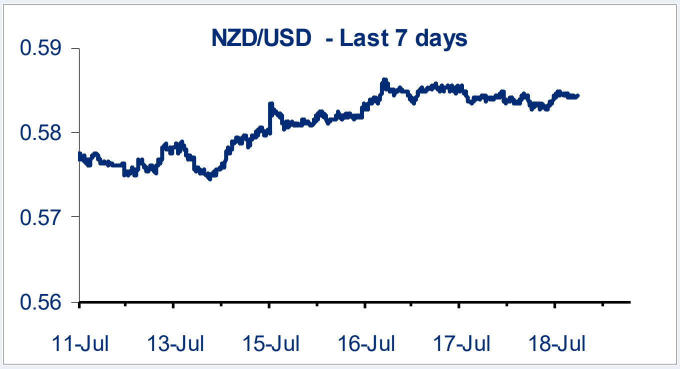
18/07/2026	NY close	Prev. NY close
USD	0.5842	0.5843
GBP	0.4342	0.4335
AUD	0.8368	0.8352
EUR	0.5108	0.5107
JPY	94.88	94.88
CAD	0.8190	0.8205
CHF	0.4717	0.4726
DKK	3.8186	3.8176
FJD	1.3022	1.3054
HKD	4.5810	4.5809
INR	56.26	56.30
NOK	5.6376	5.6532
PKR	162.45	162.53
PHP	35.99	36.01
PGK	2.5695	2.5717
SEK	5.6325	5.6352
SGD	0.7547	0.7539
CNY	3.9593	3.9573
THB	19.64	19.60
TOP	1.3560	1.3576
VUV	69.70	69.74
WST	1.5814	1.5821
XPF	60.98	60.97
ZAR	9.6546	9.5844

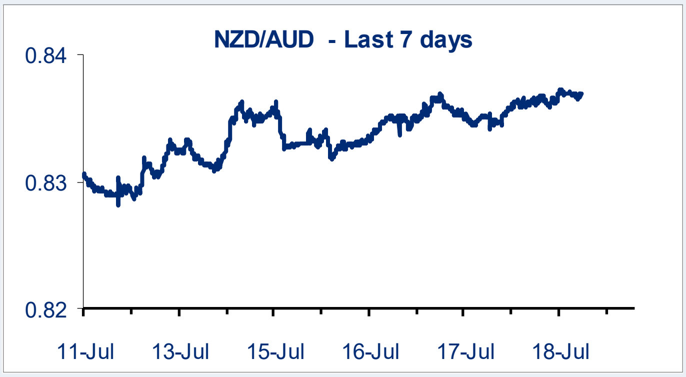
NZD/USD Forward Points

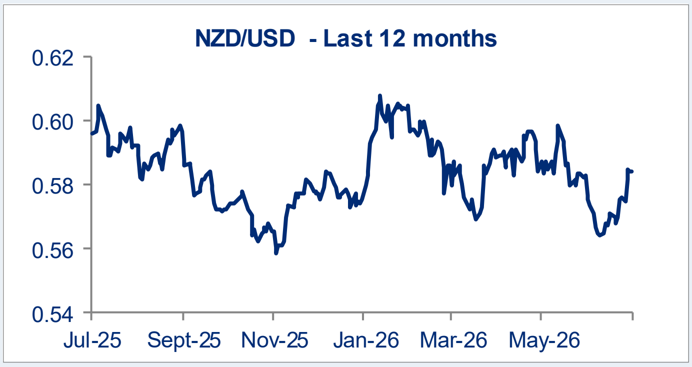
	BNZ buys NZD	BNZ sells NZD
1 Month	5.41	5.69
3 Months	14.93	15.60
6 Months	27.90	29.20
9 Months	37.71	39.63
1 Year	45.27	48.58

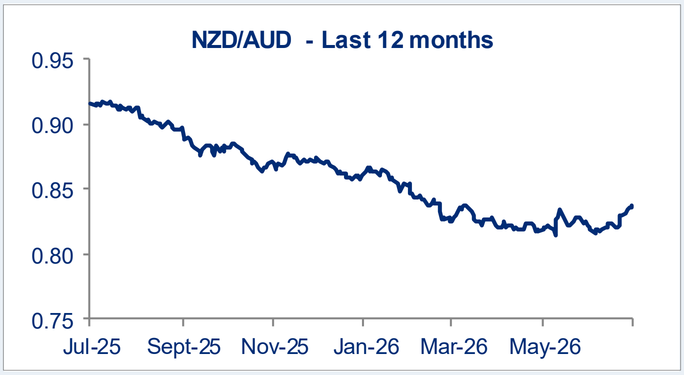
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.15	12.82
3 Months	34.68	36.15
6 Months	65.27	68.11
9 Months	90.22	94.55
1 Year	111.48	118.50









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