Research

Markets Today

20 March 2026

Events round-up

NZ: GDP (y/y%), 4Q: 1.3 vs. 1.7 exp.

NZ: GDP SA (q/q%), 4Q: 0.2 vs. 0.5 exp.

AU: Employment Change (k), Feb: 49 vs. 20 exp.

AU: Unemployment Rate, Feb: 4.3 vs. 4.1 exp.

JN: BOJ Target Rate, Mar: 0.75 vs. 0.75 exp.

UK: Private Earnings ex Bonus 3M ann., Jan: 3.3 vs. 3.5 exp.

UK: ILO Unemployment Rate 3Mths, Jan: 5.2 vs. 5.3 exp.

UK: Bank of England Bank Rate, Mar: 3.75 vs. 3.75 exp.

US: Initial Jobless Claims, 14 Mar: 205 vs. 215 exp.

EC: ECB Deposit Facility Rate, Mar: 2 vs. 2 exp.

US: New Home Sales, Jan: 587 vs. 721.5 exp.

Good morning

Global markets remained volatile overnight, with equities under pressure as Middle East headlines lifted energy prices and pushed global yields higher. The S&P is 0.6% lower in afternoon trade with larger falls in European markets. Brent briefly spiked to about $119 per barrel. Government bond yields are sharply higher led by the front end of the curve. Central banks (ECB, BoE and BoJ) followed the Fed in holding policy steady but flagged a tightening bias if the conflict keeps energy prices elevated.

Oil and natural-gas prices remain elevated after the latest round of attacks on Middle Eastern energy facilities stoked fears of a full-blown energy crisis. Futures for European natural-gas prices rocketed after Qatar said that Iranian strikes caused extensive damage to its Ras Laffan, the site of the world's largest liquefied natural gas plant. Higher energy prices pushed up global bond yields ahead of the central bank rate decisions.

The Bank of England left Bank Rate unchanged at 3.75% at its March meeting, as widely expected, with the MPC voting unanimously to hold. Guidance was notably reset, with the Committee dropping its easing bias and emphasising that it "stands ready to act as necessary" to ensure inflation returns to the 2% target over the medium term. The BoE expects March CPI to print near 3.5% and, based on current commodity price assumptions, sees inflation running between 3% and 3.5% over the next couple of quarters.

UK yields spiked higher following the BOE. 2-year gilt yields were already 10bp higher ahead of the meeting, and increased close to 40bp at one point, before retracing. Governor Bailey made unscheduled comments to the media cautioning against drawing strong conclusions about rate hikes which contributed to a pullback off the yield highs. The market is pricing almost 70bp of hikes this year.

The ECB left rates unchanged at 2.00%, signalling little urgency to adjust borrowing costs. Updated staff forecasts incorporate much of the recent lift in commodity prices and point to a temporary inflation overshoot in 2026 that largely fades next year, with only limited spillover into core inflation. Against a backdrop of elevated market volatility and ongoing geopolitical uncertainty, the Governing Council struck a cautious tone. Nonetheless market pricing implies around 70bp of rate hikes by December.

The Bank of Japan held its policy rate at 0.75% as Middle East tensions and the outlook for oil prices added a fresh layer of uncertainty while keeping its inflation forecasts intact and reiterating it will lift borrowing costs if its price path stays on track. Governor Useda kept the possibility of an April hike when speaking at the press briefing after the decision. The market is pricing around 15bp of tightening for the April meeting.

Curve flattening has been the key theme across global bond markets. 2-year treasuries reached an intra-day peak of 3.95% before settling 9bp higher at 3.85%. 10-year notes briefly traded to six-month highs above 4.30% but are currently little changed at 4.27%. The 2y/10y curve has retraced to 41bp. The front end of European rates markets are sharply higher.

The US dollar is weaker against the major FX pairings with the yen outperforming. Finance Minister Katayama said she has an extremely high sense of urgency regarding recent currency moves. The pound and euro extended gains following the central bank meetings. The NZD is marginally stronger relative to the local close but lagged the move in the euro and yen.

NZ rates markets sold off in the local session yesterday taking reflecting higher global yields following the FOMC. The weaker than expected Q4 GDP print contributed to a dip in yields but this proved to be short-lived. 2-year swap rates increased 10bp to 3.37% reversing a two-day rally and putting yields back up towards the cycle high. It was a parallel curve shift – 10-year yields ended the session 9bp higher at 4.33%.

The weekly government bond tender had NZ$1.4 billion of bids which was on the lower end of the range for the fiscal year with increased market volatility offsetting the pull factor from higher yields. Bonds closed 8-9bp higher across the curve. Australian 10-year bond futures are 4bp higher in yield terms since the local close – with a larger move in the 3-year contract – which points to an upward bias for NZ rates on the open.

Data flow is light into the end of the week. Locally, February's trade balance is the key release. Offshore, focus is on Canadian retail sales.

stuart_ritson@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
NZ	Trade Balance 12 Mth YTD ($m)	Feb		-2305	10:45
CA	Retail Sales Ex Auto (m/m%)	Jan	1.2	0.1	01:30

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5848	+0.9	0.5799	0.5850
AUD	0.7055	+0.4	0.7000	0.7063
EUR	1.1553	+0.9	1.1443	1.1553
GBP	1.3394	+1.0	1.3246	1.3393
JPY	157.91	-1.2	157.91	159.81
CAD	1.3719	-0.1		
NZD/AUD	0.8289	+0.4		
NZD/EUR	0.5062	+0.0		
NZD/GBP	0.4366	-0.1		
NZD/JPY	92.35	-0.4		
NZD/CAD	0.8023	+0.8		
NZ TWI	66.70	+0.6		

Other FX

	Last	% Day
CHF	0.7905	-0.4
SEK	9.329	-1.0
NOK	9.508	-1.1
HKD	7.833	-0.1
CNY	6.890	+0.0
SGD	1.279	-0.3
IDR	16,991	+0.3
THB	32.68	-0.3
KRW	1,494	-0.5
TWD	31.96	+0.4
PHP	60.10	+1.0

Equities

Major Indices

	Last	% Day	% Year
S&P 500	6,574	-0.8	15.8
Dow	45,824	-0.8	9.2
Nasdaq	21,956	-0.9	23.7
Stoxx 50	5,614	-2.1	1.9
FTSE	10,064	-2.3	15.6
DAX	22,840	-2.8	-1.9
CAC 40	7,808	-2.0	-4.4
Nikkei	53,373	-3.4	41.7
Shanghai	4,007	-1.4	16.9
ASX 200	8,498	-1.7	7.3
NZX 50	13,052	-2.0	8.3
VIX Index	25.36	+1.1	+27.4

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	109.58	+2.0
Oil (WTI)	97.79	+1.5
Gold	4584.8	-6.4
HRC steel	1009.0	-0.5
CRB	364.5	+0.0
Wheat Chic.	619.0	+0.7
Sugar	15.37	+4.2
Cotton	67.80	-1.3
Coffee	300.3	+2.6
WM powder	3795	-1.8

Australian Futures

	Last	Net Day
3 year bond	95.34	-0.11
10 year bond	94.94	-0.08

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	3.70	3.80
AUD	4.10	4.27	4.74	5.12
NZD	2.25	2.51	3.37	4.33
EUR	2.00	2.12	2.79	2.98
GBP	3.75	3.86	4.34	4.40
JPY	0.73	-0.03	1.27	2.07
CAD	2.25	4.97	2.79	3.21

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.28	0.02
AUD	4.98	0.08
NZD	4.68	0.08
GER	2.96	0.02
GBP	4.84	0.11
JPY	2.28	0.06
CAD	3.46	0.00

NZ Government Bonds

	Last	Chg
15-May-28	3.46	0.08
20-Apr-29	3.74	0.08
15-May-30	3.97	0.08
15-May-31	4.18	0.08
15-May-32	4.32	0.08
14-Apr-33	4.41	0.08
15-May-34	4.51	0.08
15-May-35	4.60	0.08
15-May-36	4.68	0.08
15-May-37	4.78	0.08
15-May-41	5.02	0.09
15-May-51	5.27	0.09
15-May-54	5.29	0.09

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.43	0.00
BKBM 3-mth	2.51	-0.01
1 year	2.84	0.03
2 year	3.37	0.10
3 year	3.64	0.10
5 year	3.93	0.10
7 year	4.12	0.10
10 year	4.33	0.09
15 year	4.58	0.09

Carbon Price

	Level	% Day	% Year
NZU	40.50	-3.2	-32.5

Policy Meeting Run

	NZD	AUD	USD
1st	2.26	4.28	3.67
2nd	2.30	4.42	3.66
3rd	2.39	4.60	3.68
4th	2.54	4.69	3.68
5th	2.59	4.77	3.69

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.62	-0.03
Sept-35	2.40	-0.03
Sept-40	2.82	-0.03

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

Rates are as of: NZT 06:23

Source: Bloomberg

NZD exchange rates

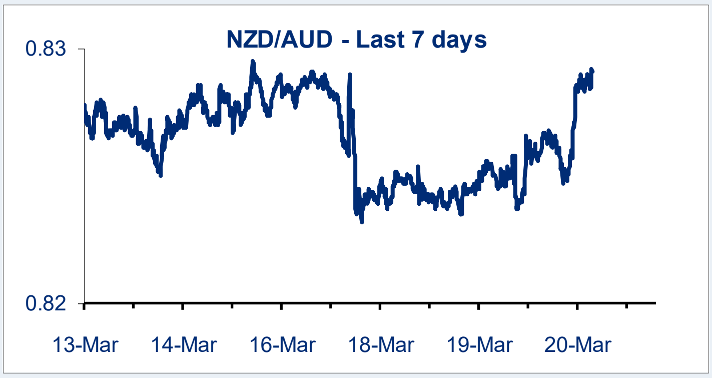
20/03/2026	6:24 am	Prev. NY close
USD	0.5848	0.5797
GBP	0.4366	0.4373
AUD	0.8289	0.8253
EUR	0.5062	0.5062
JPY	92.35	92.67
CAD	0.8023	0.7960
CHF	0.4623	0.4598
DKK	3.7817	3.7827
FJD	1.2887	1.2862
HKD	4.5808	4.5439
INR	54.17	53.55
NOK	5.5600	5.5721
PKR	163.34	161.95
PHP	35.14	34.50
PGK	2.5142	2.4944
SEK	5.4558	5.4621
SGD	0.7481	0.7441
CNY	4.0289	3.9929
THB	19.17	18.77
TOP	1.3728	1.3485
VUV	69.90	69.05
WST	1.5691	1.5675
XPF	60.49	60.19
ZAR	9.8432	9.8490

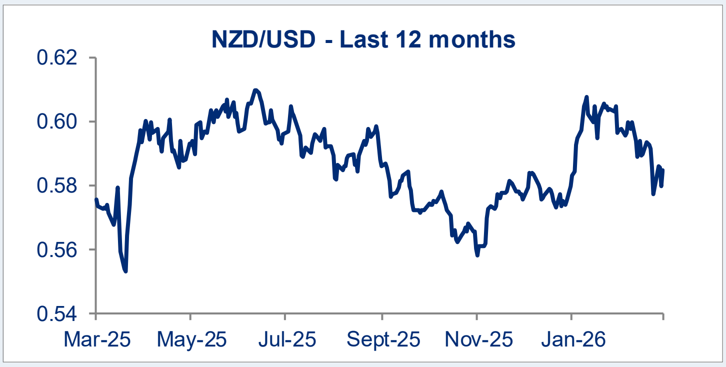
NZD/USD Forward Points

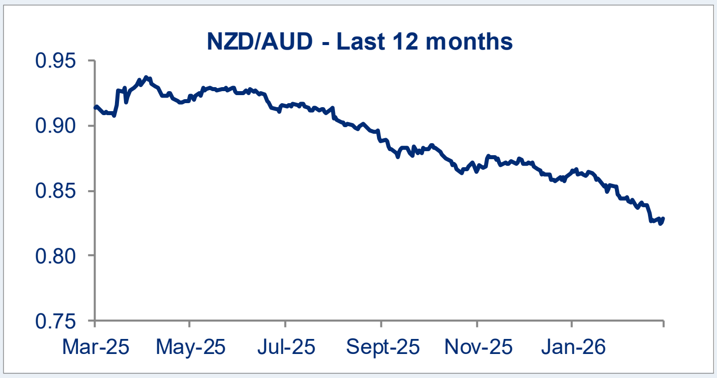
	BNZ buys NZD	BNZ sells NZD
1 Month	6.61	6.81
3 Months	19.62	20.04
6 Months	37.20	38.36
9 Months	51.02	53.39
1 Year	61.01	64.55

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.37	12.90
3 Months	38.73	39.92
6 Months	80.32	83.21
9 Months	121.57	126.77
1 Year	158.26	166.44







Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

Matt Brunt
Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Mike Jones
BNZ Chief Economist

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854