Research

Markets Today

21 July 2026

Events round-up

NZ: Trade balance (ann $b), Jun: -3.7 vs. -3.6 prev.

CA: CPI (y/y%), Jun: 2.8 vs. 2.9 exp.

CA: Core CPI (avg trim/median y/y%), Jun: 1.85 vs. 2.05.

Good morning

Following the escalation in tensions between the US and Iran over the weekend, oil prices opened the new week significantly higher, with Brent crude rising to a six-week high above USD91 per barrel. Overnight, both positive and negative headlines contributed to oil price volatility. On the positive side, a spokesman for Iran's foreign ministry said that ideas from some mediators had been conveyed, while the country's interior minister would travel to Pakistan on Monday. Furthermore, media reports suggested that one proposal from Qatar was for a 10-day ceasefire to explore ways to revive the Memorandum of Understanding.

On the negative side, the Houthis, an Iran-backed Yemeni group, said they would impose a maritime blockade on Saudi Arabia around the Red Sea, effective immediately. This is a route currently used by Saudi Arabia for most of its crude exports as an alternative to the Strait of Hormuz.

Oil prices fell to an overnight low just above USD86 per barrel before bouncing back to their current level near USD89, leaving prices up 1% from last week's close.

Against the backdrop of Middle East tensions and higher oil prices, US Treasury yields are higher across the curve, with the 2-year rate up 4bps to 4.21% and the 10-year rate up 5bps to 4.60% from last week's close.

Canadian CPI data were softer than expected, with annual headline inflation falling from 3.2% to 2.8% and the average of the trimmed mean and median falling from 2.05% to 1.85%, the first time core inflation has dropped below 2% in six years. The data suggested that higher oil prices were not leading to broader inflationary pressure. Against a backdrop of higher US rates, Canada's short-end rates showed a small fall, while CAD has been the weakest of the key majors overnight, with NZD/CAD pushing back above 0.82.

Andy Burnham officially became UK Prime Minister, making him the seventh PM of the past decade. As expected, he talked a big game, signalling a "new economic model" for the UK and saying, "we will make this moment a circuit breaker for Britain". Of relevance to markets, he vowed to meet existing fiscal rules but added that he would "use obviously any flexibility within them", perhaps a nod to the use of off-balance-sheet structures to fund targeted infrastructure projects.

The reference to "flexibility" on fiscal rules saw the UK 10-year rate rise 5bps to 5.03% into the close, taking the gain for the day to 8bps. However, after the close, he surprised markets by announcing John Healy as the new Chancellor of the Exchequer, a name that had not featured in media speculation. Seen as a fiscal conservative, gilt futures rose slightly after the announcement, implying a small yield retracement, as did GBP.

Currency movements have been modest overall. After falling towards 0.5825 soon after the market opened yesterday, the NZD recovered to above 0.5860 and has since settled around 0.5840. The AUD has slightly outperformed and is back above 0.70, seeing NZD/AUD fall back below 0.8350. The NZD has made small gains against GBP and EUR, to 0.4350 and 0.5120 respectively.

US equities are relatively flat. Semiconductor stocks rebounded after last week's sharp AI-driven selloff. Market sentiment improved despite Alibaba in China yesterday previewing its flagship AI model and claiming it was second only to Anthropic's Fable 5 model.

In the domestic rates market, yields were higher across the curve, moving broadly in line with the Australian market selloff. Curves were flatter, with higher rates driven by the short end. The 2-year swap rate rose 7bps to 3.70%, while the 10-year rate rose 4bps to 4.39%. NZGBs showed similar moves.

On the economic calendar today, NZ Q2 CPI will be released, with consensus seeing annual inflation jumping from 3.1% to 4.0% y/y and a quarterly rise of 1.4% q/q. BNZ's pick is slightly above consensus, while the RBNZ's pick is slightly below consensus. With energy costs driving the stronger headline increase in inflation, there will also be keen interest in the core figures, most of which are likely to remain in the top half of the 1–3% target band. Elsewhere, UK labour market data are due tonight.

jason.k.wong@bnz.co.nz

Coming up

		Period	Cons.	Prev.	NZT
NZ	CPI (q/q%)	Q2	1.4	0.9	10:45
NZ	CPI (y/y%)	Q2	4.0	3.1	10:45
NZ	CPI non tradeable (q/q%)	Q2	0.6	1.1	10:45
UK	Pvt earnings x bonus (3m/y/y%)	May	2.9	2.9	18:00
UK	Unemployment rate (%)	May	4.9	4.9	18:00

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5841	-0.0	0.5840	0.5864
AUD	0.7001	+0.2	0.6989	0.7015
EUR	1.1414	-0.2	1.1403	1.1450
GBP	1.3434	-0.1	1.3413	1.3481
JPY	162.50	+0.1	162.22	162.60
CAD	1.4059	+0.3		
NZD/AUD	0.8343	-0.3		
NZD/EUR	0.5117	+0.2		
NZD/GBP	0.4348	+0.1		
NZD/JPY	94.92	+0.0		
NZD/CAD	0.8212	+0.2		
NZ TWI	66.94	-0.0		

Other FX

	Last	% Day
CHF	0.8101	+0.3
SEK	9.687	+0.5
NOK	9.674	+0.3
HKD	7.841	+0.0
CNY	6.768	-0.1
SGD	1.291	-0.0
IDR	17,948	+0.2
THB	33.65	+0.1
KRW	1,478	-0.7
TWD	32.27	-0.2
PHP	61.69	+0.2

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,463	+0.1	18.5
Dow	51,843	-0.6	16.9
Nasdaq	25,571	+0.2	22.4
Stoxx 50	6,227	-0.1	16.2
FTSE	10,525	-0.7	17.0
DAX	24,847	+0.1	2.3
CAC 40	8,340	+0.0	6.6
Nikkei	64,141	-4.0	61.1
Shanghai	3,796	+0.9	7.4
ASX 200	8,791	-0.1	1.4
NZX 50	13,696	+0.0	5.7
VIX Index	18.06	-3.8	+10.1

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	89.37	+1.4
Oil (WTI)	83.41	+1.1
Gold	4010.1	-0.2
HRC steel	1154.0	+0.0
CRB	382.0	+0.0
Wheat Chic.	690.5	-1.3
Sugar	14.82	-0.1
Cotton	77.37	+0.5
Coffee	324.6	+1.0
WM powder	3415	+0.1

Australian Futures

3 year bond	95.44	-0.08
10 year bond	94.98	-0.05

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.06	4.18
AUD	4.35	4.47	4.58	5.07
NZD	2.50	2.88	3.70	4.39
EUR	2.25	2.48	2.99	3.19
GBP	3.75	3.87	4.29	4.63
JPY	0.98	-0.03	1.43	2.56
CAD	2.25	4.97	2.77	3.33

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.60	0.05
AUD	4.96	0.06
NZD	4.71	0.06
GER	3.15	0.02
GBP	5.03	0.08
JPY	2.70	0.00
CAD	3.58	0.02

NZ Government Bonds

	Last	Chg
15-May-28	3.65	0.07
20-Apr-29	3.85	0.07
15-May-30	4.03	0.07
15-May-31	4.20	0.07
15-May-32	4.34	0.06
14-Apr-33	4.43	0.06
15-May-34	4.53	0.06
15-May-35	4.62	0.06
15-May-36	4.71	0.05
15-May-37	4.80	0.05
15-May-41	5.09	0.05
15-May-51	5.32	0.05
15-May-54	5.31	0.05

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.70	0.00
BKBM 3-mth	2.88	0.00
1 year	3.39	0.04
2 year	3.70	0.07
3 year	3.83	0.07
5 year	4.03	0.06
7 year	4.20	0.06
10 year	4.39	0.04
15 year	4.63	0.04

Carbon Price

	Level	% Day	% Year
NZU	55.04	+0.4	-4.9

Policy Meeting Run

	NZD	AUD	USD
1st	2.74	4.42	3.68
2nd	2.89	4.46	3.81
3rd	3.10	4.54	3.88
4th	3.28	4.56	3.98
5th	3.40	4.56	4.02

NZ Inflation-Indexed Bonds

Sept-30	1.70	0.01
Sept-35	2.50	0.00
Sept-40	2.96	0.01

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

Rates are as of: NZT 06:50

Source: Bloomberg

NZD exchange rates

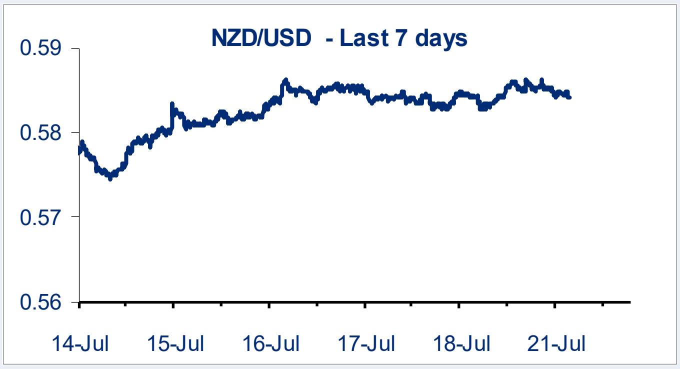
21/07/2026	6:50 am	Prev. NY close
USD	0.5841	0.5843
GBP	0.4348	0.4344
AUD	0.8343	0.8366
EUR	0.5117	0.5108
JPY	94.92	94.89
CAD	0.8212	0.8193
CHF	0.4735	0.4717
DKK	3.8285	3.8186
FJD	1.3041	1.3022
HKD	4.5831	4.5810
INR	56.38	56.26
NOK	5.6572	5.6376
PKR	162.51	162.53
PHP	36.06	35.99
PGK	2.5715	2.5695
SEK	5.6639	5.6325
SGD	0.7547	0.7547
CNY	3.9560	3.9593
THB	19.66	19.64
TOP	1.3692	1.3560
VUV	69.73	69.70
WST	1.5906	1.5814
XPF	61.07	60.98
ZAR	9.6502	9.6546

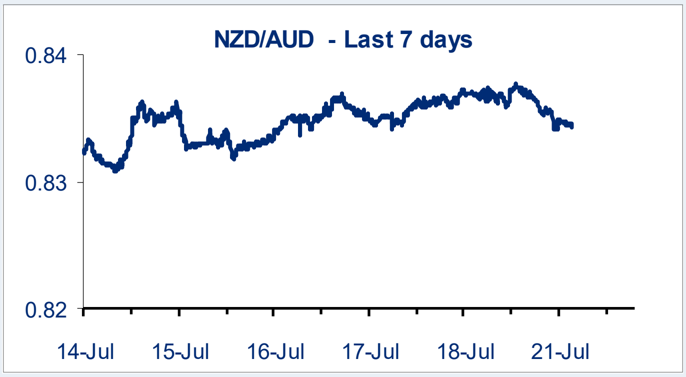
NZD/USD Forward Points

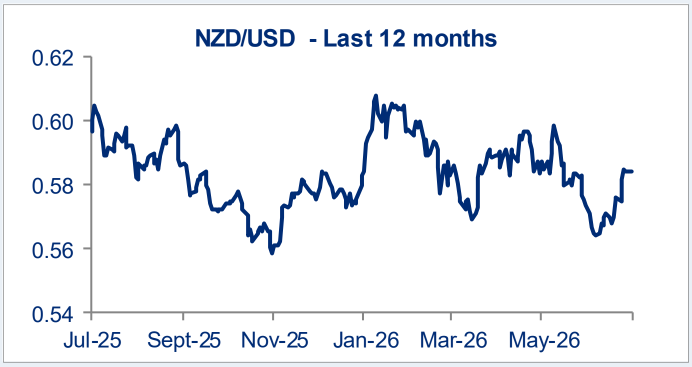
	BNZ buys NZD	BNZ sells NZD
1 Month	5.49	5.79
3 Months	14.64	15.28
6 Months	27.67	28.83
9 Months	36.81	38.96
1 Year	43.66	47.54

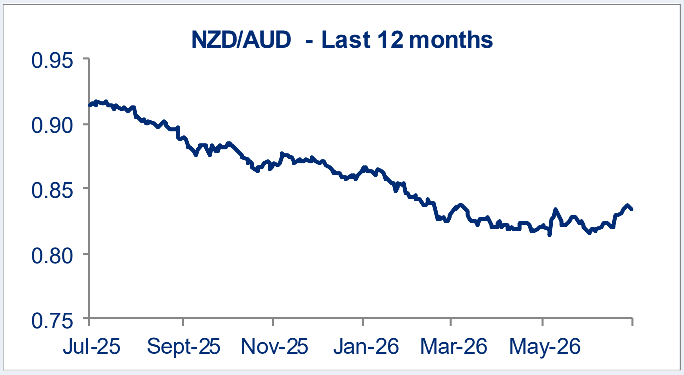
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.67	13.27
3 Months	34.22	35.67
6 Months	64.72	67.44
9 Months	88.36	93.24
1 Year	108.25	116.05









Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

India Power
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