

Research Markets Today

24 February 2026

Events Round-Up

NZ: Real retail sales (q/q%), Q4: 0.9 vs. 0.6 exp.

GE: IFO expectations, Feb: 90.5 vs. 90.0 exp.

Good Morning

Risk sentiment is weaker as markets further digest the implications of the latest saga on Trump's tariff policy. US equities have fallen around 1% and US Treasury yields are lower. Safe haven CHF and JPY currencies have outperformed, while commodity currencies are weaker.

The new US tariff regime was top of mind for most investors as markets opened on Monday. Following Trump's upping of the new global tariff rate from 10% to 15% on Saturday that will replace the so-called reciprocal and fentanyl tariffs imposed illegally under emergency powers, overnight Trump has been active on social media. He posted "Any Country that wants to "play games" with the ridiculous supreme court decision, especially those that have "Ripped Off" the U.S.A. for years, and even decades, will be met with a much higher Tariff, and worse, than that which they just recently agreed to. BUYER BEWARE!!!". He also claimed that as President he does not have to go back to Congress to get approval of tariffs.

In reality, Trump's effectiveness in using tariffs as a tool to threaten other countries has diminished significantly. The average US tariff rate is expected to fall until new tariffs can be imposed through legal channels, which require a clear process including trade investigations. Meanwhile, the new flat-rate tariff regime, combined with existing sector-specific tariffs and carveouts, benefits countries like China, Brazil, India, and Southeast Asian nations that previously faced higher relative rates, while penalising the UK, EU, Japan, and Australia.

The EU has paused ratification of its US trade deal until President Trump clarifies the tariff situation. China's Ministry of Commerce spokesperson stated that China will closely monitor US developments regarding alternative measures, such as trade investigations to maintain tariffs on trading partners and will firmly safeguard its own interests. A team of Indian negotiators postponed a scheduled visit to Washington to finalise the interim trade deal they had agreed on.

Although uncertainty has increased until the exact makeup of the new tariff regime is known, there are positive aspects from the Supreme Court's decision. These include explicit limits on presidential power, reaffirmation of Congress's constitutional role, and a return to a rules-based trade policy.

The S&P 500 is down just over 1% in early afternoon trading, erasing all of Friday's gains following the US Supreme Court's ruling. However, tariffs are not the sole concern. There are evident signs of ongoing sector rotation into defensive sectors and weaker IT stocks, with lingering worries about AI-related stocks after a report by well-respected Citrini Research.

Weaker risk appetite has supported US Treasuries, with rates down 4-8bps across the curve, with the market unperturbed by the fiscal implications of the likely need to refund tariffs paid illegally under the emergency powers act and the likely diminished source of revenue from tariffs on an ongoing basis. Fed Governor Waller, who sits at the dovish end of the spectrum, said he would support a March rate cut if the good labour market news of January is revised away or evaporates in February. The 2-year rate is currently down 4bps at 3.43% while the 10-year rate is down 6bps at 4.02%.

Currency movements have been modest but in the direction of outperformance of the safe-havens, CHF and JPY and underperformance of commodity currencies. The NZD is down slightly from last week's close and yesterday's NZ close, trading at 0.5960. On the crosses, NZD/JPY has been the biggest mover, down 0.8% from last weeks close to 92.0. NZD/AUD is at 0.8450 while the NZD is modestly weaker on EUR and GBP crosses. Germany's IFO survey was brighter than expected, with the business expectations index rising nearly a point to 90.5.

In the domestic rates market, NZ underperformed the Australian rates market as rates pushed higher and curves flattened, reversing some of last week's post-RBNZ price action and with stronger retail sales data noted. The 2-year swap rate closed up 4bps to 2.95% while the 10-year rate rose 1bp to 3.99%, with similar moves seen for NZGBs.

Real retail sales for Q4 was stronger than expected, at 0.9% q/q, coming hot on the heels of the strong 1.9% gain in Q3. It was strong enough for us to revise higher Q4 GDP a tick to 0.6% q/q. Encouraging was the broadly based lift, including for discretionary items, conveying a sense that

NZD exchange rates

24/02/2026	6:52 am	Prev. NY close
USD	0.5959	0.5976
GBP	0.4417	0.4433
AUD	0.8448	0.8439
EUR	0.5052	0.5071
JPY	92.00	92.66
CAD	0.8160	0.8176
CHF	0.4613	0.4635
DKK	3.7748	3.7889
FJD	1.3095	1.3134
HKD	4.6642	4.6700
INR	54.21	54.37
NOK	5.7019	5.6941
PKR	166.76	167.10
PHP	34.35	34.75
PGK	2.5623	2.5659
SEK	5.4007	5.4125
SGD	0.7550	0.7573
CNY	4.1188	4.1245
THB	18.50	18.64
TOP	1.3901	1.3789
VUV	70.70	70.99
WST	1.5942	1.6026
XPF	60.09	60.25
ZAR	9.5461	9.5848



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.35	6.54
3 Months	19.81	20.21
6 Months	37.41	38.39
9 Months	50.33	52.04
1 Year	57.54	60.46

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	9.89	10.27
3 Months	33.09	33.98
6 Months	70.19	72.76
9 Months	108.71	112.61
1 Year	143.21	149.76

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