bnz MARKETS

Research

Markets Today

25 August 2026

Events round-up

NZ: Real retail sales (q/q%), Q2: -0.5 vs. 0.2 exp.

Good morning

Market movements have been modest at the start of the new week. There has been no follow-through from last week's global bond market selloff, while the dollar debasement trade has paused, with the USD recovering a little of last week's losses. The CAD weakened after the US-Canada trade war escalated.

As promised, US Treasury Secretary Bessent announced a fresh set of economic measures to punish Iran, as the US pivots away from military action in an effort to win the war. He described a "zero leakage approach" to sanctions, aimed at blocking every potential source of revenue that funds the IRGC, adding that "no one is above the reach of US sanctions". He said President Trump is already calling world leaders with specific requests to cease their interactions with Iran.

Ahead of the announcement, Iran said it "will regard any country's participation in or support for America's war against the Iranian people as an act of war…not a single drop of oil will be exported, neither through the Strait of Hormuz nor from anywhere in the Persian Gulf."

Oil prices have broken a positive six-day streak, with Brent crude falling 2½% since last week's close to USD92 per barrel. Lower oil prices have supported the Treasury market, with rates moving lower, led by the long end of the curve. The 10-year rate is at 4.70%, down 4bps from last week's close and just 1bp from yesterday's NZ close. CNBC reported that the Treasury could use its nearly $1 trillion General Account to help fund its recently announced plans to increase purchases of long-dated government bonds, citing two senior Treasury officials. Tapping the TGA would provide the Treasury with more firepower than the previously announced buybacks.

The CAD has come under pressure following the breakdown of US-Canada trade talks over the weekend, which triggered new tariffs. In overnight developments, the tariff war escalated, with President Trump announcing an increase in tariffs on Canadian autos and steel to 50% from 1 January. The current auto tariff is 25% but applies only to non-US content. Steel is already tariffed at 50%. Of course, there is no guarantee the new auto tariffs will ever come into force, given Trump's track record of withdrawing them at the last minute and, conveniently, the fact that the tariffs would take effect after the mid-term elections.

Canadian PM Carney emphasised the need to reduce Canada's reliance on the US. On possible further retaliation, he was vague, saying Canada had a range of options and that "if we need to do more, we'll see".

The CAD has been the weakest of the majors since last week's close, falling 0.7%. This sees USD/CAD up at 1.3850, while NZD/CAD has risen to 0.8250. Against a weaker risk appetite backdrop, the NZD and AUD sit near the bottom of the leaderboard. The NZD has slipped to just above 0.5950, while the AUD is about 0.7150. The USD is broadly stronger, reversing a little of last week's chunky fall that followed the return of the dollar debasement trade. However, moves have been small, with JPY, GBP and EUR down only 0.1-0.2% from last week's close. NZD crosses against these currencies are slightly weaker.

US equities are modestly weaker, weighed down by weaker IT stocks, led by a decline in semiconductor stocks. The S&P500 is down 0.2% in late afternoon trading, while the Nasdaq is down 0.5%.

The domestic rates market had a quiet session on Monday, with little trading activity. Global forces supported the market, with NZGBs marked down 2bps across most lines, while swap rates were marked down 2-3bps. The 2-year rate closed at 3.65% and the 10-year rate at 4.43%. A lack of movement in Australian bond futures overnight provides little directional bias for NZ rates at the open today. There was no reaction to data showing NZ real retail sales fell 0.5% q/q in Q2, breaking a strong run as fuel volumes plunged 13.1% due to surging prices linked to the Middle East conflict. Excluding the auto sector, sales rose 0.7% q/q, a solid result given the circumstances.

On the economic calendar today, there are only second-tier data releases, including Germany's IFO survey and, in the US, new home sales and consumer confidence.

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Coming up

		Period	Cons.	Prev.	NZT
GE	IFO expectations	Aug	87.5	86.7	20:00
US	New home sales (k)	Jul	620	628	02:00
US	Conf. Board consumer confid.	Aug	90.2	90.8	02:00

Source: Bloomberg

Currencies

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

	Last	% Day	Low	High
NZD	0.5957	-0.4	0.5951	0.5976
AUD	0.7149	-0.3	0.7141	0.7171
EUR	1.1663	-0.1	1.1655	1.1681
GBP	1.3631	-0.1	1.3621	1.3650
JPY	159.18	+0.2	158.90	159.28
CAD	1.3853	+0.7		
NZD/AUD	0.8333	-0.1		
NZD/EUR	0.5108	-0.2		
NZD/GBP	0.4370	-0.3		
NZD/JPY	94.82	-0.2		
NZD/CAD	0.8252	+0.3		
NZ TWI	67.26	-0.3		

Other FX

	Last	% Day
CHF	0.8025	+0.2
SEK	9.499	+0.3
NOK	9.309	+0.1
HKD	7.836	-0.0
CNY	6.723	+0.0
SGD	1.271	+0.1
IDR	17,721	+0.1
THB	32.72	+0.1
KRW	1,382	-0.2
TWD	31.87	+0.0
PHP	61.71	-0.0

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,666	-0.1	18.5
Dow	53,430	+0.3	17.1
Nasdaq	26,054	-0.5	21.2
Stoxx 50	6,448	-0.2	17.5
FTSE	10,854	+0.3	16.4
DAX	26,107	-0.1	7.2
CAC 40	8,453	-0.4	6.1
Nikkei	65,528	-0.7	53.1
Shanghai	3,882	-0.6	1.5
ASX 200	9,103	+0.5	1.5
NZX 50	13,882	-0.6	6.1
VIX Index	15.68	+3.6	+10.3

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	92.09	-2.4
Oil (WTI)	84.98	-2.4
Gold	4640.8	+0.4
HRC steel	1196.0	+0.2
CRB	406.2	+0.7
SGX Iron Ore	97.85	+0.4
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.77	+0.0
NZ Milk '28	9.75	+0.0
WM powder	3665	-0.7
Australian Futures		
3 year bond	95.47	0.03
10 year bond	94.98	0.03

Interest Rates

	Rates: Cash	Rates: 3Mth	Swap Yields: 2 Yr	Swap Yields: 10 Yr
USD	3.75	4.85	4.09	4.31
AUD	4.35	4.49	4.55	5.08
NZD	2.50	3.01	3.65	4.43
EUR	2.25	2.52	3.08	3.27
GBP	3.75	3.87	4.29	4.64
JPY	0.98	-0.03	1.71	2.72
CAD	2.25	4.97	2.85	3.44

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.70	-0.04
AUD	5.02	-0.04
NZD	4.73	-0.01
GER	3.25	-0.01
GBP	5.06	-0.00
JPY	2.89	0.01
CAD	3.68	-0.09

NZ Government Bonds

	Last	Chg
15-May-28	3.56	-0.02
20-Apr-29	3.77	-0.02
15-May-30	3.97	-0.02
15-May-31	4.15	-0.02
15-May-32	4.31	-0.02
14-Apr-33	4.42	-0.02
15-May-34	4.53	-0.02
15-May-35	4.63	-0.01
15-May-36	4.73	-0.02
15-May-37	4.83	-0.02
15-May-38	4.90	-0.02
15-May-41	5.13	-0.02
15-May-51	5.36	-0.02
15-May-54	5.37	-0.02

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.86	0.02
BKBM 3-mth	3.01	0.01
1 year	3.39	-0.01
2 year	3.65	-0.02
3 year	3.80	-0.02
5 year	4.02	-0.03
7 year	4.20	-0.03
10 year	4.43	-0.03
15 year	4.70	-0.02

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.69	-0.01
Sept-35	2.51	-0.02
Sept-40	2.98	-0.01

Carbon Price

	Level	% Day	% Year
NZU	51.50	-1.6	-9.0

Policy Meeting Run

	NZD	AUD	USD
1st	2.74	4.38	3.74
2nd	2.86	4.47	3.80
3rd	3.03	4.51	3.91
4th	3.15	4.53	3.96
5th	3.26	4.53	4.03

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

Rates are as of: NZT 06:44

Source: Bloomberg

NZD exchange rates

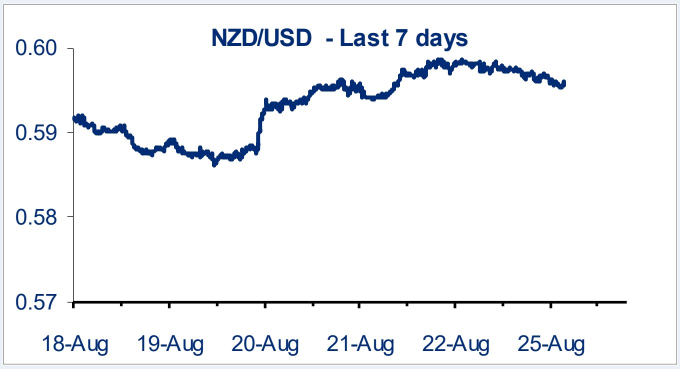
25/08/2026	6:44 am	Prev. NY close
USD	0.5957	0.5978
GBP	0.4370	0.4381
AUD	0.8333	0.8336
EUR	0.5108	0.5119
JPY	94.82	95.02
CAD	0.8252	0.8226
CHF	0.4779	0.4790
DKK	3.8178	3.8264
FJD	1.3178	1.3214
HKD	4.6657	4.6868
INR	57.01	57.21
NOK	5.5454	5.5571
PKR	165.23	165.90
PHP	36.75	36.86
PGK	2.6380	2.6463
SEK	5.6573	5.6642
SGD	0.7567	0.7588
CNY	4.0022	4.0179
THB	19.46	19.54
TOP	1.3776	1.3883
VUV	70.39	70.66
WST	1.6157	1.6081
XPF	61.26	61.13
ZAR	9.5494	9.5736

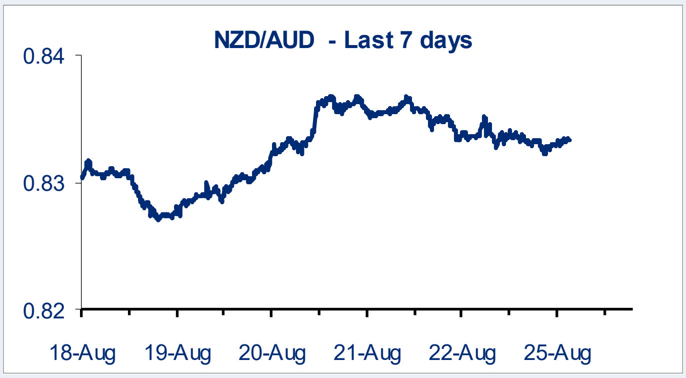
NZD/USD Forward Points

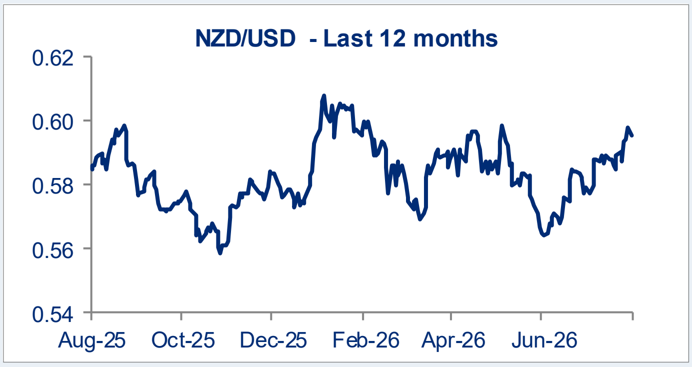
	BNZ buys NZD	BNZ sells NZD
1 Month	5.21	5.42
3 Months	14.19	14.87
6 Months	26.88	28.07
9 Months	36.52	39.46
1 Year	45.58	49.62

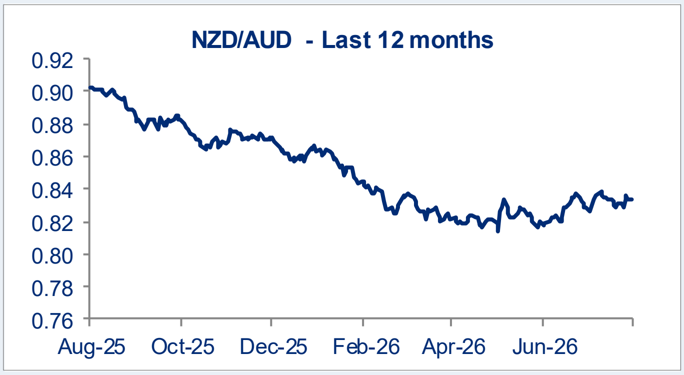
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.61	12.09
3 Months	32.26	33.80
6 Months	61.13	63.97
9 Months	84.92	90.82
1 Year	106.90	114.95









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