

# Research Markets Today

25 March 2026

## Events Round-Up

JN: CPI (y/y%), Feb: 1.3 vs. 1.5 exp.  
 JN: CPI x fr. food, energy (y/y%), Feb: 2.5 vs. 2.6 exp.  
 GE: Services PMI, Mar: 51.2 vs. 52.5 exp.  
 GE: Manufacturing PMI, Mar: 51.7 vs. 49.5 exp.  
 EC: Manufacturing PMI, Mar: 51.4 vs. 49.6 exp.  
 EC: Services PMI, Mar: 50.1 vs. 51.1 exp.  
 UK: Services PMI, Mar: 51.2 vs. 52.9 exp.  
 UK: Manufacturing PMI, Mar: 51.4 vs. 50.0 exp.  
 US: Manufacturing PMI, Mar: 52.4 vs. 51.3 exp.  
 US: Services PMI, Mar: 51.1 vs. 52.0 exp.

## Good Morning

Following yesterday's short-lived recovery in risk assets, markets have traded with a more cautious tone, as the news coming out of the Middle East still seems to be mostly bad. US equities are weaker, US rates are higher and the NZD has fallen below 0.58. Brent crude is trading at its high for the day around USD105 per barrel.

Yesterday afternoon, the WSJ reported that US allies in the Persian Gulf are inching toward joining the fight against Iran, getting tougher following persistent attacks that have disrupted their economies. This signals a further potential escalation of the war in the Middle East. Other media outlets have since published reports in a similar vein.

Within the past hour the WSJ reported the Pentagon is planning to deploy a brigade combat team from the Army's elite 82<sup>nd</sup> Airborne Division to the Middle East – made up of roughly 3,000 soldiers that can be deployed within 24 hours, a possible precursor to “boots on the ground” in Iran. This triggered a negative market reaction, even though it was previously suggested by Fox News and the NY Times.

Yesterday, Iran's deputy speaker of Parliament ruled out negotiating with the US saying, “we will neither return the Strait of Hormuz to its previous state, nor will we negotiate with someone who is a liar and in whom there is no sign of honour, humanity, or conscience”.

Behind the scenes, many countries are getting involved, attempting diplomatic efforts to negotiate with the US and Iran to end the war. However, overnight the NY Times

reported Saudi Arabia's Crown Prince bin Salman has been pushing Trump to continue the war against Iran, saying that he must press toward the destruction of Iran's hard-line government. Saudi officials reject the idea that the crown prince has pushed to prolong the war.

Overnight, Israel's Defense Minister said the campaign would continue at “full intensity”, as Iran continues to target Israeli cities.

Iran is still very much in control of the Strait of Hormuz, closing it to almost everyone and charging a \$2m fee on a case-by-case basis to access to the strait, something it is looking to do on a more permanent basis.

Shell's CEO said the world's supply of fuel is tightening in South Asia and will soon get squeezed in Northeast Asia, with Europe set to begin seeing shortfalls in April due to the Iran war.

Needless to say, the net balance of news around the Middle East continues to be bad, and yesterday's rally in risk assets, following Trump's postponement for five days of obliterating Iranian infrastructure, was a short-lived affair.

US equities are down ½% in early afternoon trading while the Euro Stoxx 600 index closed up 0.4%, ahead of the noted WSJ report on troops. The US 10-year rate is 4.41%, up 7bps for the day, or 3bps from the NZ close. Upward pressure returned to European rates, with more ECB GC members not afraid to offer hawkish commentary. Croatia's Vujcic said the ECB's mandate is very clear and the central bank must be very agile and vigilant to keep inflation in check.

In currency markets, the NZD has underperformed on weaker risk sentiment, falling just below 0.58 on that WSJ news report. The AUD has fallen to 0.6940, with NZD/AUD at 0.8350. Other NZD cross movements are all modestly weaker overnight.

The market continues to pay only lip services to the economic data flow, with much of it pre-dating the conflict. The flash readings for European and US PMI data for March consistently showed higher than expected readings for manufacturing, but lower than expected readings for services, leaving composite indices on the weaker side. Not surprisingly, inflation indicators were higher on the back on surging oil prices.

In domestic news, RBNZ Governor Breman’s message from her well-anticipated speech yesterday came across as a typical central bank response to a supply shock – look through the first-round inflation effects and react to second round effects. This gave the impression of not responding quickly with rate hikes but potentially needing a more aggressive response later.

Her speech slightly added to the downside pressure to rates already emanating from global forces. NZGBs fell 3-6bps across the curve, with a steepening bias. This was an underperformance relative to the swap market, where rates were 8-10bps across the curve. Some 10bps was shaved off OIS pricing for the May meeting, leaving it priced at about an even bet for a rate hike. The first full rate hike is priced by July, with the market taking a view that mounting inflation pressure will force the RBNZ’s hand by the second half of the year.

In the day ahead, RBNZ’s Chief Economist Conway speaks on cost-of-living pressures as well as giving a brief update on the economy. This is ahead of monthly CPI data for Australia and the UK.

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### Coming Up

	Period	Cons.	Prev.	NZT	
NZ	RBNZ Chief Economist Paul Conway Speaks			11:10	
AU	CPI (y/y%)	Feb	3.8	3.8	13:30
AU	CPI trimmed mean (y/y%)	Feb	3.4	3.4	13:30
UK	CPI (y/y%)	Feb	3.0	3.0	20:00
UK	CPI core (y/y%)	Feb	3.1	3.1	20:00
UK	CPI services (y/y%)	Feb	4.2	4.4	20:00
GE	IFO expectations	Mar	86.0	90.5	22:00

Source: Bloomberg

Currencies					Equities				Commodities					
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices			Price (Near futures, except CRB)				
	Last	% Day	Low	High	Last	% Day	Last	% Day	% Year	Last	Net Day			
NZD	0.5796	-1.1	0.5794	0.5861	CHF	0.7920	+0.7	S&P 500	6,565	-0.3	13.8	Oil (Brent)	104.39	+4.4
AUD	0.6940	-1.0	0.6938	0.7015	SEK	9.372	+0.5	Dow	46,103	-0.2	8.3	Oil (WTI)	92.70	+5.1
EUR	1.1567	-0.4	1.1557	1.1618	NOK	9.725	-0.1	Nasdaq	21,731	-1.0	19.5	Gold	4382.7	-0.5
GBP	1.3365	-0.5	1.3353	1.3445	HKD	7.826	-0.1	Stoxx 50	5,581	+0.1	3.1	HRC steel	1009.0	-0.1
JPY	159.16	+0.5	158.41	159.19	CNY	6.894	+0.1	FTSE	9,965	+0.7	15.4	CRB	350.7	-4.5
CAD	1.3784	+0.4			SGD	1.281	+0.5	DAX	22,637	-0.1	-0.9	Wheat Chic.	605.8	+1.0
NZD/AUD	0.8352	-0.1			IDR	16,898	-0.6	CAC 40	7,744	+0.2	-3.5	Sugar	15.88	+2.4
NZD/EUR	0.5011	-0.7			THB	32.79	+1.3	Nikkei	52,252	+1.4	38.3	Cotton	67.54	+0.5
NZD/GBP	0.4337	-0.6			KRW	1,501	+0.9	Shanghai	3,881	+1.8	15.2	Coffee	319.2	+4.0
NZD/JPY	92.25	-0.6			TWD	31.98	-0.4	ASX 200	8,379	+0.2	5.5	WM powder	3770	-0.1
NZD/CAD	0.7989	-0.7			PHP	59.94	-0.6	NZX 50	12,702	-1.5	4.2	<b>Australian Futures</b>		
NZ TWI	66.40	-0.4					VIX Index	26.80	+2.5	+53.3	3 year bond	95.23	0.09	
											10 year bond	94.88	-0.06	
<b>Interest Rates</b>														
Rates		Swap Yields		Benchmark 10 Yr Bonds		NZ Government Bonds		NZ BKBM and Swap Yields						
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last	Chg	Last	Chg			
USD	3.75	4.85	3.77	3.94	USD	4.42	0.07	15-May-28	3.65	-0.06	BKBM 1-mth	2.43	-0.03	
AUD	4.10	4.28	4.73	5.21	AUD	5.04	-0.07	20-Apr-29	3.94	-0.06	BKBM 3-mth	2.54	-0.05	
NZD	2.25	2.54	3.57	4.47	NZD	4.83	-0.05	15-May-30	4.16	-0.06	1 year	3.00	-0.09	
EUR	2.00	2.13	2.93	3.10	GER	3.03	0.02	15-May-31	4.36	-0.06	2 year	3.57	-0.10	
GBP	3.75	3.86	4.40	4.49	GBP	4.96	0.04	15-May-32	4.49	-0.06	3 year	3.84	-0.10	
JPY	0.74	-0.03	1.29	2.06	JPY	2.27	-0.05	14-Apr-33	4.57	-0.06	5 year	4.12	-0.09	
CAD	2.25	4.97	2.90	3.36	CAD	3.60	0.05	15-May-34	4.67	-0.05	7 year	4.29	-0.08	
								15-May-35	4.75	-0.05	10 year	4.47	-0.08	
								15-May-36	4.83	-0.04	15 year	4.71	-0.08	
								15-May-37	4.93	-0.04				
								15-May-41	5.17	-0.03	<b>NZ Inflation-Indexed Bonds</b>			
								15-May-51	5.40	-0.03	Sept-30	1.63	-0.08	
								15-May-54	5.42	-0.03	Sept-35	2.41	-0.07	
											Sept-40	2.87	-0.04	
<b>Carbon Price</b>		<b>Policy Meeting Run</b>												
	Level	% Day	% Year	NZD	AUD	USD								
NZU	42.00	+3.9	-25.1	1st	2.28	4.26	3.68							
				2nd	2.38	4.36	3.71							
				3rd	2.53	4.54	3.72							
				4th	2.69	4.69	3.76							
				5th	2.77	4.78	3.77							

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

Rates are as of: NZT 06:47

Source: Bloomberg

**NZD exchange rates**

25/03/2026	6:47 am	Prev. NY close
USD	0.5796	0.5859
GBP	0.4337	0.4362
AUD	0.8352	0.8357
EUR	0.5011	0.5045
JPY	92.25	92.83
CAD	0.7989	0.8043
CHF	0.4606	0.4608
DKK	3.7557	3.7694
FJD	1.2859	1.2954
HKD	4.5598	4.5899
INR	54.68	55.06
NOK	5.6424	5.7048
PKR	162.70	163.69
PHP	34.92	35.33
PGK	2.5086	2.5168
SEK	5.4278	5.4622
SGD	0.7450	0.7469
CNY	4.0146	4.0332
THB	18.96	19.33
TOP	1.3443	1.3766
VUV	69.43	70.00
WST	1.5665	1.5752
XPF	60.13	60.46
ZAR	9.8955	9.8548



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	6.85	7.11
3 Months	19.05	19.45
6 Months	35.50	36.52
9 Months	48.02	50.18
1 Year	54.53	58.13

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	13.08	13.65
3 Months	37.92	39.15
6 Months	77.09	79.75
9 Months	115.70	120.63
1 Year	146.88	155.51

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