Research

Markets Today

26 August 2026

Events round-up

GE: IFO expectations, Aug: 89.1 vs. 87.5 exp.

US: New home sales (k), Jul: 607 vs. 620 exp.

US: Conf. Board consumer confid., Aug: 89.4 vs. 90.2 exp.

Good morning

Markets are in a slightly better mood, with bonds and equity markets supported by lower oil prices. Improved risk sentiment has helped nudge the NZD higher against a modest, broadly based fall in the USD.

Oil prices have steadily fallen since yesterday afternoon, with Brent crude down 4% on the day to USD88.50. The move could reflect market sentiment that the latest US strategy, "Operation Economic Outcast", aimed at severing Iran's remaining financial lifelines, could bring Iran back to the negotiating table and help resolve the conflict, although China does not appear willing to play ball. China's Foreign Ministry spokesman said its relationship with Iran "should not be disrupted or undermined" and that China will take "all necessary measures" to safeguard its interests.

Also supporting the fall in oil prices, the New York Times reported that the US could begin returning diplomats to the Middle East this week, suggesting that a renewal of full-scale conflict with Iran was not anticipated and that the war was winding down. Meanwhile, Iran and Oman released a joint statement saying they had "discussed the importance of resuming navigation through the Strait of Hormuz".

The steady fall in oil prices has driven down US Treasury yields, with the 10-year rate falling to 4.64%, down 5bps on the day and about 7bps from the NZ close. The move lower in rates has nothing to do with Treasury Secretary Bessent's attempt to bring down yields through his strategy of financial repression. As Stanley Druckenmiller, a mentor to Bessent earlier in his career, noted in a hard-hitting WSJ op-ed, "governments defending prices against fundamentals always lose". The Treasury's expanded long-bond buybacks risk suppressing the market's fiscal warning signal, delaying necessary entitlement and deficit reform while undermining Treasury-market credibility.

Second-tier US economic data did not move the needle, although the weaker figures supported the move lower in rates. The Conference Board measure of consumer confidence fell to 89.4, its lowest level since January, driven by the expectations component, while the present conditions index rose. Perceptions of the current state of the labour market improved, with more respondents saying jobs were plentiful and fewer saying jobs were hard to get. In a separate release, new home sales fell 10.5% in July to an annual rate of 607k, following an 8% upward revision to the June estimate. The trend remains one of flat-to-declining sales.

German economic data were positive, with Q2 GDP revised up a tick to 0.3% q/q, while the IFO survey was better than expected, driven by a lift in the expectations component to 89.1. However, extremely low water levels in the Rhine River have significantly disrupted shipping, posing a drag on growth in the current quarter.

Lower global rates have supported equity markets, albeit with only modest gains across the US and Europe. The S&P 500 is up 0.2% in late-afternoon trading, the Nasdaq is up 0.6%, while the Euro Stoxx 600 index closed 0.3% higher.

Currency movements have been small, although the USD is broadly weaker overnight. The NZD has edged up to 0.5970 and is slightly stronger on the crosses. With the AUD edging up to 0.7160, NZD/AUD is a little higher at 0.8345. NZD/JPY, NZD/EUR and NZD/CAD are all within spitting distance of the top of their 2026 trading ranges.

Canada announced the range of matching retaliatory tariffs it will impose on imported US goods, with steel tariffs doubling to 50% and 15–50% tariffs applying to about $20b of US products. Products attracting the higher rate include milk, furniture, clothing, apparel and a range of electronic goods. To maximise political pressure on Trump, a ramp-up in tariffs on seafood could influence the key Senate race in Maine, where Republican Collins is facing a close battle. Avoiding the loss of the Senate is a key aim for Trump in the November mid-term elections.

The domestic rates market had another uneventful trading session. Activity has been light ahead of next week's RBNZ MPS. Swaps and NZGB rates were little changed. The 2-year swap rate was the biggest mover, nudging up 2bps to 3.67%. The Australian 10-year bond future is 4bps lower in yield terms since the NZ close, which should impart a small downside bias to NZ rates from the open today.

On the economic calendar, Australian monthly CPI data for July are released today. In the US, the PCE deflators for July are released, with consensus expecting a 0.2% m/m lift in the core index, leaving annual inflation steady at 3.3% y/y. The second estimate of Q2 GDP, durable goods orders, and income and spending data for July round out the calendar.

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Coming up

		Period	Cons.	Prev.	NZT
AU	CPI (y/y%)	Jul	3.3	3.8	13:30
AU	CPI trimmed mean (y/y%)	Jul	3.5	3.6	13:30
US	Personal income (m/m%)	Jul	0.2	0.2	00:30
US	Real personal spending (m/m%)	Jul	0.0	0.4	00:30
US	Core PCE deflator (m/m%)	Jul	0.2	0.1	00:30
US	Core PCE deflator (y/y%)	Jul	3.3	3.3	00:30
US	Durable goods orders (m/m%)	Jul	0.4	0.5	00:30
US	Durables ex transport. (m/m%)	Jul	0.5	0.7	00:30
US	GDP (2nd est. ann'lsd q/q%)	Q2	1.5	1.5	00:30

Source: Bloomberg

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5972	+0.2	0.5946	0.5974
AUD	0.7158	+0.1	0.7138	0.7164
EUR	1.1673	+0.1	1.1653	1.1675
GBP	1.3643	+0.1	1.3626	1.3653
JPY	159.26	+0.1	159.12	159.49
CAD	1.3832	-0.1		
NZD/AUD	0.8343	+0.1		
NZD/EUR	0.5116	+0.1		
NZD/GBP	0.4377	+0.1		
NZD/JPY	95.11	+0.3		
NZD/CAD	0.8260	+0.1		
NZ TWI	67.38	+0.2		

Other FX

	Last	% Day
CHF	0.8022	-0.0
SEK	9.468	-0.3
NOK	9.314	+0.1
HKD	7.839	+0.0
CNY	6.721	-0.0
SGD	1.269	-0.1
IDR	17,723	+0.0
THB	32.72	+0.0
KRW	1,383	-0.0
TWD	31.88	+0.0
PHP	61.73	+0.0

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,672	+0.3	19.1
Dow	53,567	+0.3	18.3
Nasdaq	26,136	+0.6	21.8
Stoxx 50	6,456	+0.1	18.6
FTSE	10,886	+0.3	16.8
DAX	26,266	+0.6	8.2
CAC 40	8,439	-0.2	7.6
Nikkei	65,856	+0.5	55.3
Shanghai	3,889	+0.2	0.2
ASX 200	9,165	+0.7	2.6
NZX 50	13,993	+0.8	8.0
VIX Index	15.46	-2.5	+4.5

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	88.61	-3.9
Oil (WTI)	82.39	-3.1
Gold	4638.1	-0.1
HRC steel	1196.0	+0.0
CRB	402.9	-0.8
SGX Iron Ore	97.30	+0.2
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.77	+0.0
NZ Milk '28	9.75	+0.0
WM powder	3675	+0.3

Australian Futures

3 year bond	95.45	-0.02
10 year bond	95.00	0.02

Interest Rates

Rates / Swap Yields

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.05	4.26
AUD	4.35	4.49	4.54	5.06
NZD	2.50	3.01	3.67	4.42
EUR	2.25	2.54	3.02	3.23
GBP	3.75	3.87	4.23	4.58
JPY	0.99	-0.03	1.70	2.72
CAD	2.25	4.97	2.82	3.41

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.64	-0.06
AUD	5.02	0.01
NZD	4.73	-0.00
GER	3.20	-0.05
GBP	4.99	-0.07
JPY	2.90	0.01
CAD	3.65	-0.04

NZ Government Bonds

	Last	Chg
15-May-28	3.57	0.01
20-Apr-29	3.78	0.01
15-May-30	3.98	0.01
15-May-31	4.15	0.01
15-May-32	4.31	0.00
14-Apr-33	4.42	0.00
15-May-34	4.52	-0.00
15-May-35	4.63	-0.00
15-May-36	4.73	-0.00
15-May-37	4.83	-0.00
15-May-38	4.89	-0.00
15-May-41	5.13	-0.00
15-May-51	5.37	0.00
15-May-54	5.38	0.01

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.87	0.01
BKBM 3-mth	3.01	0.00
1 year	3.40	0.01
2 year	3.67	0.02
3 year	3.81	0.01
5 year	4.02	0.01
7 year	4.20	0.00
10 year	4.42	-0.00
15 year	4.69	-0.01

NZ Inflation-Indexed Bonds

Sept-30	1.69	0.00
Sept-35	2.51	0.00
Sept-40	2.98	0.00

Carbon Price

	Level	% Day	% Year
NZU	52.50	+1.9	-6.4

Policy Meeting Run

	NZD	AUD	USD
1st	2.74	4.39	3.74
2nd	2.86	4.48	3.80
3rd	3.03	4.51	3.90
4th	3.15	4.54	3.94
5th	3.26	4.53	4.00

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

Rates are as of: NZT 06:49

Source: Bloomberg

NZD exchange rates

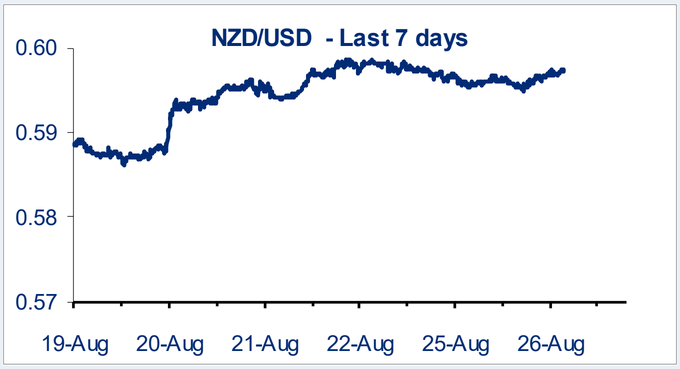
26/08/2026	6:49 am	Prev. NY close
USD	0.5972	0.5960
GBP	0.4377	0.4372
AUD	0.8343	0.8336
EUR	0.5116	0.5110
JPY	95.11	94.83
CAD	0.8260	0.8252
CHF	0.4790	0.4782
DKK	3.8245	3.8198
FJD	1.3204	1.3148
HKD	4.6813	4.6704
INR	56.98	57.06
NOK	5.5640	5.5469
PKR	165.73	165.40
PHP	36.87	36.78
PGK	2.5875	2.6383
SEK	5.6557	5.6590
SGD	0.7581	0.7572
CNY	4.0134	4.0063
THB	19.54	19.48
TOP	1.3818	1.3925
VUV	70.54	70.48
WST	1.6107	1.6110
XPF	61.10	60.91
ZAR	9.5244	9.5505

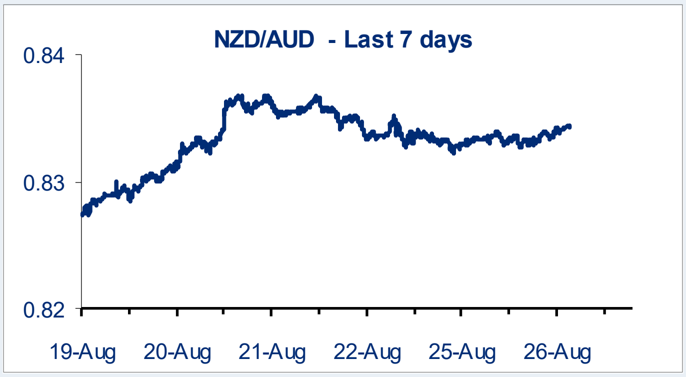
NZD/USD Forward Points

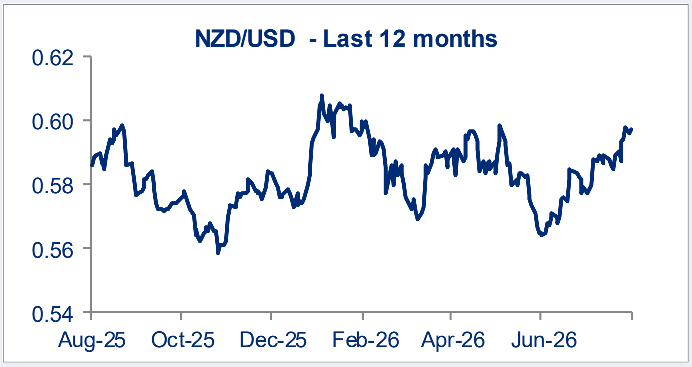
	BNZ buys NZD	BNZ sells NZD
1 Month	5.00	5.20
3 Months	14.11	14.69
6 Months	26.64	27.76
9 Months	36.39	38.96
1 Year	44.76	48.44

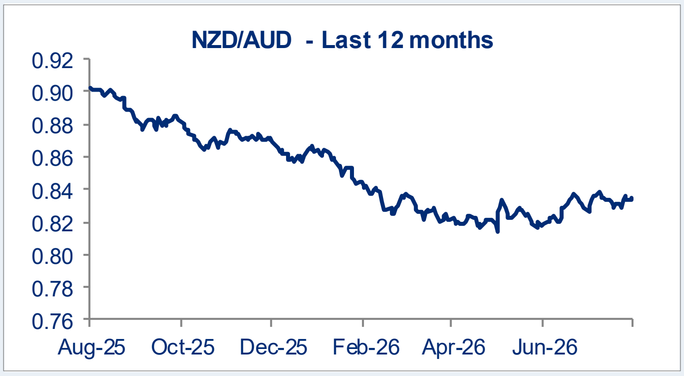
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	11.03	11.48
3 Months	31.90	33.17
6 Months	60.85	63.38
9 Months	84.89	90.27
1 Year	106.09	113.61









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