Research

Markets Today

27 August 2026

Events round-up

AU: CPI (y/y%), Jul: 3.5 vs. 3.3 exp.

AU: CPI trimmed mean (y/y%), Jul: 3.6 vs. 3.5 exp.

US: Personal income (m/m%), Jul: 0.4 vs. 0.2 exp.

US: Real personal spending (m/m%), Jul: 0.0 vs. 0.0 exp.

US: Core PCE deflator (m/m%), Jul: 0.2 vs. 0.2 exp.

US: Core PCE deflator (y/y%), Jul: 3.3 vs. 3.3 exp.

US: Durable goods orders (m/m%), Jul: 1.1 vs. 0.5 exp.

US: Durables ex transport. (m/m%), Jul: 0.4 vs. 0.6 exp.

US: GDP (2nd est. ann'lsd q/q%), Q2: 1.5 vs. 1.5 exp.

Good morning

US Treasury yields and the USD rose after a series of US data releases that were broadly in line with consensus but kept pressure on the Fed to raise rates later in the year. The NZD has sustained the weakness that followed yesterday's stronger-than-expected Australian CPI data, which encouraged selling on the crosses.

In the US, the core PCE deflator was in line with consensus for July, at 0.2% m/m and 3.3% y/y, leaving the annual increase well above the 2% target. The second estimate of Q2 GDP was unrevised at 1.5%, but "core" growth, as measured by final sales to private domestic purchasers, was revised up from 3.9% to 4.2%, the strongest pace in more than three years. The third quarter has begun on a softer note, with real personal spending flat in July, as foreshadowed by the recent weak retail sales report. Durable goods orders rose a strong 1.1% m/m in July, though this was driven by higher aircraft orders. Excluding transportation, the 0.4% m/m rise was more tepid, particularly once higher inflation is accounted for.

US rates and the USD strengthened after the data releases, with the market viewing the lack of disinflationary pressure and ongoing economic resilience as reasons for the Fed to raise rates later this year. Rates nudged higher, with 9bps of hikes priced for the next meeting in mid-September and a cumulative 27bps priced by the December meeting. The 2-year Treasury yield is up 5bps on the day to 4.22%, while the 10-year rate is up 3bps to 4.66%.

An IRGC spokesman announced that a revenue-sharing agreement between Iran and Oman had been reached regarding the Strait of Hormuz, adding that "the US is obstructing this process, causing progress to be delayed". With the US navy blockade still in force and the US not a party to the agreement, it remains a theoretical concept only and will also require mines to be removed. Maritime experts estimate that 80–150 mines remain in the strait, challenging President Trump's claim that no mines remain. Brent crude is currently near USD88 per barrel, up from around USD86 yesterday afternoon, not helped by reports that Russia is preparing to escalate attacks on Ukraine after concluding that negotiations for a peace deal have reached a dead end.

US equity markets are relatively flat ahead of Nvidia's earnings release after the close this morning.

Currency market movements have been modest, although the USD has made a small, broadly based gain overnight, aligned with the lift in rates that followed the US data releases.

The NZD came under selling pressure yesterday following the stronger-than-expected Australian CPI release. The monthly CPI data for July showed the headline rate falling only to 3.5% y/y, with the trimmed mean steady at 3.6%. This led the market to price in an increased chance of another rate hike this cycle — now fully priced — with the next meeting in late September seen as live. Recent RBA commentary has noted the risk of further tightening if upside risks to the inflation forecasts materialise.

Australian rates and the AUD rose after the release, and it is clear that some lazy long NZD/AUD positions were liquidated. Given the still-large negative carry from holding this position, there is low tolerance for anything that questions the merit of the trade. The market reaction was contained to the extent that the RBA is seen as delivering perhaps only one more hike, following three hikes earlier this year, rather than a further series of hikes. The AUD rose to a near two-month high just under 0.7190 before meeting some resistance. This morning, it sits at 0.7170. The NZD has weakened to 0.5940, while NZD/AUD has sustained a fall of more than ½ cent since the CPI release, trading below 0.8290.

There has been little movement in NZD crosses overnight, but the key crosses are all weaker than this time yesterday. NZD/EUR has dipped below 0.51. The ECB's Schnabel warned in a Bloomberg interview that interest rates must rise, saying, "at the current policy rate, inflation is unlikely to return to target over the medium term, and therefore further tightening will be necessary". The market already almost fully prices a September rate hike, so the real question is whether more hikes will follow.

With the chance of Fed and RBA hikes, and the ECB in the mood to tighten further, it is imperative that the RBNZ gets a move on, particularly as NZ's policy rate remains well below those of the US and Australia. Higher NZ inflation through the currency channel has been a recent feature and will persist unless the rates gap is closed significantly.

Domestic rates were lower yesterday, dragged down by the decline in global rates during the prior overnight session. NZGB rates fell 3–5bps across the curve, while swap rates fell 3–4bps. An RBNZ rate hike next week is still seen as near-certain, but only one further hike is priced over the following two meetings before year-end, which seems light.

On the economic calendar, Australian household spending data for July are released today. In the US tonight, only second-tier releases are scheduled, including advanced trade data for July and weekly jobless claims.

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Coming up

		Period	Cons.	Prev.	NZT
AU	Household spending (m/m%)	Jul	0.3	0.8	13:30
GE	GfK consumer confidence	Sep	-29.5	-29.6	18:00
US	Goods trade balance ($b)	Jul	-100.5	-101.5	00:30
US	Initial Jobless Claims	22-Aug	208	206	00:30

Source: Bloomberg

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5942	-0.6	0.5933	0.5963
AUD	0.7172	+0.1	0.7165	0.7189
EUR	1.1652	-0.2	1.1642	1.1677
GBP	1.3592	-0.4	1.3583	1.3641
JPY	159.39	+0.1	158.93	159.45
CAD	1.3877	+0.3		
NZD/AUD	0.8285	-0.7		
NZD/EUR	0.5100	-0.4		
NZD/GBP	0.4372	-0.2		
NZD/JPY	94.71	-0.4		
NZD/CAD	0.8246	-0.3		
NZ TWI	67.08	-0.5		

Other FX

	Last	% Day
CHF	0.8053	+0.5
SEK	9.532	+0.8
NOK	9.354	+0.4
HKD	7.839	+0.0
CNY	6.722	+0.0
SGD	1.272	+0.2
IDR	17,725	+0.0
THB	32.84	+0.4
KRW	1,386	+0.2
TWD	31.82	-0.2
PHP	61.65	-0.1

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,676	-0.0	18.7
Dow	53,463	-0.2	17.7
Nasdaq	26,145	-0.0	21.4
Stoxx 50	6,471	+0.2	20.2
FTSE	10,878	-0.1	17.4
DAX	26,286	+0.1	8.8
CAC 40	8,462	+0.3	9.8
Nikkei	66,262	+0.6	55.8
Shanghai	3,913	+0.6	1.1
ASX 200	9,128	-0.4	1.9
NZX 50	14,013	+0.1	9.0
VIX Index	15.43	-0.1	+5.5

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	87.73	-1.0
Oil (WTI)	82.15	-0.2
Gold	4598.2	-0.9
HRC steel	1200.0	+0.0
CRB	399.9	-0.7
SGX Iron Ore	97.85	-0.3
NZ Milk '26	9.75	+0.0
NZ Milk '27	9.87	+1.0
NZ Milk '28	9.82	+0.7
WM powder	3730	+1.5
Australian Futures		
3 year bond	95.41	-0.05
10 year bond	94.92	-0.10

Interest Rates

	Rates		Swap Yields	
	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	4.08	4.29
AUD	4.35	4.49	4.65	5.14
NZD	2.50	3.01	3.64	4.39
EUR	2.25	2.55	3.06	3.28
GBP	3.75	3.87	4.26	4.63
JPY	0.98	-0.03	1.75	2.75
CAD	2.25	4.97	2.85	3.43

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.66	0.04
AUD	5.03	0.01
NZD	4.68	-0.05
GER	3.23	0.03
GBP	5.03	0.04
JPY	2.90	0.00
CAD	3.67	0.04

NZ Government Bonds

	Last	Chg
15-May-28	3.54	-0.03
20-Apr-29	3.76	-0.03
15-May-30	3.94	-0.04
15-May-31	4.12	-0.04
15-May-32	4.27	-0.04
14-Apr-33	4.38	-0.04
15-May-34	4.48	-0.04
15-May-35	4.58	-0.05
15-May-36	4.68	-0.04
15-May-37	4.78	-0.05
15-May-38	4.84	-0.05
15-May-41	5.08	-0.05
15-May-51	5.32	-0.05
15-May-54	5.33	-0.05

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.88	0.01
BKBM 3-mth	3.01	0.00
1 year	3.39	-0.00
2 year	3.64	-0.03
3 year	3.78	-0.03
5 year	3.99	-0.04
7 year	4.17	-0.03
10 year	4.39	-0.04
15 year	4.65	-0.04

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.66	-0.02
Sept-35	2.49	-0.02
Sept-40	2.96	-0.02

Carbon Price

	Level	% Day	% Year
NZU	52.85	+0.7	-6.0

Policy Meeting Run

	NZD	AUD	USD
1st	2.74	4.44	3.73
2nd	2.86	4.57	3.79
3rd	3.02	4.61	3.90
4th	3.14	4.65	3.95
5th	3.25	4.65	4.02

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

Rates are as of: NZT 06:52

Source: Bloomberg

NZD exchange rates

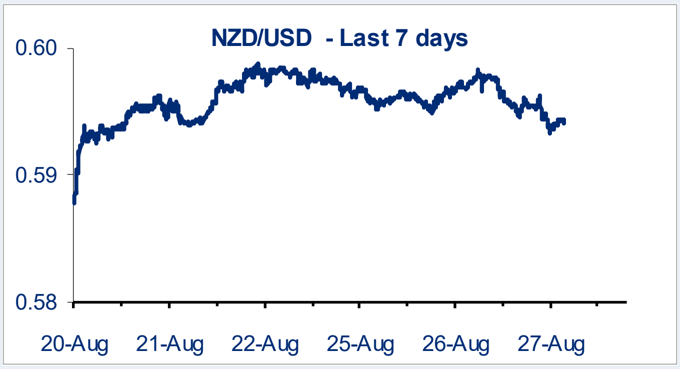
27/08/2026	6:52 am	Prev. NY close
USD	0.5942	0.5976
GBP	0.4372	0.4378
AUD	0.8285	0.8343
EUR	0.5100	0.5119
JPY	94.71	95.13
CAD	0.8246	0.8270
CHF	0.4786	0.4790
DKK	3.8120	3.8266
FJD	1.3119	1.3166
HKD	4.6587	4.6840
INR	56.71	57.22
NOK	5.5573	5.5676
PKR	164.93	165.85
PHP	36.63	36.89
PGK	2.5419	2.6454
SEK	5.6649	5.6490
SGD	0.7559	0.7586
CNY	3.9954	4.0161
THB	19.47	19.56
TOP	1.3763	1.3976
VUV	70.20	70.58
WST	1.6017	1.6126
XPF	60.82	61.14
ZAR	9.4903	9.5182

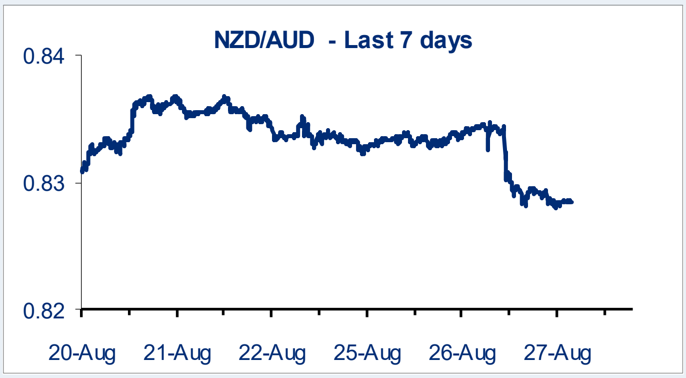
NZD/USD Forward Points

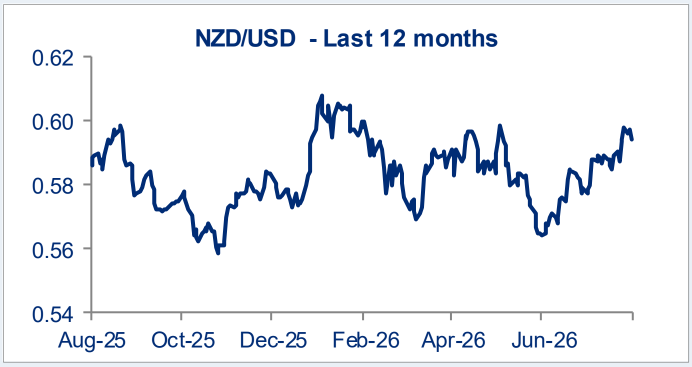
	BNZ buys NZD	BNZ sells NZD
1 Month	4.64	4.92
3 Months	14.03	14.65
6 Months	26.27	27.36
9 Months	36.48	38.72
1 Year	45.43	49.27

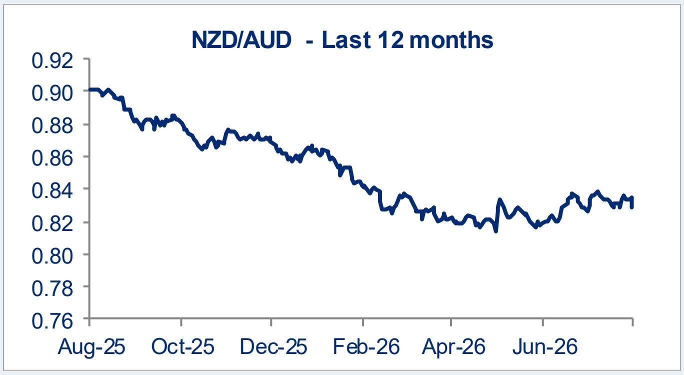
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	10.25	10.81
3 Months	32.73	34.18
6 Months	62.82	65.38
9 Months	89.62	94.32
1 Year	113.62	121.41









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