

# Market Alert

Thursday 26 February 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5999	0.0038
NZD/AUD	0.8425	0.0071
NZD/JPY	93.815	-0.80
NZD/EUR	0.5081	-0.0011
NZD/GBP	0.4427	0.0025
NZD/CNH	4.1051	-0.0199
AUD/USD	0.7120	-0.0016
AUD/EUR	0.6030	-0.0065
EUR/USD	1.1806	0.0100
USD/CNH	6.8524	-0.0764
GBP/USD	1.3550	0.0007
EUR/GBP	0.8711	0.0067

  

INT RATES	NZ	Australia
OCR/Cash	2.25%	3.85%
90 day bills	2.49%	4.04%
2 year swap	2.94%	4.21%
10 year Govt	4.40%	4.82%

## Did that really happen?

From 84-6? OMG!

## As with the 'State of the Nation'

the 'State of the Union' was light on actual detail, but it was, if nothing else, a masterstroke in political manoeuvring that will see the Republicans outperform in the mid-terms. While there was little actual detail in the 1-hour-and-48-minute speech, the President did state that the tariffs will remain in place as "Most countries want to keep their existing trade deals, and Congress won't need to act."

In terms of the tariffs, and whether they will be 10% or 15%, US Trade Representative Jamieson Greer confirmed there will be a proclamation in the "coming days," enacting the 15% tariffs "where appropriate," adding that the goal was "continuity" and that suggests

there is an effort to make sure that no one who negotiated a deal with the US faces a higher tariff. It would appear, although there remains some distance to go on this, that the Trump administration is struggling to reconstitute the tariffs under Section 122, and will likely struggle even more in 150 days when the existing structure expires.

Australia's annual inflation held at 3.8% in January, ahead of forecasts of 3.7% and remaining outside the RBA's 2.0%-3.0% target range. Quickening goods inflation generated the outperformance, while services inflation eased. The RBA's preferred inflation measure, trimmed mean inflation, edged up to 3.4%, above the prior print and consensus forecast at 3.3%.

Despite the PM's comments to the BoJ on the possibility of rate hikes, the central bank Governor found some support after services inflation held up at 2.6%, keeping BoJ hiking bias intact.

Apart from the Australian CPI release, the only data release of note saw German consumer sentiment fall from -24.2 to -24.7 in March, while Chancellor Merz met with President Xi with both pledging to strengthen German-China ties during these 'turbulent' times.

The US Treasury sold off USD70bn of 5-year bonds in what was a poorly received auction with a high yield of 3.615% generating a 0.7bps tail. Overall, US yields are a touch higher this morning with the 2-years 2bps higher at 3.48% while the 10-years has firmed a pip to 4.08%.

Currency markets were mixed with the AUD the standout performer, rallying 0.9% overnight to be trading back above the 0.7100 level. This dragged the NZD higher, back to the 0.6000 level, with NZD/AUD at 0.8425. The USD-index is lower, while the Yuan has continued its recent stellar performance with USD/CNY dropping to 6.8525!

Equity markets enjoyed a positive session, with most exchanges 0.75%-1.25% higher, as we await the Nvidia earning release after the bell, while commodities prices closed the session higher. Bitcoin also had a good session, rallying 7.6% to be at USD69k.

## All the chit-chat from the Fed

The Fed's St. Louis member Alberto Musalem stated, "Inflation is almost a full percentage point above its target (although) half of the excess inflation comes from the tariffs, which will fade as the year progresses. Inflation could stay higher for longer but that's not my baseline. Financial conditions are accommodative, and there is deregulation and fiscal tailwinds. My baseline outlook is the economy grows at or above 2.0%. The jobs market is vulnerable to an increase in layoffs. Policy is balancing appropriately. Policy is now neutral."

Kansas City Fed President Jeffrey Schmid confirmed, "The focus on the Fed's balance sheet is the size of the reserves. The balance sheet will never return to the size seen before the GFC. Last year's FOMC dissents were not done lightly. Chair Powell is a patriot who wants to do the right thing for the nation."



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# Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.60					CAD	0.8204	0.9739
NZD/USD	0.5999	0.0007	0.0021	0.0038	0.0056	CHF	0.4635	0.5502
NZD/AUD	0.8425	0.0011	0.0034	0.0071	0.0140	CNY	4.1017	4.8692
NZD/JPY	93.815	-0.14	-0.40	-0.8005	-1.59	DKK	3.7954	4.5054
NZD/EUR	0.5081	-0.0002	-0.0005	-0.0011	-0.0029	FJD	1.2991	1.5421
NZD/GBP	0.4427	0.0005	0.0014	0.0025	0.0041	HKD	4.6900	5.5673
						KRW	855.98	1016.10
AU TWI	65.40					MYR	2.3314	2.7675
AUD/USD	0.7120	-0.0001	-0.0004	-0.0016	-0.0055	NOK	5.7247	6.7956
AUD/NZD	1.1865	-0.0016	-0.0049	-0.0104	-0.0205	SEK	5.4103	6.4223
AUD/JPY	110.86	-0.31	-0.92	-1.89	-3.75	SGD	0.7576	0.8993
AUD/EUR	0.6030	-0.0010	-0.0030	-0.0065	-0.0136	TWD	18.77	22.28
AUD/GBP	0.5253	-0.0001	-0.0005	-0.0014	-0.0041	ZAR	9.50	11.27
USD Index	97.70					<b>EQUITIES</b>		
EUR/USD	1.1806	0.0018	0.0051	0.0100	0.0180		<b>Index</b>	
USD/JPY	156.37	-0.42	-1.20	-2.32	-4.15	NZX50	13,526	
GBP/USD	1.3550	0.0000	0.0003	0.0007	0.0003	ASX200	9,128	
EUR/GBP	0.8711	0.0013	0.0035	0.0067	0.0128	Dow Jones	49,459	
USD/CNY	6.8692	-0.0135	-0.0370	-0.0719	-0.1310	S&P 500	6,943	
						FTSE100	10,806	
<b>INTEREST</b>		<b>New Zealand</b>	<b>Australia</b>			DAX 40	25,176	
<b>RATES</b>		Mid	Mid			Nikkei	58,583	
30 day bank bills		2.42%	3.86%			<b>COMMODITIES</b>		
90 day bank bills		2.49%	4.04%				<b>USD</b>	
1 year swap		2.62%	4.19%			Brent Crude	70.98	
2 year swap		2.94%	4.21%			Gold	5,197.66	
3 year swap		3.18%	4.20%			Silver	90.90	
5 year swap		3.49%	4.29%			Iron Ore	99.15	
10 year swap		3.95%	4.55%			CRB Index	390.47	
3 year Govt bond		3.34%	4.31%				<b>NZD</b>	
5 year Govt bond		3.79%	4.44%			NZ Carbon	45.10	
10 year Govt bond		4.40%	4.82%					

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