

Market Alert

Monday 02 March 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5965	0.0037
NZD/AUD	0.8454	0.0071
NZD/JPY	93.085	-0.79
NZD/EUR	0.5059	-0.0011
NZD/GBP	0.4423	0.0024
NZD/CNH	4.1167	-0.0202
AUD/USD	0.7055	-0.0017
AUD/EUR	0.5976	-0.0064
EUR/USD	1.1776	0.0099
USD/CNH	6.8599	-0.0757
GBP/USD	1.3484	0.0008
EUR/GBP	0.8762	0.0067

INT RATES	NZ	Australia
OCR/Cash	2.25%	3.85%
90 day bills	2.49%	4.04%
2 year swap	2.92%	4.14%
10 year Govt	4.37%	4.75%

To say the new month has ...

started with a bang is a bit of an understatement!

As the US-Israel-Iran war moves into its 2nd day, the story is escalating fast, and markets are already treating it as a week-long event rather than a one-night shock. Reuters has reported that Iranian media has confirmed the death of Iranian Supreme Leader Ayatollah Ali Khamenei, while President Trump has tweeted the "heavy and pinpoint bombing" will continue for "as long as necessary."

Markets have been quick to react with, as one would expect, the usual trends in place. Safe haven flows into the USD and CHF are emerging against the risk-sensitive currencies such as the AUD and NZD. Both are also weak on the crosses, with NZD/AUD pair back at 0.8450. Safe

haven flows into Treasuries are also on point with the 2- and 10-year yields down 6bps to 3.39% and 3.95%, although this move may be capped, or come under pressure should higher energy prices lead to a more hawkish Fed. Oil flows through the Strait of Hormuz have, by all accounts, dried up although OPEC+ has agreed to increase output by 206k bpd to support supply. At this stage oil prices are almost 3.0% higher at USD67.00 and USD72.85. Equity markets closed last week lower, and that will likely be the trend this week.

Ahead of the weekend, Friday had been an interesting day for FX markets ...

after the PBoC cut its FX Risk Reserve Ratio (RRR) requirement from 20% to 0% to slow the Yuan's recent appreciation. Typically, authorities use a 'penalty' ratio to stop a currency from falling by making it expensive to short, and while the PBoC's decision to remove the RRR when the Yuan is already strong seems counterintuitive, but there are some strategic reasons why the PBoC has done this:

- Penalty ratios are considered a 'counter-cyclical' tool i.e. an emergency measure. By removing the 20% RRR the PBoC is essentially 'normalising' FX policy.
- With USD/CNH firming from 6.8428 to 6.8700, the weaker Yuan will support Chinese exporters.

The other headlines saw:

- US producer price inflation increased 0.5% on the month to reach 2.9% for the year, while the core rose to 0.8% and 3.6%.
- German annual inflation rate eased from 2.1% to 1.9% in February, slightly below expectations at 2.0%.
- Japanese Tokyo inflation moderated in February. While headline inflation printed at 1.6%, core-core inflation (ex-fresh food and energy) continues to support the BoJ's gradual tightening path after printing at 2.5%.

The week ahead ...

will be fully focused on the conflict in the Middle East, on how long it will go on for, and the implications for the price of oil. But beyond that, we also have an active week of data releases, with Friday bringing the key US non-farm payrolls and unemployment releases, while we also have the US ADP employment, retail sales and PMIs. We also have PMI updates from China, Australia, and Canada, inflation and unemployment rates for the Eurozone. Australia will release Q4 GDP, Melbourne Institute inflation, trade, and building approvals, while NZ will release its trade and building approval numbers. On broader economic policy, the UK Treasury will release its spring statement while the Chinese Two Sessions meetings start on the 4th and 5th of March, shaping China's economic and political outlook with the release of their latest 5-Year Plan.



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Daily Rates

Monday 02 March 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.40					CAD	0.8145	0.9635
NZD/USD	0.5965	0.0008	0.0019	0.0037	0.0053	CHF	0.4577	0.5458
NZD/AUD	0.8454	0.0012	0.0033	0.0071	0.0139	CNY	4.1120	4.8780
NZD/JPY	93.085	-0.14	-0.41	-0.7865	-1.63	DKK	3.7716	4.4616
NZD/EUR	0.5059	-0.0002	-0.0005	-0.0011	-0.0033	FJD	1.2920	1.5284
NZD/GBP	0.4423	0.0005	0.0013	0.0024	0.0037	HKD	4.6655	5.5189
						KRW	860.01	1017.33
AU TWI	65.50					MYR	2.3188	2.7430
AUD/USD	0.7055	-0.0001	-0.0005	-0.0017	-0.0056	NOK	5.6728	6.7105
AUD/NZD	1.1821	-0.0017	-0.0048	-0.0103	-0.0211	SEK	5.3999	6.3877
AUD/JPY	111.00	-0.32	-0.92	-1.87	-3.71	SGD	0.7541	0.8921
AUD/EUR	0.5976	-0.0011	-0.0030	-0.0064	-0.0138	TWD	18.69	22.11
AUD/GBP	0.5231	-0.0001	-0.0005	-0.0016	-0.0045	ZAR	9.50	11.23
USD Index	97.65					EQUITIES		
EUR/USD	1.1776	0.0020	0.0051	0.0099	0.0178		Index	
USD/JPY	156.06	-0.42	-1.20	-2.29	-4.04	NZX50	13,723	
GBP/USD	1.3484	0.0001	0.0004	0.0008	0.0006	ASX200	9,199	
EUR/GBP	0.8762	0.0014	0.0035	0.0067	0.0126	Dow Jones	48,978	
USD/CNY	6.8579	-0.0126	-0.0362	-0.0698	-0.1281	S&P 500	6,879	
						FTSE100	10,911	
INTEREST			New Zealand		Australia	DAX 40	25,284	
RATES			Mid		Mid	Nikkei	58,850	
30 day bank bills			2.42%		3.86%	COMMODITIES		
90 day bank bills			2.49%		4.04%		USD	
1 year swap			2.60%		4.17%	Brent Crude	72.87	
2 year swap			2.92%		4.14%	Gold	5,277.29	
3 year swap			3.15%		4.15%	Silver	93.82	
5 year swap			3.46%		4.19%	Iron Ore	98.69	
10 year swap			3.91%		4.45%	CRB Index	394.20	
3 year Govt bond			3.32%		4.24%		NZD	
5 year Govt bond			3.76%		4.36%	NZ Carbon	45.55	
10 year Govt bond			4.37%		4.75%			

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