Market Alert

Friday 24 July 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5773	0.0029
NZD/AUD	0.8286	0.0065
NZD/JPY	94.575	-1.00
NZD/EUR	0.5074	-0.0015
NZD/GBP	0.4335	0.0022
NZD/CNH	3.9396	-0.0330
AUD/USD	0.6967	-0.0020
AUD/EUR	0.6123	-0.0066
EUR/USD	1.1377	0.0088
USD/CNH	6.7778	-0.0907
GBP/USD	1.3316	-0.0002
EUR/GBP	0.8542	0.0066

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.90%	4.55%
2 year swap	3.65%	4.57%
10 year Govt	4.79%	5.12%

Without wanting to sound like a broken record ...

Global markets continue to fracture under the weight of a rapid, multi-front escalation in geopolitical risks.

The deployment of a US B-1 long-range bomber and a requested USD73.0bn in extra war funding mark a critical shift in the conflict. With the US launching its 12th straight night of strikes and Iran-backed Houthis successfully targeting Saudi oil tankers, energy supply lines are facing severe disruption with Brent oil aggressively surging 6.0% to be above the symbolic USD100.00 level. Complicating global stability further, China launched live-fire drills in the Taiwan Strait, adding a dangerous secondary flashpoint to an already fragile macro environment.

The inflationary threat of a sustained energy shock collided head-on with renewed scepticism over AI leading to a sharp sell-off in equity markets. Alphabet shares plummeted almost 7.0% after the announcement it was doubling its 2026 capex to USD205.0bn, while Tesla plunged 14.0% on reduced profits from margin erosion. To add regulatory insult to injury, the EU's EUR890.0m fine on Google serves as an early, direct challenge to President Trump's rhetoric protecting US Big Tech companies.

For central banks, this commodity spike could not come at a worse time!

The ECB adopted a hawkish holding pattern, leaving its interest rate settings unchanged at 2.25%, and while the outlook for energy prices remains broadly in line with its June projections, the central bank warned that uncertainty remains elevated and the full inflationary impact of the energy shock has yet to emerge. ECB President Christine Lagarde warned that the longer energy prices remain elevated, "*the more likely they are to drive up broader inflation through indirect and second-round effects.*"

But against this, stronger-than-expected US and Australian data releases suggest that domestic economies are still running hot. This economic resilience, combined with rising energy costs, threatens to unleash secondary inflationary waves.

US initial claims fell 22k to 187k, well below expectations that it would increase to 212k, which saw continuing claims fall by 2k to 1,796k.

The Australian labour market report delivered its strongest employment gain in more than a year, smashing expectations and keeping the door open to a further RBA rate hike, even though several details in the report complicated that outlook. Employment rose by 76.3k in June, far above the 15k expected, and while full time employment rose 29.3k, part time employment rose by 47.0k. The unemployment rate was unchanged at 4.4%.

While the AUD/USD initially spiked to 0.7021, this morning's equity meltdown saw those gains quickly reversed with the USD-index gaining 0.35% to 101.30. Ultimately, the NZD and AUD were amongst the worst performers falling 0.8% and 0.35%, which saw NZD/AUD ease back below the 0.8300 level.

With the US 10-year yield firming 4bps to a multi-month high at 4.71%, fixed-income markets are bracing for higher-for-longer interest rates. This will flow through to NZ and AU IRS pricing on their openings this morning.

WSJ Fed 'whisperer' Nick Timiraos

Suggests next week's Fed meeting is shaping up as one of the most uncertain in years in what will be a close call as renewed Middle East tensions and higher oil prices strengthen the case for another rate hike, while softer inflation data continues to support the case for leaving policy unchanged. The biggest wildcard remains new Fed Chair Kevin Warsh, who has repeatedly emphasised the need for restoring price stability, but has given no indication as to which way he is leaning. Even if rates remain unchanged next week, the debate is unlikely to end, with many officials potentially shifting their focus toward a possible rate hike at the September meeting should inflation risks persist.

Daily Rates

Friday 24 July 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths		Spot Mid NZD/...	AUD/...
NZ TWI	66.70					CAD	0.8128	0.9812
NZD/USD	0.5773	0.0005	0.0015	0.0029	0.0048	CHF	0.4713	0.5690
NZD/AUD	0.8286	0.0012	0.0034	0.0065	0.0112	CNY	3.9393	4.7502
NZD/JPY	94.575	-0.15	-0.47	-1.0023	-2.11	DKK	3.7912	4.5767
NZD/EUR	0.5074	-0.0002	-0.0006	-0.0015	-0.0035	FJD	1.2850	1.5513
NZD/GBP	0.4335	0.0004	0.0011	0.0022	0.0040	HKD	4.5248	5.4625
						KRW	851.11	1027.50
AU TWI	65.70					MYR	2.3586	2.8474
AUD/USD	0.6967	-0.0004	-0.0011	-0.0020	-0.0038	NOK	5.5446	6.6937
AUD/NZD	1.2068	-0.0019	-0.0053	-0.0099	-0.0171	SEK	5.6278	6.7941
AUD/JPY	114.30	-0.35	-1.05	-2.10	-4.07	SGD	0.7458	0.9004
AUD/EUR	0.6123	-0.0011	-0.0033	-0.0066	-0.0125	TWD	18.67	22.54
AUD/GBP	0.5231	-0.0003	-0.0008	-0.0015	-0.0025	ZAR	9.71	11.72
USD Index	101.43							
EUR/USD	1.1377	0.0015	0.0044	0.0088	0.0170			
USD/JPY	163.81	-0.42	-1.25	-2.54	-4.97			
GBP/USD	1.3316	0.0000	0.0000	-0.0002	-0.0014			
EUR/GBP	0.8542	0.0011	0.0032	0.0066	0.0133			
USD/CNY	6.7701	-0.0151	-0.0445	-0.0915	-0.1860			

EQUITIES	Index
NZX50	13,795
ASX200	8,839
Dow Jones	51,711
S&P 500	7,400
FTSE100	10,639
DAX 40	24,763
Nikkei	66,423

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.70%	4.37%
90 day bank bills	2.90%	4.55%
1 year swap	3.39%	4.58%
2 year swap	3.65%	4.57%
3 year swap	3.78%	4.55%
5 year swap	3.99%	4.54%
10 year swap	4.36%	4.83%
3 year Govt bond	3.95%	4.65%
5 year Govt bond	4.26%	4.73%
10 year Govt bond	4.79%	5.12%

COMMODITIES	USD
Brent Crude	99.79
Gold	4,048.91
Silver	57.59
Iron Ore	98.38
CRB Index	512.05
	NZD
NZ Carbon	56.45