Market Alert

Wednesday 29 July 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5786	0.0030
NZD/AUD	0.8296	0.0065
NZD/JPY	94.810	-0.98
NZD/EUR	0.5081	-0.0014
NZD/GBP	0.4354	0.0021
NZD/CNH	3.9178	-0.0332
AUD/USD	0.6974	-0.0019
AUD/EUR	0.6124	-0.0065
EUR/USD	1.1387	0.0089
USD/CNH	6.7706	-0.0916
GBP/USD	1.3287	0.0003
EUR/GBP	0.8568	0.0064
INT RATES	**NZ**	**Australia**
OCR/Cash	2.50%	4.35%
90 day bills	2.92%	4.60%
2 year swap	3.69%	4.65%
10 year Govt	4.79%	5.09%

Global financial markets are treading water …

in a high-stakes holding pattern as fading energy costs and an aggressive technology sector rotation clash with looming central bank decisions. Over the past 24 hours, market participants have closely monitored fragile Middle East diplomatic developments alongside building speculation surrounding the Federal Reserve's next move.

Energy benchmarks extended their sharp descent, with WTI falling to USD79 and Brent hovering around USD84.00 to record their lowest levels in over a week. The pullback follows a massive nearly 10% collapse in the prior session, driven by fresh optimism that intense US-Iran tensions may finally ease as the indirect talks regarding the Strait of Hormuz continue amid reports that a resurrected Memorandum of Understanding (MoU) deal may be within reach. The US has officially halted its retaliatory airstrikes, while Iran has engaged in active discussions with Saudi Arabia and Oman.

But despite the diplomatic dialogue, shipping transit remains entirely stalled with virtually no tanker traffic navigating through the Strait of Hormuz. Adding to the maritime friction, Houthi rebels escalated their regional campaign, launching an attack on a Saudi vessel with ballistic missiles and forcing a growing number of commercial carriers to completely avoid the Red Sea.

With oil prices weakening, equity markets staged a modest recovery with most bourses making modest recoveries, although a softening in the US economic outlook, paired with a deepening sell-off in AI infrastructure, caused chip stocks to tumble heavily.

FX and bond markets were very quiet, with NZD posting a modest recovery in amongst a weakening AUD and USD-index. With the AUD/USD unable to hold the 0.7000 handle, NZD/AUD firmed back to 0.8300. Treasury yields eased, with the 2-years losing 4bps to 4.29% while the 10-years eased 5bps to 4.61%, which will weigh on IRS rates on the open this morning.

Looking at the (predominately) US releases overnight ….

- The US goods trade deficit narrowed to USD101.5bn in June, clawing back from the 14-month high of USD105.9 bn recorded in May. US housing also showed structural resilience, with the 20-City Home Price Index rising 1.6% year-on-year in May, beating the 1.3% consensus.
- Conversely, domestic sentiment is faltering after the US Conference Board consumer confidence index slid 1.4 points to 90.8, missing market expectations.
- Finally, the 4-week moving average of ADP weekly payrolls moderated for a fifth consecutive week, easing from 16.25k to 15.0k.

Ahead of today's Australian Q2 inflation report, RBA Governor Michele Bullock reinforced an explicitly restrictive policy stance warned that, "*Underlying inflation remains far too high. A further easing in domestic demand may be required to pull price growth back into the RBA's 2.0%–3.0% target band,*" warning that another interest rate hike remains firmly on the table if incoming data underperforms.

With the market consensus

Split as to whether the Federal Reserve rate hike tomorrow, a compelling counterargument for a 'hawkish hold' is building. First, debut Chair Kevin Warsh has historically expressed personal scepticism regarding the efficacy of mechanical rate hikes in the current environment. Second, executing a rate hike now would directly undermine the ongoing structural objectives of his newly established policy task forces. Finally, an aggressive rate increase risks placing the Fed on the wrong side of highly uncomfortable politics with the Trump administration—especially following recent legal escalations regarding executive oversight. If Warsh chooses to buck consensus and deliver a surprise hold, global yield curves and the US Dollar will face an immediate, volatile re-pricing.

Daily Rates

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FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	66.20				
NZD/USD	0.5786	0.0006	0.0016	0.0030	0.0048
NZD/AUD	0.8296	0.0013	0.0035	0.0065	0.0110
NZD/JPY	94.810	-0.15	-0.46	-0.9814	-2.09
NZD/EUR	0.5081	-0.0002	-0.0006	-0.0014	-0.0037
NZD/GBP	0.4354	0.0004	0.0011	0.0021	0.0036
AU TWI	65.30				
AUD/USD	0.6974	-0.0004	-0.0010	-0.0019	-0.0036
AUD/NZD	1.2050	-0.0020	-0.0053	-0.0098	-0.0165
AUD/JPY	114.19	-0.36	-1.03	-2.07	-4.01
AUD/EUR	0.6124	-0.0012	-0.0033	-0.0065	-0.0125
AUD/GBP	0.5248	-0.0003	-0.0009	-0.0016	-0.0028
USD Index	101.38				
EUR/USD	1.1387	0.0015	0.0044	0.0089	0.0175
USD/JPY	163.84	-0.43	-1.25	-2.52	-4.92
GBP/USD	1.3287	0.0000	0.0002	0.0003	-0.0001
EUR/GBP	0.8568	0.0010	0.0032	0.0064	0.0130
USD/CNY	6.771	-0.0159	-0.0452	-0.0913	-0.1871

	Spot Mid NZD/...	AUD/...
CAD	0.8161	0.9840
CHF	0.4738	0.5714
CNY	3.9171	4.7202
DKK	3.7966	4.5777
FJD	1.2743	1.5365
HKD	4.5347	5.4676
KRW	840.77	1013.75
MYR	2.3651	2.8517
NOK	5.5999	6.7520
SEK	5.6057	6.7590
SGD	0.7476	0.9014
TWD	18.72	22.57
ZAR	9.65	11.64

EQUITIES	Index
NZX50	13,862
ASX200	8,948
Dow Jones	52,772
S&P 500	7,435
FTSE100	10,871
DAX 40	25,464
Nikkei	62,365

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.70%	4.40%
90 day bank bills	2.92%	4.60%
1 year swap	3.40%	4.66%
2 year swap	3.69%	4.65%
3 year swap	3.85%	4.61%
5 year swap	4.05%	4.61%
10 year swap	4.39%	4.83%
3 year Govt bond	3.97%	4.62%
5 year Govt bond	4.28%	4.70%
10 year Govt bond	4.79%	5.09%

COMMODITIES	USD
Brent Crude	83.71
Gold	4,026.29
Silver	57.18
Iron Ore	98.35
CRB Index	485.45
	NZD
NZ Carbon	55.80