

# Market Alert

Tuesday 07 July 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5703	0.0033
NZD/AUD	0.8197	0.0071
NZD/JPY	92.430	-0.87
NZD/EUR	0.4985	-0.0011
NZD/GBP	0.4258	0.0023
NZD/CNH	3.8750	-0.0292
AUD/USD	0.6956	-0.0021
AUD/EUR	0.6080	-0.0067
EUR/USD	1.1439	0.0088
USD/CNH	6.7943	-0.0895
GBP/USD	1.3390	0.0002
EUR/GBP	0.8541	0.0064

  

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.75%	4.52%
2 year swap	3.34%	4.41%
10 year Govt	4.48%	4.90%

## For all of those football fans ...

The England game yesterday was a classic ... two penalties, one sending off, a scuffle on the side line, and a bloke booked and carried from the pitch on a stretcher ... even though he didn't actually play in the game! To be fair to him though ... it was his best performance of the tournament! But whereas it's all go at the WC, with an outbreak of legionnaires' disease thrown in for good measure, financial markets have been extremely quiet as we wait on tomorrow's RBNZ announcement.

The NZIER's shadow board had their catch-up yesterday, recommending that the RBNZ hold the OCR unchanged at 2.25%, although it was a fine-line call against a 25bps hike. Those members who favoured a hike cited rising inflation as their key rationale. All members agreed the OCR should rise over the coming year,

with views on the one-year level split between 3.00% and 3.25%.

In terms of interest rates, US yields are weaker with the 2-years falling 6bps to 4.12% while the 10-years eased 2bps to 4.47%. The USD-index flatlined at 100.60, which saw the NZD continue to trade a smidge above the 0.5700 handle while AUD/USD reclaimed the 0.6950 handle. On a side note, Goldmans has cut its USD/JPY forecast to 165.00 by next June. There wasn't a great deal to report on commodities with prices mixed, although US equities had a positive session gaining 0.50%-1.00% after the European exchanges had closed flat.

There was little of significance in the overnight releases

- Euro Area producer prices increased 0.2% in May following April's upwardly revised 0.7% increase.
- US ISM services PMIs edged down to 54 in June from 54.5 in May, in line with expectations.
- The Australia Melbourne Institute inflation forecast eased from 4.4% to 3.9% in June.
- The NZ commodity price index rose 0.7% in May to be up 1.3% over the past year with every commodity group in the index posting incremental gains although in NZD terms the index eased 0.3% due to the strengthening currency.

Fed officials are, somewhat unsurprisingly, backing the new chair's rethink of 'investor communications' with Board member Christopher Waller announcing, "2% inflation a credible pledge. The risks have flipped around with

the labour market stabilising and inflation taking off, which changes how you think about policy. New Fed Chair Kevin Warsh is recommitting to our inflation target; he has never been anything but committed to it."

ECB board member Pierre Wunsch confirmed, "We haven't seen that much second round effects. Maybe we have to do more but the situation doesn't ask for significant tightening. I'm not excluding another move, but let's not wait too long." But while Pierre was quite balanced, Isabel Schnabel was a lot more hawkish stating, "Current price shock cannot simply be looked through. Prices are already generating indirect and potentially second round effects. We are not in a pre-war situation even after fall in oil prices."

## WHAT THE????

The Australian and New Zealand governments were informed of China's intention to fire a nuclear-capable long-range missile with a dummy warhead in the South Pacific. The test launch was of a strategic missile fired from a submarine. I get it ... everyone famous loves going on a podcast, but to Australian PM Anthony Albanese ... why did you do it?



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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	65.40					CAD	0.8100	0.9881
NZD/USD	0.5703	0.0006	0.0017	0.0033	0.0056	CHF	0.4590	0.5600
NZD/AUD	0.8197	0.0013	0.0037	0.0071	0.0123	CNY	3.8731	4.7249
NZD/JPY	92.430	-0.15	-0.42	-0.8735	-1.84	DKK	3.7252	4.5445
NZD/EUR	0.4985	-0.0002	-0.0005	-0.0011	-0.0031	FJD	1.2598	1.5369
NZD/GBP	0.4258	0.0004	0.0012	0.0023	0.0039	HKD	4.4722	5.4557
						KRW	871.40	1063.04
AU TWI	65.10					MYR	2.3276	2.8394
AUD/USD	0.6956	-0.0004	-0.0011	-0.0021	-0.0037	NOK	5.5829	6.8107
AUD/NZD	1.2193	-0.0021	-0.0057	-0.0110	-0.0189	SEK	5.4895	6.6967
AUD/JPY	112.40	-0.36	-1.01	-2.04	-3.89	SGD	0.7363	0.8982
AUD/EUR	0.6080	-0.0012	-0.0033	-0.0067	-0.0128	TWD	18.24	22.26
AUD/GBP	0.5194	-0.0003	-0.0009	-0.0017	-0.0031	ZAR	9.23	11.26
USD Index	100.88					<b>EQUITIES</b>		
EUR/USD	1.1439	0.0015	0.0042	0.0088	0.0178		<b>Index</b>	
USD/JPY	162.08	-0.42	-1.20	-2.45	-4.75	NZX50	13,763	
GBP/USD	1.3390	0.0000	0.0000	0.0002	0.0003	ASX200	8,831	
EUR/GBP	0.8541	0.0012	0.0032	0.0064	0.0129	Dow Jones	52,998	
USD/CNY	6.7958	-0.0162	-0.0448	-0.0890	-0.1776	S&P 500	7,550	
						FTSE100	10,652	
<b>INTEREST</b>			<b>New Zealand</b>		<b>Australia</b>	DAX 40	25,818	
<b>RATES</b>			Mid		Mid	Nikkei	69,738	
30 day bank bills			2.63%		4.36%	<b>COMMODITIES</b>		
90 day bank bills			2.75%		4.52%		<b>USD</b>	
1 year swap			3.09%		4.48%	Brent Crude	72.16	
2 year swap			3.34%		4.41%	Gold	4,160.09	
3 year swap			3.48%		4.38%	Silver	62.05	
5 year swap			3.69%		4.37%	Iron Ore	98.25	
10 year swap			4.07%		4.62%	CRB Index	462.78	
3 year Govt bond			3.61%		4.44%			
5 year Govt bond			3.94%		4.51%		<b>NZD</b>	
10 year Govt bond			4.48%		4.90%	NZ Carbon	53.95	

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