Market Alert

Thursday 16 July 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5850	0.0028
NZD/AUD	0.8348	0.0065
NZD/JPY	94.890	-1.00
NZD/EUR	0.5103	-0.0014
NZD/GBP	0.4322	0.0022
NZD/CNH	3.9594	-0.0340
AUD/USD	0.7006	-0.0023
AUD/EUR	0.6111	-0.0064
EUR/USD	1.1463	0.0083
USD/CNH	6.7680	-0.0897
GBP/USD	1.3534	-0.0007
EUR/GBP	0.8467	0.0064

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.86%	4.51%
2 year swap	3.63%	4.49%
10 year Govt	4.75%	5.02%

Is it coming home?

Well, by the time you read this we'll probably know … but at this stage, I'm just a bundle of nerves! One thing I do have money on … the game won't end with all players on the pitch!

More airstrikes

The US has launched more airstrikes on Iran, with President Trump pledging to intensify the bombardment until Iran stops attacking ships in the Strait of Hormuz. Trump has stated that Iran wants to meet, while semi-official Iranian news agency Tasnim reported there were no plans for talks. Oil benchmarks are now back above USD80 per barrel.

US producer prices fell 0.3% in June, marking the first wholesale decline since August 2025. The move was driven by a sharp drop in energy costs and defied market expectations of a flat reading. Concurrently, the core PPI Index advanced by 0.2%, undershooting the 0.4% consensus forecast. On an annual basis, headline PPI increased to 5.5%, with the core index tracking at 4.7%.

Despite the wholesale price cooling in the US, real economic activity continues to expand. The New York Fed's Empire State Manufacturing Index surged 10 points to 15.6 in July, signalling a robust acceleration in regional business activity. This aligns with the latest Fed Beige Book, which noted a slight-to-moderate expansion across 11 of the 12 Federal Reserve districts throughout late May and June. While the forward outlook remains expansionary, several districts highlighted elevated uncertainty linked directly to volatile fuel costs. Reaffirming this caution, Fed Board member Lisa Cook noted that while disinflation should resume, it is prudent to wait longer before adjusting policy. Cook also warned that structural risks—including tariffs, the Middle East conflict, and heavy AI investment—could easily see price pressures persist. This sentiment was echoed in Europe, where the ECB's Moulin stressed, "*the ECB must remain ready for any eventuality regarding inflation.*"

Bank of Canada holds

In line with consensus, the Bank of Canada maintained its overnight rate at 2.25% for a sixth consecutive meeting. The Governing Council noted that while the domestic economy has shown recent improvement, it remains dented by the immediate impact of soaring Middle East energy costs. The Council added that while near-term growth is unlikely to sustain its recent elevated pace, the underlying sources of economic expansion are broadening.

Across the Atlantic, the GBP rallied to a multi-month high against the USD and reached its strongest level against the Euro in over a year. The sterling surge was said to be driven by political clarity ahead of Monday's expected confirmation of Andy Burnham as the UK's next Prime Minister. Markets reacted favourably to reports that Burnham is set to appoint Shabana Mahmood as Chancellor of the Exchequer. Viewed as a fiscally disciplined, business-friendly centrist, Mahmood's prospective appointment has successfully boosted investor confidence regarding stable public finances and orthodox economic policy. Let's see how that turns out.

Weaker Chinese growth

China's GDP grew 4.3% in Q2 and 4.7% over the year. The prints were below economists' expectations of 4.5% and 4.8% respectively, with the actual for the quarter being the weakest reading in over three years and under the official target range of 4.5% - 5.0%.

In more positive news for the Chinese economy, industrial production beat expectations, coming in at 5.3% in the June year against forecasts of 4.6%. Retail sales were also higher than expected at 1.0% in the June year, against forecasts of a 0.1% decrease. Finally, the surveyed jobless rate for June was slightly lower than expected at 5.0% against forecasts of 5.1%.

Daily Rates

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FX

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	66.70				
NZD/USD	0.5850	0.0005	0.0015	0.0028	0.0043
NZD/AUD	0.8348	0.0012	0.0035	0.0065	0.0110
NZD/JPY	94.890	-0.15	-0.47	-0.9971	-2.10
NZD/EUR	0.5103	-0.0002	-0.0006	-0.0014	-0.0036
NZD/GBP	0.4322	0.0004	0.0012	0.0022	0.0037
AU TWI	65.40				
AUD/USD	0.7006	-0.0004	-0.0012	-0.0023	-0.0041
AUD/NZD	1.1976	-0.0019	-0.0053	-0.0098	-0.0164
AUD/JPY	113.36	-0.34	-1.05	-2.08	-3.98
AUD/EUR	0.6111	-0.0011	-0.0033	-0.0064	-0.0122
AUD/GBP	0.5175	-0.0003	-0.0009	-0.0015	-0.0025
USD Index	100.54				
EUR/USD	1.1463	0.0014	0.0042	0.0083	0.0161
USD/JPY	162.21	-0.40	-1.22	-2.45	-4.76
GBP/USD	1.3534	0.0000	-0.0002	-0.0007	-0.0022
EUR/GBP	0.8467	0.0011	0.0032	0.0064	0.0129
USD/CNY	6.7682	-0.0147	-0.0446	-0.0899	-0.1805

	Spot Mid NZD/...	AUD/...
CAD	0.8211	0.9836
CHF	0.4708	0.5641
CNY	3.9566	4.7407
DKK	3.8127	4.5677
FJD	1.2830	1.5371
HKD	4.5840	5.4917
KRW	869.05	1041.13
MYR	2.3836	2.8556
NOK	5.6455	6.7634
SEK	5.6051	6.7150
SGD	0.7536	0.9028
TWD	18.79	22.51
ZAR	9.54	11.43

EQUITIES

	Index
NZX50	13,635
ASX200	8,841
Dow Jones	52,638
S&P 500	7,563
FTSE100	10,516
DAX 40	25,000
Nikkei	68,752

INTEREST RATES

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.70%	4.36%
90 day bank bills	2.86%	4.51%
1 year swap	3.30%	4.54%
2 year swap	3.63%	4.49%
3 year swap	3.77%	4.46%
5 year swap	3.97%	4.49%
10 year swap	4.30%	4.75%
3 year Govt bond	3.92%	4.54%
5 year Govt bond	4.24%	4.63%
10 year Govt bond	4.75%	5.02%

COMMODITIES

	USD
Brent Crude	85.75
Gold	4,055.29
Silver	57.69
Iron Ore	98.92
CRB Index	484.98

	NZD
NZ Carbon	54.50

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