Market Alert

Wednesday 22 July 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5830	0.0028
NZD/AUD	0.8326	0.0064
NZD/JPY	95.145	-1.03
NZD/EUR	0.5113	-0.0015
NZD/GBP	0.4357	0.0021
NZD/CNH	3.9458	-0.0345
AUD/USD	0.7001	-0.0020
AUD/EUR	0.6140	-0.0065
EUR/USD	1.1401	0.0086
USD/CNH	6.7686	-0.0912
GBP/USD	1.3379	-0.0003
EUR/GBP	0.8520	0.0066

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.88%	4.54%
2 year swap	3.69%	4.56%
10 year Govt	4.76%	5.07%

NZ Q2 inflation …

Printed at 4.1%, which was above market forecasts of 4.0% and the RBNZ's estimate of 3.9%. While the headline CPI was hotter than expected, the RBNZ sectoral inflation model, which looks through short-term volatile shocks like petrol, flatlined at 2.7% YoY. The Central Bank's sectoral model is their preferred model for measuring inflation and remained flat from Q1, suggesting that despite the high headline numbers, underlying domestic price pressures are generally remaining contained. Well … that's the theory anyway, although that isn't what my wallet is telling me!

Looking at the other releases …

The German ZEW indicator of economic sentiment surged 15.8 points to 26.3 in July, comfortably ahead of expectations at 18.

The ECB's latest bank lending survey indicates more business loan demand for investment plans, although the uncertainty is having more of an impact on households and banks.

UK unemployment was unchanged at 4.9% with payroll employment printing flat.

On the political front … President Trump has vowed to attack Iranian nuclear facility amid an escalation in the conflict, while US Secretary of Defense Pete Hegseth - the man who built a make-up room in the Pentagon – needs some more money to fund it! He's appealing to Congress for additional funds to replace lost or damaged equipment, requesting USD2.0bn as part of a USD67.0bn supplemental package.

US Treasury Secretary Scott Bessent confirmed the administration will look into whether Chinese AI models have been 'distilled' from American models, stating that the government does not support *"IP theft!"*

JPMorgan Chase CEO Jamie Dimon said investors are underestimating the geopolitical and fiscal risks facing the global economy and that he wouldn't buy either equities or long-dated Treasuries at their current prices.

In saying that, the Dow rose by 385 points, while the S&P 500 and the Nasdaq advanced 0.9% and 1.3%, respectively. The European bourses had locked in gains in the 0.5%-1.0% range.

US Treasuries surged as inflationary concerns resurfaced after the US and Iran exchanged strikes for a 10th consecutive day. The 2-years surged 6bps to 4.27% while the 10-years steamed through the 4.60% level, gaining 4bps to close at 4.63%.

Higher Treasury yields supported the USD-index, which gained 0.2% to be at 101.00. The biggest impact of the stronger USD was felt by the JPY, with USD/JPY rallying to an almost unbelievable 163.25. This has seen NZD/JPY rally to 95.15 while AUD/JPY is at 114.25. The CHF, EUR and NZD all weakened at the edges, although the AUD flatlined which saw NZD/AUD ease to 0.8325.

Oil prices rose a further 2.0% while reports circulated that another tanker carrying oil products was reportedly struck near the Strait of Hormuz. Mediators are continuing to attempt to establish a truce, but WTI is at USD84.50 and Brent at USD91.50.

The overnight GDT auction …

Saw a modest recovery, snapping the recent three-event losing streak. The overall price index increased by 1.5%, bringing the index level to USD3,815.00 following the previous auctions 4.9% contraction. The auction provided a floor for SMP and WMP as they recovered 2.8% and 1.6% respectively. AMF rose a modest 1.1%, while butter eased 0.6%.

Had this auction yielded a further drop, there was a risk that producers would have been forced to revise their farmgate milk price forecasts lower ahead of the spring peak. This could have started to weigh on sentiment considering the most recent forecasts for on-farm input costs have lifted the local breakeven mark to NZD8.79/kgMS. While this recovery was modest, it will likely hold the current forecasts … at least for the time being.

Daily Rates

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FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	67.20				
NZD/USD	0.5830	0.0005	0.0015	0.0028	0.0046
NZD/AUD	0.8326	0.0012	0.0034	0.0064	0.0108
NZD/JPY	95.145	-0.17	-0.47	-1.0293	-2.14
NZD/EUR	0.5113	-0.0003	-0.0006	-0.0015	-0.0036
NZD/GBP	0.4357	0.0004	0.0011	0.0021	0.0037
AU TWI	65.60				
AUD/USD	0.7001	-0.0004	-0.0011	-0.0020	-0.0036
AUD/NZD	1.2007	-0.0018	-0.0052	-0.0096	-0.0164
AUD/JPY	114.19	-0.36	-1.04	-2.11	-4.04
AUD/EUR	0.6140	-0.0012	-0.0033	-0.0065	-0.0121
AUD/GBP	0.5232	-0.0003	-0.0008	-0.0015	-0.0024
USD Index	101.18				
EUR/USD	1.1401	0.0015	0.0043	0.0086	0.0167
USD/JPY	163.20	-0.42	-1.23	-2.54	-4.93
GBP/USD	1.3379	0.0000	-0.0001	-0.0003	-0.0013
EUR/GBP	0.8520	0.0011	0.0032	0.0066	0.0131
USD/CNY	6.7656	-0.0151	-0.0444	-0.0905	-0.1816

	Spot Mid NZD/...	AUD/...
CAD	0.8221	0.9874
CHF	0.4737	0.5690
CNY	3.9449	4.7417
DKK	3.8214	4.5897
FJD	1.2789	1.5360
HKD	4.5709	5.4900
KRW	863.30	1036.88
MYR	2.3823	2.8613
NOK	5.6166	6.7459
SEK	5.6574	6.7949
SGD	0.7529	0.9043
TWD	18.86	22.65
ZAR	9.60	11.53

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.70%	4.37%
90 day bank bills	2.88%	4.54%
1 year swap	3.38%	4.60%
2 year swap	3.69%	4.56%
3 year swap	3.82%	4.56%
5 year swap	4.02%	4.52%
10 year swap	4.38%	4.78%
3 year Govt bond	3.91%	4.58%
5 year Govt bond	4.23%	4.67%
10 year Govt bond	4.76%	5.07%

EQUITIES	Index
NZX50	13,656
ASX200	8,793
Dow Jones	52,206
S&P 500	7,510
FTSE100	10,586
DAX 40	25,011
Nikkei	66,232

COMMODITIES	USD
Brent Crude	91.51
Gold	4,084.88
Silver	58.76
Iron Ore	98.70
CRB Index	497.20
	NZD
NZ Carbon	57.25

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