Market Alert

Tuesday 04 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5871	0.0029
NZD/AUD	0.8387	0.0064
NZD/JPY	92.115	-0.93
NZD/EUR	0.5100	-0.0014
NZD/GBP	0.4371	0.0020
NZD/CNH	3.9656	-0.0366
AUD/USD	0.6999	-0.0020
AUD/EUR	0.6079	-0.0063
EUR/USD	1.1512	0.0085
USD/CNH	6.7583	-0.0959
GBP/USD	1.3430	0.0001
EUR/GBP	0.8569	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.95%	4.55%
2 year swap	3.65%	4.55%
10 year Govt	4.81%	5.10%

Solid Gold

A hefty well done to the Silver Ferns! It has been as difficult 18-months for the team, but a big shout out to Dame Noeline Taurua who's stayed the distance and was always classy … despite all of the interventions!

Talking of interventions … Japanese Finance minister Satsuki Katayama confirmed it conducted coordinated yen-buying intervention with the US adding it *"will not hesitate to conduct further coordinated interventions in the future,"* while Treasury Secretary Scott Bessent also confirmed the coordinated action stating, *"Friday's coordinated FX actions countered disorderly JPY movements."* It was the first 'joint' intervention since March 2011, although back then both countries intervened to sell the JPY following the Tohoku earthquake and tsunami. The last time both countries intervened to buy the JPY was in June 1998 during the Asian crisis. Adding to the controversy, the New York Fed sold EURs to buy JPY on behalf of the US Treasury.

The confirmation saw a further leg of JPY appreciation, but once the dust settled, the JPY spent the rest of the session 'treading water'. Currently USD/JPY is at 157.00, AUD/JPY is at 109.90, and NZD/JPY is at 92.10. While intervention is usually justifiable in a currencies appreciation or depreciation, it doesn't unusually change the trend, which is why the authorities ultimately need the BoJ aggressively start hiking interest rates to change the directional bias. Simply put, the JPY's fundaments remain weak, and any JPY rebound will need to be supported by a structural shift in BoJ policies.

Beyond the JPY, FX markets were quiet with the USD-index posting a modest gain, which surprisingly saw the AUD come under sustained selling pressure. As the worst performer, AUD/USD is currently holding the 0.7000 handle by its fingertips, and while the NZD/USD eased from 0.5900 to 0.5870, NZD/AUD is testing resistance at 0.8385, or support at 1.1925!

The yin to the yang!

Once again, the rhetoric coming out of the Strait of Hormuz is contradictory. President Trump is continuing with the 'Iran wants to talk' line and that the planned US strikes have been 'put on hold in favour of diplomacy'. Against this, Iran have denied any US negotiations or plans for talks.

The good news is that with little on the way of missile exchanges, oil prices have fallen around 5.0% as optimism builds. Currently crude is at USD80.25 with brent at USD83.75. Copper prices added a further 1.25% overnight while gold and silver recorded modest gains.

Easing oil prices contribute to lower treasury yields, with the 2-years falling 4bps to 4.26% while the 10+ years is 5bps lower at 4.69%. the 'adjustments' will likely weigh on NZ and AU IRs rates on the open, but probably not as much as one would hope given the optimistic pricing that's embedded into curves.

With the US refraining from striking Iran and fuel prices easing back equity markets took advantage of the positivity to record gains in the 1.0%-2.0% range.

US ISM manufacturing PMIs

Rose to 55.6 in July from 53.3 in June, beating market expectations at 54.0 after US manufacturing activity expanded at its fastest pace in more than 4-years as demand remained strong, production surged and firms added workers.

It's very early in the cycle, but the Atlanta Fed growth estimate for Q3 US GDP has risen from 5.0% to 6.2%!

Fed member John Williams confirmed, *"My forecast personally is for inflation to come down in the second half of this year and come down further next year."*

Daily Rates

Tuesday 04 August 2026

FX	Spot Mid	1mth	3mths	6mths	12mths
			FECs (mid)		
NZ TWI	67.00				
NZD/USD	0.5871	0.0006	0.0015	0.0029	0.0045
NZD/AUD	0.8387	0.0013	0.0034	0.0064	0.0104
NZD/JPY	92.115	-0.16	-0.44	-0.9280	-1.97
NZD/EUR	0.5100	-0.0002	-0.0006	-0.0014	-0.0037
NZD/GBP	0.4371	0.0004	0.0011	0.0020	0.0033
AU TWI	65.50				
AUD/USD	0.6999	-0.0004	-0.0011	-0.0020	-0.0035
AUD/NZD	1.1921	-0.0020	-0.0051	-0.0095	-0.0162
AUD/JPY	109.96	-0.36	-0.97	-1.94	-3.70
AUD/EUR	0.6079	-0.0012	-0.0032	-0.0063	-0.0119
AUD/GBP	0.5210	-0.0003	-0.0008	-0.0016	-0.0027
USD Index	99.92				
EUR/USD	1.1512	0.0015	0.0042	0.0085	0.0168
USD/JPY	156.87	-0.41	-1.15	-2.34	-4.53
GBP/USD	1.3430	-0.0001	0.0000	0.0001	-0.0003
EUR/GBP	0.8569	0.0012	0.0030	0.0061	0.0124
USD/CNY	6.7523	-0.0160	-0.0434	-0.0942	-0.1813

Spot Mid	NZD/...	AUD/...
CAD	0.8241	0.9828
CHF	0.4753	0.5670
CNY	3.9578	4.7240
DKK	3.8108	4.5445
FJD	1.2857	1.5332
HKD	4.6024	5.4885
KRW	838.73	1000.22
MYR	2.4022	2.8647
NOK	5.5986	6.6765
SEK	5.6101	6.6902
SGD	0.7525	0.8974
TWD	19.03	22.70
ZAR	9.70	11.56

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.71%	4.37%
90 day bank bills	2.95%	4.55%
1 year swap	3.40%	4.57%
2 year swap	3.65%	4.55%
3 year swap	3.79%	4.51%
5 year swap	4.00%	4.47%
10 year swap	4.41%	4.79%
3 year Govt bond	3.95%	4.57%
5 year Govt bond	4.28%	4.69%
10 year Govt bond	4.81%	5.10%

EQUITIES	Index
NZX50	13,775
ASX200	9,019
Dow Jones	53,194
S&P 500	7,608
FTSE100	10,858
DAX 40	26,001
Nikkei	63,755

COMMODITIES	USD
Brent Crude	83.88
Gold	4,052.99
Silver	58.10
Iron Ore	95.06
CRB Index	486.74
	NZD
NZ Carbon	55.85