Market Alert

Wednesday 05 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5895	0.0028
NZD/AUD	0.8364	0.0064
NZD/JPY	92.965	-0.95
NZD/EUR	0.5111	-0.0015
NZD/GBP	0.4382	0.0020
NZD/CNH	3.9674	-0.0365
AUD/USD	0.7046	-0.0021
AUD/EUR	0.6109	-0.0065
EUR/USD	1.1533	0.0086
USD/CNH	6.7476	-0.0949
GBP/USD	1.3451	0.0000
EUR/GBP	0.8570	0.0062

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.94%	4.56%
2 year swap	3.67%	4.52%
10 year Govt	4.81%	5.10%

Oil slumps and markets rally on US-Iran deal hopes …

Yet again! One of these day's this headline will actually mean something!

Optimism surged on reports of a breakthrough in talks in Oman after Qatar announced a draft proposal for a short-term "*pause*", while further support was garnered from US Treasury Secretary Scott Bessent's comments that a Hormuz agreement could come "*today or tomorrow.*" But despite the optimism, significant hurdles remain. Secretary of State Marco Rubio maintained that the *"ultimate deal"* requires Iran's complete denuclearisation, while Tehran continues to reject formal nuclear negotiations until there is a broader ceasefire. Critics also warned the current framework under discussion might leave Iran with disproportionate control over Hormuz shipping traffic.

Oil prices 'liked' the news falling 4.5% with crude now at USD75.75, while brent has fallen below USD80.00 to be at USD79.35. European gas prices fell 4.0%, while silver and copper prices rallied 3.25% and 1.35% respectively.

Wall Street responded enthusiastically, pushing US stock indexes to new record highs as easing energy prices alleviated inflationary concerns. Currently the Dow and S&P500 are trading 2.0% higher, the Nasdaq has surged 3.5%, while the European bourses registered gains in the 1.0%-1.5% range.

The deescalation of inflationary concerns saw treasury yields ease back from their recent highs with the 2 and 10-years easing 5bps to leave the 2-years yielding 4.20% while the 10-years is at 4.63 after falling from its recent 18-month high of 4.75%.

FX markets continue to trade under muted levels of volatility. The USD-index is virtually unchanged, but against this the AUD and NZD were the strongest performers gaining 0.7% and 0.4%. The JPY also reverted to its weakening trend, which saw AUID/JPY recover the 111.25 handle with NZD/JPY rallying to 93.00.

The US economic releases highlighted a slowing US economy.

The US trade deficit narrowed to USD73.3bn after imports fell 1.8% to USD388.0bn while exports eased 0.9% to USD314.7bn.

US manufacturing is also showing signs of fatigue with factory orders slipping 0.3% to USD656.5bn, extending the revised 1.1% decline from the prior month. It was the first month of back-to-back decline in nearly a year.

The US labour market followed suit, with job openings dropping to 7.359m, slightly below estimates.

Australian household spending rose 0.8% in June to AUD81.3bn, well above the 0.2% forecast. The June rise followed an even stronger 1.2% jump in May.

For the June quarter, Australian household spending rose 0.7% in real terms to AUD227.8bn, following a 0.8% increase in the prior quarter.

Fed member Anna Paulson stated, "*I hear from price setters that they don't feel like they can pass on cost increases to consumers. I see underlying inflation in the 2.4%-2.8% range.*"

NZ Climate Change Minister Watts has announced the updated settings for the ETS trading scheme. Basically, volumes for 2027-2030 will remain the same, and 1.1m NZUs will be offered in 2031, meaning a total of 12.8m units will be available over the 2027-2031 period.

The GDT auction

Overnight posted a modest 0.1% gain, bringing the average price to USD3,778 per metric tonne. Building on the prior auction's 1.5% increase, this flat-to-positive result confirms a consolidation phase, anchoring a trend of relative calm following heightened market volatility earlier in the year. Product performance was mixed with the key SMP and WMP categories showing resilience advancing 1.2% and 0.2% respectively, however, butter dropped 2.3% while AMF eased 0.8%.

Daily Rates

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FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	66.90				
NZD/USD	0.5895	0.0005	0.0015	0.0028	0.0043
NZD/AUD	0.8364	0.0013	0.0034	0.0064	0.0106
NZD/JPY	92.965	-0.15	-0.44	-0.9509	-1.97
NZD/EUR	0.5111	-0.0002	-0.0006	-0.0015	-0.0039
NZD/GBP	0.4382	0.0004	0.0011	0.0020	0.0032
AU TWI	65.30				
AUD/USD	0.7046	-0.0004	-0.0011	-0.0021	-0.0039
AUD/NZD	1.1947	-0.0020	-0.0051	-0.0095	-0.0161
AUD/JPY	110.75	-0.35	-0.98	-1.98	-3.73
AUD/EUR	0.6109	-0.0012	-0.0032	-0.0065	-0.0125
AUD/GBP	0.5236	-0.0003	-0.0008	-0.0016	-0.0029
USD Index	99.86				
EUR/USD	1.1533	0.0015	0.0042	0.0086	0.0169
USD/JPY	157.68	-0.40	-1.15	-2.35	-4.49
GBP/USD	1.3451	-0.0001	0.0000	0.0000	-0.0003
EUR/GBP	0.8570	0.0011	0.0030	0.0062	0.0126
USD/CNY	6.7532	-0.0151	-0.0436	-0.0938	-0.1818

	Spot Mid NZD/...	AUD/...
CAD	0.8287	0.9908
CHF	0.4766	0.5701
CNY	3.9666	4.7437
DKK	3.8191	4.5663
FJD	1.2872	1.5391
HKD	4.6217	5.5260
KRW	842.12	1006.88
MYR	2.4073	2.8783
NOK	5.6220	6.7220
SEK	5.6100	6.7076
SGD	0.7553	0.9031
TWD	19.09	22.82
ZAR	9.65	11.54

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.71%	4.37%
90 day bank bills	2.94%	4.56%
1 year swap	3.41%	4.56%
2 year swap	3.67%	4.52%
3 year swap	3.82%	4.50%
5 year swap	4.03%	4.48%
10 year swap	4.41%	4.78%
3 year Govt bond	3.94%	4.58%
5 year Govt bond	4.27%	4.68%
10 year Govt bond	4.81%	5.10%

EQUITIES	Index
NZX50	13,903
ASX200	9,146
Dow Jones	54,086
S&P 500	7,737
FTSE100	10,879
DAX 40	26,202
Nikkei	63,958

COMMODITIES	USD
Brent Crude	78.80
Gold	4,075.55
Silver	59.50
Iron Ore	93.66
CRB Index	478.45

	NZD
NZ Carbon	56.50