Market Alert

Friday 07 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5870	0.0029
NZD/AUD	0.8346	0.0063
NZD/JPY	92.975	-0.92
NZD/EUR	0.5094	-0.0014
NZD/GBP	0.4363	0.0021
NZD/CNH	3.9674	-0.0347
AUD/USD	0.7031	-0.0020
AUD/EUR	0.6102	-0.0063
EUR/USD	1.1522	0.0085
USD/CNH	6.7481	-0.0924
GBP/USD	1.3451	-0.0001
EUR/GBP	0.8562	0.0062

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.93%	4.55%
2 year swap	3.60%	4.51%
10 year Govt	4.75%	5.05%

Geopolitical tensions flared overnight

After the Iranian parliament began its review of a draft proposal agreed with Oman that restricts transit conditions through the Strait of Hormuz. But whereas yesterday this was viewed as a positive, this latest plan explicitly bans US and Israel-linked vessels from the corridor, demands financial compensation from 'hostile' nations, and introduces cargo penalties of up to 20% for violations. The US immediately rejected the framework, stating that any temporary shipping routes must remain entirely open without impediment. Concurrently, Houthi forces intensified ballistic missile attacks against Saudi oil tankers in the Red Sea renewing threats to global supplies.

The implications of these adjustments saw oil markets reverse their recent declines with WTI surging 3.25% to USD 77.65 while Brent gained 4.4%, reaching USD82.95. Copper futures also surged, reaching a record high above USD 6.70 per pound, after the Democratic Republic of Congo (DRC) implemented an immediate, protectionist ban on all copper concentrate exports.

The rebound in energy costs caused US equity markets to trade 0.25%-0.75% lower, although European bourses had a better session gaining 0.25%-0.50%. Against this, debt markets demonstrated massive resilience after Alphabet successfully attracted a staggering USD115.0bn order book for its latest USD 25.0bn jumbo bond issue. Split across 10 tranches with maturities stretching up to 40 years, the heavy demand signals a robust institutional appetite for high-grade debt tied to the AI boom.

US 2- and 10-year Treasury yields advanced 6bps to 4.25% and 4.67% respectively after the FT reported Fed Chair Kevin Warsh intends to stick with his highly streamlined, lean, policy messaging despite the recent market backlash. Crucially, insiders note Warsh remains prepared to execute a formal interest rate hike in September should inflation remain 'uncomfortably' high.

FX markets were 'Steady Eddie' although USD/JPY rallied to 158.50. The NZD/USD and AUD/USD were a touch lower, although they have held the 0.5850 and 0.7000 levels.

In terms of the overnight releases ….

- US corporate layoffs fell 27% in July to 33.4k - its lowest rate in two years. AI infrastructure led the job cuts for a 5th consecutive month, with the technology and financial sectors leading the redundancies.
- US initial claims inched higher by 1k to 199k, hovering just above the historical 57-year low, while continuing claims rose by 24k to 1,801k.
- US unit labour costs firmed by 1.3% in Q2, undershooting the 2.1% forecast, as a 2.7% gain in hourly compensation was offset by a healthy 1.4% rebound productivity.
- Eurozone retail sales fell by 0.3% in June, reinforcing the view that consumption was not a major driver of growth in Q2.
- Australia unexpectedly posted a trade surplus of AUD1.93bn in June, after exports grew 9.6% to a 3-year high of AUD47.7bn while imports eased 0.2% to AUD45.77bn. Meanwhile seasonally adjusted building approvals rose 7.2%.

Defying intense diplomatic pressure from Washington,

Argentina officially extended its USD19.0bn currency swap line with China through to 2031. The long-term renewal comes just months after the US Treasury Department unsuccessfully attempted to steer Buenos Aires away from Beijing by offering a rival credit facility.

Germany is weighing whether to nominate Bundesbank President Joachim Nagel for the ECB presidency amid mounting speculation that incumbent Christine Lagarde will leave her post early.

Can't wait for tomorrow morning …

Daily Rates

Friday 07 August 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	67.00				
NZD/USD	0.5870	0.0005	0.0015	0.0029	0.0047
NZD/AUD	0.8346	0.0012	0.0034	0.0063	0.0107
NZD/JPY	92.975	-0.15	-0.44	-0.9213	-1.92
NZD/EUR	0.5094	-0.0002	-0.0006	-0.0014	-0.0035
NZD/GBP	0.4363	0.0004	0.0011	0.0021	0.0034
AU TWI	65.40				
AUD/USD	0.7031	-0.0004	-0.0011	-0.0020	-0.0036
AUD/NZD	1.1975	-0.0019	-0.0051	-0.0095	-0.0164
AUD/JPY	111.13	-0.34	-0.98	-1.95	-3.72
AUD/EUR	0.6102	-0.0011	-0.0031	-0.0063	-0.0122
AUD/GBP	0.5224	-0.0003	-0.0008	-0.0015	-0.0027
USD Index	99.94				
EUR/USD	1.1522	0.0014	0.0041	0.0085	0.0169
USD/JPY	158.39	-0.39	-1.15	-2.33	-4.51
GBP/USD	1.3451	-0.0001	-0.0001	-0.0001	-0.0002
EUR/GBP	0.8562	0.0011	0.0031	0.0062	0.0123
USD/CNY	6.7488	-0.0146	-0.0440	-0.0922	-0.1796

Spot Mid	NZD/...	AUD/...
CAD	0.8223	0.9853
CHF	0.4765	0.5712
CNY	3.9614	4.7457
DKK	3.8069	4.5614
FJD	1.2837	1.5382
HKD	4.6033	5.5156
KRW	834.92	1000.39
MYR	2.3983	2.8736
NOK	5.6004	6.7103
SEK	5.5810	6.6871
SGD	0.7530	0.9022
TWD	18.93	22.68
ZAR	9.59	11.49

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.74%	4.37%
90 day bank bills	2.93%	4.55%
1 year swap	3.34%	4.56%
2 year swap	3.60%	4.51%
3 year swap	3.74%	4.48%
5 year swap	3.95%	4.50%
10 year swap	4.33%	4.77%
3 year Govt bond	3.86%	4.53%
5 year Govt bond	4.19%	4.63%
10 year Govt bond	4.75%	5.05%

EQUITIES	Index
NZX50	13,958
ASX200	9,272
Dow Jones	53,866
S&P 500	7,705
FTSE100	10,868
DAX 40	26,140
Nikkei	65,683

COMMODITIES	USD
Brent Crude	82.84
Gold	4,246.91
Silver	61.62
Iron Ore	93.91
CRB Index	483.11

	NZD
NZ Carbon	55.50

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