Market Alert

Tuesday 11 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5883	0.0029
NZD/AUD	0.8338	0.0064
NZD/JPY	93.710	-0.94
NZD/EUR	0.5096	-0.0013
NZD/GBP	0.4354	0.0021
NZD/CNH	3.9674	-0.0339
AUD/USD	0.7053	-0.0022
AUD/EUR	0.6110	-0.0063
EUR/USD	1.1542	0.0083
USD/CNH	6.7465	-0.0905
GBP/USD	1.3509	-0.0003
EUR/GBP	0.8543	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.95%	4.55%
2 year swap	3.63%	4.54%
10 year Govt	4.75%	5.09%

As hopes fade ...

For a US-Iran deal to reopen the Strait of Hormuz, crude oil rose to USD82.00 a barrel while brent cleared USD87.00. Geopolitical risks intensified following a Houthi strike on Aramco's Jazan refinery in Saudi, compounding supply anxieties, while Tehran warned that the Strait will not return to its pre-war conditions without any major concessions as hardliners like Mohsen Rezaei have gained further political leverage.

While gold prices rose to a 7-week high, the energy spike pushed US Treasury yields higher with the 2-year firming 4bps to 4.25%, while the 10-year yield rose 5bps to a monthly high of 4.70%. Despite Friday's weak US jobs report, fears are growing that a renewed bout of inflation could force the Fed to hike rates. Reinforcing this hawkish outlook, Fed member Beth Hammack stated, *"Now is the time to bring more restraint into policy. I don't think one 25bps move will do much. The current rate is not meaningfully restricting the economy. We would probably need some number of hikes (although I have) no intention to prejudge the number of rate increases. I'm still not seeing a problem with the jobs market."*

US and European equity markets paused their recent rallies to finish flat overnight, while the USD-index rebounded to 99.70. The NZD and AUD eased back slightly, although the JPY's post-intervention gains continue to evaporate with AUD/JPY firming to 112.40 with NZD/JPY at 93.75. Meanwhile, with the NZD/AUD remaining near its 13-year low, a certain Australian investment bank is rumoured to be keen to take advantage of the weak exchange rate!

On the geopolitical chessboard, President Trump pivoted toward economic warfare, stating that, "*We are only semi-negotiating with (Iran). We are just watching Iran with its huge inflation and the fact they have no money,*" as deepening poverty, rising household debt, rampant inflation, and rising unemployment are (allegedly) weighing on the Iranian economy. Frankly, it's hard to know if it's actually going to make any difference to the 'hardliners' who appear to be gaining the upper hand.

Ahead of today's RBA announcement

Along with the latest business sentiment release ...

- Our view is that Australia's weaker than expected Q2 inflation print means the RBA will undertake a 'hawkish hold.'
- Overnight, the increase in the US Conference Board's July employment index, from 106.7 to 107.7, signalled an underlying resilience in the US labour market despite Friday's data.

And now for something completely different!

Chinese container operator Sea Legend has officially launched the 'Ice Silk Road' connecting Chinese ports directly to European hubs via the Arctic. The accelerating ice melt, and intensifying gridlock across the southern corridors, cuts the standard 40-day voyage between China and Northern Europe down to 18 - 20 days heavily reducing fuel costs, inventory capital, and shipping times.

Finally, *'la question du jour!'* If someone turns on the oven to start cooking dinner, but then goes back to work, while I go upstairs to change, who is to blame when my dinner burns?

Daily Rates

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FX	Spot Mid	1mth	3mths	6mths	12mths		Spot Mid NZD/...	Spot Mid AUD/...
NZ TWI	66.80					CAD	0.8198	0.9830
NZD/USD	0.5883	0.0005	0.0015	0.0029	0.0046	CHF	0.4764	0.5715
NZD/AUD	0.8338	0.0012	0.0034	0.0064	0.0108	CNY	3.9728	4.7645
NZD/JPY	93.710	-0.15	-0.44	-0.9406	-1.92	DKK	3.8093	4.5677
NZD/EUR	0.5096	-0.0002	-0.0006	-0.0013	-0.0035	FJD	1.2851	1.5410
NZD/GBP	0.4354	0.0004	0.0011	0.0021	0.0036	HKD	4.6148	5.5336
						KRW	833.97	1000.00
AU TWI	65.60					MYR	2.4046	2.8833
AUD/USD	0.7053	-0.0004	-0.0011	-0.0022	-0.0039	NOK	5.5872	6.6995
AUD/NZD	1.1985	-0.0019	-0.0051	-0.0097	-0.0169	SEK	5.5857	6.6977
AUD/JPY	112.11	-0.35	-0.99	-2.00	-3.74	SGD	0.7532	0.9032
AUD/EUR	0.6110	-0.0012	-0.0032	-0.0063	-0.0120	TWD	18.96	22.73
AUD/GBP	0.5219	-0.0003	-0.0008	-0.0015	-0.0025	ZAR	9.53	11.42

FECs (mid)

	Spot Mid	1mth	3mths	6mths	12mths
USD Index	99.81				
EUR/USD	1.1542	0.0015	0.0041	0.0083	0.0164
USD/JPY	159.29	-0.40	-1.15	-2.37	-4.46
GBP/USD	1.3509	-0.0001	-0.0001	-0.0003	-0.0011
EUR/GBP	0.8543	0.0011	0.0030	0.0061	0.0126
USD/CNY	6.7452	-0.0152	-0.0433	-0.0909	-0.1790

EQUITIES	Index
NZX50	13,888
ASX200	9,233
Dow Jones	53,976
S&P 500	7,749
FTSE100	10,863
DAX 40	26,324
Nikkei	66,970

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.75%	4.36%
90 day bank bills	2.95%	4.55%
1 year swap	3.36%	4.57%
2 year swap	3.63%	4.54%
3 year swap	3.78%	4.50%
5 year swap	4.00%	4.55%
10 year swap	4.38%	4.77%
3 year Govt bond	3.88%	4.59%
5 year Govt bond	4.20%	4.69%
10 year Govt bond	4.75%	5.09%

COMMODITIES	USD
Brent Crude	87.64
Gold	4,386.71
Silver	65.71
Iron Ore	94.45
CRB Index	500.18
	NZD
NZ Carbon	54.80