Market Alert

Wednesday 12 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5881	0.0028
NZD/AUD	0.8328	0.0065
NZD/JPY	93.665	-0.94
NZD/EUR	0.5095	-0.0014
NZD/GBP	0.4354	0.0020
NZD/CNH	3.9691	-0.0350
AUD/USD	0.7061	-0.0021
AUD/EUR	0.6117	-0.0064
EUR/USD	1.1541	0.0084
USD/CNH	6.7466	-0.0915
GBP/USD	1.3503	-0.0002
EUR/GBP	0.8543	0.0061

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.95%	4.56%
2 year swap	3.64%	4.57%
10 year Govt	4.76%	5.13%

Unchanged, unchanged, unchanged …

Came the result after the RBA maintained the status-quo at its August meeting, leaving the cash rate target unchanged at 4.35%. The decision to hold was unanimous.

The accompanying statement struck a balanced but cautious note, reiterating that inflation remains uncomfortably high and the Board's primary focus is returning it to target. While noting that past rate increases are still filtering through the economy, the RBA highlighted that total spending is softening and housing prices have declined noticeably. The labour market remains generally resilient, though the unemployment rate has ticked up slightly - a trend expected to continue as economic growth slows. Crucially, the Board warned that domestic price pressures, coupled with geopolitical supply disruptions from the Middle East, will keep near-term inflation elevated.

While the RBA anticipates inflation hitting the midpoint of its target range by late 2027, the real surprise lay in its forward guidance. The central bank lowered its December cash rate projection to 4.4% (down from 4.7% in June), effectively ruling out any further policy adjustments for the remainder of 2026, pricing in a 50:50 chance of a single hike in 2027.

The market's reaction was immediate. The Australian 10-year government bond yield, which had been trading above 5.0% prior to the release, pulled back to 4.96% following the downward shift in rate projections, although it has since recovered the 5.0% handle. Similarly, the AUD/USD came under pressure, retracing from 0.7060 at the time of the announcement to a session low of 0.7041, but has also since recovered.

In the post-meeting Q&A, RBA Governor Michele Bullock confirmed, *"We did not discuss a rate cut at this meeting, only a rate hike or to hold. We expect a period of subdued economic growth will be required to bring inflation down. We are ready to raise cash rate again if needed."*

Global markets are navigating a complex mix …

Of escalating Middle East conflict and resilient domestic data …

Iran rejected the latest peace narratives with Tehran vowing to choke transits through the Strait of Hormuz until the US meets all of its conditions. Concerningly, Iran has reshuffled its top military leaders with more 'hardlines'. Despite this, Pakistan claims both sides remain *"close to some sort of arrangement"* despite hardening public stances.

Oil prices continued their grind higher, firming a further 1.5% while industrial metals also surged with aluminum prices surging to a 2-month high on declining supply after Brazil's Alunorte plant - the largest alumina facility outside China - slashed operations to 50% capacity due to natural gas shortages.

FX, treasury and equity markets are largely unchanged, shrugging off the geopolitical risks, focusing instead on steady central bank policies.

- US small-business optimism jumped to 99.8 in July (the highest since August 2025), easily beating the 97.5 forecast.
- US existing home sales fell by 1.7% month-over-month to a seasonally adjusted annualized rate of 4.05 million units in July 2026.
- UK retail sales rose 1.3% year on year in July as World Cup related food and pub spending offset continued caution on big purchases.
- UK consumer confidence showed the most optimism about the UK economy in 21-months rising 2.0% year on year in July.
- Australian business conditions rose from 3 to 4 in July, remaining below its long run trend of 7. Business confidence held at -6, unchanged from June and still well below levels seen in February.

Daily Rates

Wednesday 12 August 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths		Spot Mid NZD/...	AUD/...
NZ TWI	66.90					CAD	0.8187	0.9832
NZD/USD	0.5881	0.0005	0.0015	0.0028	0.0045	CHF	0.4766	0.5726
NZD/AUD	0.8328	0.0012	0.0034	0.0065	0.0108	CNY	3.9635	4.7593
NZD/JPY	93.665	-0.16	-0.44	-0.9411	-1.92	DKK	3.8078	4.5734
NZD/EUR	0.5095	-0.0002	-0.0005	-0.0014	-0.0035	FJD	1.2842	1.5424
NZD/GBP	0.4354	0.0004	0.0011	0.0020	0.0034	HKD	4.6130	5.5405
						KRW	830.19	997.10
AU TWI	65.50					MYR	2.4045	2.8879
AUD/USD	0.7061	-0.0004	-0.0011	-0.0021	-0.0039	NOK	5.5809	6.7030
AUD/NZD	1.2003	-0.0019	-0.0051	-0.0096	-0.0168	SEK	5.5959	6.7209
AUD/JPY	112.11	-0.35	-0.99	-1.99	-3.74	SGD	0.7523	0.9036
AUD/EUR	0.6117	-0.0012	-0.0032	-0.0064	-0.0121	TWD	18.94	22.75
AUD/GBP	0.5226	-0.0003	-0.0008	-0.0016	-0.0026	ZAR	9.52	11.44
USD Index	99.81							
EUR/USD	1.1541	0.0015	0.0041	0.0084	0.0164			
USD/JPY	159.28	-0.40	-1.15	-2.35	-4.44			
GBP/USD	1.3503	-0.0001	-0.0001	-0.0002	-0.0010			
EUR/GBP	0.8543	0.0011	0.0030	0.0061	0.0122			
USD/CNY	6.745	-0.0152	-0.0434	-0.0910	-0.1803			

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.76%	4.36%
90 day bank bills	2.95%	4.56%
1 year swap	3.37%	4.59%
2 year swap	3.64%	4.57%
3 year swap	3.78%	4.56%
5 year swap	3.99%	4.56%
10 year swap	4.38%	4.81%
3 year Govt bond	3.90%	4.62%
5 year Govt bond	4.22%	4.72%
10 year Govt bond	4.76%	5.13%

EQUITIES	Index
NZX50	13,861
ASX200	9,251
Dow Jones	53,792
S&P 500	7,728
FTSE100	10,844
DAX 40	26,391
Nikkei	66,970

COMMODITIES	USD
Brent Crude	89.20
Gold	4,367.93
Silver	64.64
Iron Ore	94.55
CRB Index	500.64

	NZD
NZ Carbon	54.75

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