Market Alert

Thursday 13 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5859	0.0027
NZD/AUD	0.8297	0.0064
NZD/JPY	93.430	-0.93
NZD/EUR	0.5085	-0.0014
NZD/GBP	0.4343	0.0021
NZD/CNH	3.9691	-0.0343
AUD/USD	0.7061	-0.0022
AUD/EUR	0.6128	-0.0063
EUR/USD	1.1522	0.0081
USD/CNH	6.7461	-0.0894
GBP/USD	1.3490	-0.0005
EUR/GBP	0.8538	0.0062

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	2.95%	4.56%
2 year swap	3.66%	4.55%
10 year Govt	4.77%	5.12%

Shelter from the storm

The main event of the week landed overnight, and for once it did exactly what it was supposed to. July CPI came in bang in line with forecasts, and after a fortnight of the market talking itself into a September hike, that was enough.

Headline inflation rose 0.1% in the month, rebounding from June's 0.4% fall, and eased from 3.5% to 3.4% on the year, a second consecutive month of slowing. Core rose 0.2% after a flat June and slipped from 2.6% to 2.5%, the slowest pace since March 2021. Shelter accounted for two thirds of the monthly increase, up just 0.1%, while petrol prices fell 2.9%, so the energy shock that drove the first half of the year is still washing out of the numbers even as the annual gasoline rate sits up 24.6%. Markets have wound back a September hike pricing and are now at somewhere near 40%, which after Friday's 23k drop in payrolls gives the Fed room to sit on its hands a while longer.

The US Treasury also reported a whopping July deficit of USD432bn, up 48.0% on a year ago and the largest monthly shortfall since March 2021, taking the fiscal year to date gap to USD1.8trn and past the whole of fiscal 2025 with two months still to run. Net interest alone cost USD104bn in the month.

The market reaction was orderly. The 2-year US Treasury yield eased 1bps to 4.20%, the 10-year was little changed at 4.68% and the 30-year sat at 5.25%. It's also worth noting that the USD42bn auction of 10-year paper drew the highest yield since 2007, and tonight's 30-year sale shapes as the dearest US financing in a quarter of a century. Deficits do turn up in the price eventually. Equities had no such worries, the S&P 500 up 0.4% to a record close and the Nasdaq 100 up 0.9% as the chipmakers ran again. For all the dovish read the USD index is a touch firmer at the 100.00 level, leaving the NZD/USD and AUD/USD at 0.5860 and 0.7060 and the NZD/AUD at 0.8295, still pinned near its 13-year low, while gold added 1.0% to USD4,413.97.

Gyration

Overnight oil could not make up its mind, WTI settling near USD83.00 and little changed, caught between no progress on reopening the Strait and an EIA report that beggared belief. US crude stocks built 17.4m barrels against expectations of a 1.4m barrel increase, and against a prior week's build of 2.5m. Another 6.1m barrels left the Strategic Petroleum Reserve, which has now slipped below 300m barrels. Aramco told its second-quarter call that the shock has been masked by roughly 9m barrels a day of reserve and inventory withdrawals plus another 2m barrels a day of demand management.

Part of the reason prices remain somewhat is that the world's biggest buyer has simply stopped turning up. Chinese crude imports fell 32.0% in the June quarter, dropping below 8.0m barrels a day in both May and June for the first time in a decade

Working through it

Closer to home, the numbers were a bit grim. REINZ counted 6,090 sales in July, down 10.0% on July last year, and this time it was not an Auckland story, with sales elsewhere down 10.5%. The House Price Index eased 0.4% on the year and the national median slipped 1.9% in the month to NZD760,000. Australian building approvals slipped 2.3% in July, adding to signs the construction pipeline is thinning, while the NAB business confidence index ticked up to +4, its best read since February.

Daily Rates

Thursday 13 August 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	66.80				
NZD/USD	0.5859	0.0005	0.0014	0.0027	0.0043
NZD/AUD	0.8297	0.0012	0.0034	0.0064	0.0107
NZD/JPY	93.430	-0.15	-0.46	-0.9324	-1.92
NZD/EUR	0.5085	-0.0002	-0.0006	-0.0014	-0.0035
NZD/GBP	0.4343	0.0004	0.0011	0.0021	0.0036
AU TWI	65.60				
AUD/USD	0.7061	-0.0004	-0.0011	-0.0022	-0.0040
AUD/NZD	1.2050	-0.0018	-0.0051	-0.0096	-0.0167
AUD/JPY	112.43	-0.34	-1.00	-1.98	-3.74
AUD/EUR	0.6128	-0.0011	-0.0032	-0.0063	-0.0119
AUD/GBP	0.5233	-0.0003	-0.0008	-0.0015	-0.0025
USD Index	100.01				
EUR/USD	1.1522	0.0014	0.0041	0.0081	0.0159
USD/JPY	159.47	-0.39	-1.17	-2.32	-4.41
GBP/USD	1.3490	-0.0001	-0.0001	-0.0005	-0.0015
EUR/GBP	0.8538	0.0011	0.0031	0.0062	0.0127
USD/CNY	6.7433	-0.0147	-0.0448	-0.0894	-0.1809

	Spot Mid NZD/...	AUD/...
CAD	0.8165	0.9844
CHF	0.4766	0.5747
CNY	3.9549	4.7667
DKK	3.7998	4.5810
FJD	1.2805	1.5437
HKD	4.5960	5.5408
KRW	830.52	1001.24
MYR	2.3914	2.8830
NOK	5.5621	6.7055
SEK	5.6141	6.7682
SGD	0.7499	0.9041
TWD	18.87	22.75
ZAR	9.46	11.40

EQUITIES	Index
NZX50	13,738
ASX200	9,209
Dow Jones	53,770
S&P 500	7,749
FTSE100	10,833
DAX 40	26,331
Nikkei	67,524

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.78%	4.37%
90 day bank bills	2.95%	4.56%
1 year swap	3.36%	4.59%
2 year swap	3.66%	4.55%
3 year swap	3.78%	4.54%
5 year swap	3.99%	4.53%
10 year swap	4.38%	4.80%
3 year Govt bond	3.89%	4.60%
5 year Govt bond	4.22%	4.71%
10 year Govt bond	4.77%	5.12%

COMMODITIES	USD
Brent Crude	88.62
Gold	4,406.99
Silver	65.23
Iron Ore	95.08
CRB Index	504.18
	NZD
NZ Carbon	54.85