Market Alert

Friday 14 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5851	0.0027
NZD/AUD	0.8287	0.0063
NZD/JPY	93.320	-0.90
NZD/EUR	0.5075	-0.0013
NZD/GBP	0.4338	0.0021
NZD/CNH	3.9691	-0.0339
AUD/USD	0.7058	-0.0022
AUD/EUR	0.6121	-0.0063
EUR/USD	1.1529	0.0080
USD/CNH	6.7451	-0.0889
GBP/USD	1.3485	-0.0004
EUR/GBP	0.8548	0.0060
INT RATES	**NZ**	**Australia**
OCR/Cash	2.50%	4.35%
90 day bills	2.96%	4.56%
2 year swap	3.63%	4.55%
10 year Govt	4.73%	5.09%

Starting the drive to work this morning …

I noticed the car was making some funny noises … which was slightly puzzling … until I realised the handbrake was on … and speaking of car crashes …

The Trump administration is pivoting back to its *"Maximum Pressure"* playbook. Wary of an unpopular war and facing ammunition shortfalls after six months of conflict, the US is shifting from a military campaign to a naval blockade and heavier economic sanctions to choke Iranian oil exports.

Despite the change in strategy, oil prices snapped a 5-day streak of increases. Prices fell after the International Energy Agency (IEA) lowered its global demand forecast due to the prolonged conflict. Oil prices are currently 2.5% lower, with crude at USD81.15 and brent at USD86.90, while US natural gas prices dropped over 2.0% to $2.73/MMBtu due to strong domestic production.

There was little movement in FX markets, while the 10-year US Treasury yield eased 5bps to 4.65% from its 19-month high of 4.75% two sessions prior after the release of soft producer price data. The Treasury's 30-year bond auction saw weak demand from domestic and international buyers, resulting in a high yield of 5.216% (above the 5.212% pre-sale estimate) forcing dealers to absorb more supply than usual.

Equity markets rallied on increased bets of a Fed interest rate hold next month. The US exchanges gained 0.5%-1.0%, while the European bourses were more subdued, ranging between -0.5% and +0.5%.

The narrative around US inflation

Has softened after the US PPI report and yesterday's CPI release …

- US producer prices were unchanged in July 2026, beating market forecasts of a 0.2% rise. This followed June's revised 0.1% drop. Core producer prices grew by 0.2%, also coming in lower than the expected 0.3%. This softer-than-expected data matches the cooler CPI report, easing fears of hike from the Fed at its September meeting.
- US Initial jobless claims rose by 9k to 209k last week, above estimates of 202k. However, continuing claims fell by 22k to 1,777k.
- The RBNZ's Q3 Survey of Expectations highlighted business managers have scaled back their inflation projections after the 2-year inflation forecast eased to 2.34%, its lowest level since Q4 2025. The 1-year inflation expectation dropped sharply from 3.41% to 2.60%, although, somewhat conversely, the 5-year forecasts edged up to 2.31%. Respondents also expect the OCR to climb to 2.73% by September and hit 3.21% over the next year.

Richmond Fed President Tom Barkin noted that while inflation remains above the central bank's long-term target, it is slowing, although the labour market also looks vulnerable. Cleveland Fed President Beth Hammack also raised concerns over high leverage in Treasury markets, private credit risks, and a potential AI bubble.

RBA Assistant Governor Christopher Kent warned that inflation risks lean heavily to the upside, meaning further interest rate hikes cannot be ruled out, stating, "*A lot of things would need to go right to avert another rate increase*" adding "*Our sense is that the various risks that we have called out, we think they're leaning very much to the upside when it comes to inflation. The earlier rate increases were working as intended, with tighter monetary conditions weighing on consumer spending and slowing broader economic activity. Housing credit growth had slowed, with a noticeable decline in new home lending.*" We also have Governor Michelle Bullock speaking later today.

Anthropic investors

Are expecting a bumper payday with the AI start-up projected to debut at a massive USD2.0trn valuation at its planned October IPO, which would make it the largest stock market debut in history, ahead of SpaceX.

Daily Rates

Friday 14 August 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	66.60				
NZD/USD	0.5851	0.0005	0.0015	0.0027	0.0043
NZD/AUD	0.8287	0.0012	0.0034	0.0063	0.0106
NZD/JPY	93.320	-0.15	-0.44	-0.9018	-1.86
NZD/EUR	0.5075	-0.0002	-0.0005	-0.0013	-0.0034
NZD/GBP	0.4338	0.0004	0.0011	0.0021	0.0036
AU TWI	65.50				
AUD/USD	0.7058	-0.0004	-0.0011	-0.0022	-0.0042
AUD/NZD	1.2059	-0.0018	-0.0051	-0.0096	-0.0167
AUD/JPY	112.29	-0.34	-0.98	-1.95	-3.68
AUD/EUR	0.6121	-0.0011	-0.0031	-0.0063	-0.0118
AUD/GBP	0.5234	-0.0003	-0.0008	-0.0016	-0.0025
USD Index	99.97				
EUR/USD	1.1529	0.0014	0.0040	0.0080	0.0157
USD/JPY	159.49	-0.39	-1.14	-2.27	-4.30
GBP/USD	1.3485	-0.0001	-0.0001	-0.0004	-0.0018
EUR/GBP	0.8548	0.0011	0.0030	0.0060	0.0125
USD/CNY	6.7428	-0.0143	-0.0433	-0.0883	-0.1785

	Spot Mid NZD/...	AUD/...
CAD	0.8150	0.9833
CHF	0.4764	0.5749
CNY	3.9435	4.7587
DKK	3.7929	4.5761
FJD	1.2792	1.5434
HKD	4.5903	5.5381
KRW	829.75	1001.09
MYR	2.3897	2.8832
NOK	5.5615	6.7100
SEK	5.5961	6.7516
SGD	0.7492	0.9038
TWD	18.78	22.66
ZAR	9.47	11.43

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.78%	4.37%
90 day bank bills	2.96%	4.56%
1 year swap	3.35%	4.58%
2 year swap	3.63%	4.55%
3 year swap	3.77%	4.53%
5 year swap	3.98%	4.54%
10 year swap	4.37%	4.83%
3 year Govt bond	3.83%	4.56%
5 year Govt bond	4.16%	4.66%
10 year Govt bond	4.73%	5.09%

EQUITIES	Index
NZX50	13,825
ASX200	9,189
Dow Jones	53,820
S&P 500	7,802
FTSE100	10,773
DAX 40	26,300
Nikkei	68,309

COMMODITIES	USD
Brent Crude	87.06
Gold	4,349.69
Silver	64.37
Iron Ore	95.09
CRB Index	498.04
	NZD
NZ Carbon	54.80

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