Market Alert

Tuesday 18 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5904	0.0028
NZD/AUD	0.8311	0.0064
NZD/JPY	94.145	-0.90
NZD/EUR	0.5099	-0.0012
NZD/GBP	0.4360	0.0022
NZD/CNH	3.9812	-0.0342
AUD/USD	0.7103	-0.0022
AUD/EUR	0.6134	-0.0061
EUR/USD	1.1578	0.0079
USD/CNH	6.7422	-0.0890
GBP/USD	1.3540	-0.0005
EUR/GBP	0.8548	0.0061
INT RATES	**NZ**	**Australia**
OCR/Cash	2.50%	4.35%
90 day bills	2.97%	4.56%
2 year swap	3.59%	4.53%
10 year Govt	4.80%	5.14%

Once again … there's one man making all the headlines!

This morning … escalating tensions further, President Trump warned Oman that the US would *"bomb the 'be-je-bee's' out of them"* if the neighbouring state interferes with Washington's strategic objectives. Okay … he didn't use the word 'be-je-bee's,' but I think you get the idea. The President also refused to extend the expiring Iran ceasefire and doubled down on his proposal to declare the Strait of Hormuz a "*US territory,*" calling the move a "*great idea.*" Tehran countered declaring the expiring US-Iran MoU "*dead*" and "*irrelevant*" and flatly rejected Trump's claims that direct communications were ongoing with the US and the Islamic Revolutionary Guards.

With the President signalling he was in no rush to lift the energy blockade, oil prices rose a further 2.6% with WTI at USD84.65 and Brent at USD90.85. Gold and silver also locked in gains. Equity markets closed 0.25%-0.50% lower in muted trading as AI-trade optimism competed with macro headwinds.

The 10-year Treasury yield firmed 3bps to 4.72%, within touching distance of the 19-month high at 4.75%, amid persistent inflation worries and supply pressures, while the 30-year rose 5bps to 5.31%!

The USD-index continued its recent trend of weakening despite higher bond yields, which saw the EUR strengthened to a two-month high at 1.1614 on shifting rate expectations. The NZD and AUD firmed to 0.5900 and 0.7100 respectively against the USD and made modest gains on the crosses.

There was a whole host of data out overnight …

From China that confirmed what we already knew …

- The broad economic prints for China in July disappointed; fixed-asset investment in the first seven months of 2026 shrank 6.7% year-on-year, industrial output slowed to 4.5%, while retail sales crawled up 0.6%, below forecasts of 1.5% and down from 1.0% in the previous month. The unemployment rate hit a three-year high of 5.2%, while new home prices across 70 cities dropped 3.2% in July, following on from the 3.3% decline in the prior month.
- This saw China's National Bureau of Statistics confirm the economy has remained "*generally stable*" this year, though it warned of a "*complicated and volatile*" external environment and weak domestic demand, which saw the 10-year government bond yield fall to a multi-year low of 1.68%.
- The New York Fed's Empire State Manufacturing Index accelerated to 20.6 in August (its fastest pace since late 2021), though the NAHB Housing Market Index softened to 25.
- Canadian annual inflation, which is a good lead indicator, ticked up to 3.0% in July, slightly exceeding consensus forecasts.
- Japan Q2 GDP growth undershot forecasts, printing at 0.3% on the quarter and 1.1% on the year. The forecasts had been at 0.5% and 2.0% respectively. Undoubtably, this complicates the BoJ's hiking timeline.
- The New Zealand services sector expanded for a second straight month in July, even though the PSI eased to 50.6 from 50.9. New orders/business was the strongest sub-index at 52.6, followed by stock/inventories at 51.6 and activity/sales at 50.5.
- NZ electronic card retail sales grew 1.3% in July following June's 1.4% contraction. On the year, card spending grew 3.4%. Also, the local Food Price Index inflation grew 0.1% on the month, following the prior month's 0.6% increase.

The interesting facts of the day

Analysis by the FT revealed that stress signals in the private credit market have swollen to levels not observed since 2017 as troubled corporate loans accumulate.

UK Prime Minister Andy Burnham exchanged text messages with an individual impersonating Trump's chief of staff.

Daily Rates

Tuesday 18 August 2026

FX

	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	67.00				
NZD/USD	0.5904	0.0005	0.0015	0.0028	0.0043
NZD/AUD	0.8311	0.0012	0.0033	0.0064	0.0107
NZD/JPY	94.145	-0.17	-0.44	-0.9023	-1.87
NZD/EUR	0.5099	-0.0002	-0.0005	-0.0012	-0.0032
NZD/GBP	0.4360	0.0004	0.0011	0.0022	0.0038
AU TWI	66.00				
AUD/USD	0.7103	-0.0004	-0.0011	-0.0022	-0.0041
AUD/NZD	1.2024	-0.0019	-0.0050	-0.0095	-0.0167
AUD/JPY	113.26	-0.39	-0.98	-1.95	-3.68
AUD/EUR	0.6134	-0.0011	-0.0031	-0.0061	-0.0119
AUD/GBP	0.5245	-0.0003	-0.0008	-0.0014	-0.0023
USD Index	99.57				
EUR/USD	1.1578	0.0015	0.0040	0.0079	0.0155
USD/JPY	159.46	-0.45	-1.13	-2.27	-4.29
GBP/USD	1.3540	-0.0001	-0.0001	-0.0005	-0.0021
EUR/GBP	0.8548	0.0011	0.0030	0.0061	0.0126
USD/CNY	6.7399	-0.0153	-0.0442	-0.0883	-0.1775

	Spot Mid NZD/...	AUD/...
CAD	0.8187	0.9853
CHF	0.4786	0.5764
CNY	3.9779	4.7874
DKK	3.8107	4.5861
FJD	1.2856	1.5472
HKD	4.6298	5.5719
KRW	835.23	1005.20
MYR	2.3962	2.8838
NOK	5.5554	6.6858
SEK	5.6144	6.7569
SGD	0.7541	0.9076
TWD	18.81	22.63
ZAR	9.57	11.51

INTEREST RATES

	New Zealand Mid	Australia Mid
30 day bank bills	2.80%	4.36%
90 day bank bills	2.97%	4.56%
1 year swap	3.35%	4.56%
2 year swap	3.59%	4.53%
3 year swap	3.72%	4.52%
5 year swap	3.94%	4.51%
10 year swap	4.40%	4.78%
3 year Govt bond	3.88%	4.60%
5 year Govt bond	4.22%	4.71%
10 year Govt bond	4.80%	5.14%

EQUITIES

	Index
NZX50	13,722
ASX200	9,073
Dow Jones	53,456
S&P 500	7,750
FTSE100	10,720
DAX 40	26,339
Nikkei	69,220

COMMODITIES

	USD
Brent Crude	90.65
Gold	4,418.30
Silver	65.86
Iron Ore	95.17
CRB Index	509.40

	NZD
NZ Carbon	54.50

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