Market Alert

Wednesday 26 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5981	0.0026
NZD/AUD	0.8346	0.0061
NZD/JPY	95.195	-0.93
NZD/EUR	0.5122	-0.0013
NZD/GBP	0.4381	0.0020
NZD/CNH	4.0168	-0.0349
AUD/USD	0.7165	-0.0021
AUD/EUR	0.6135	-0.0061
EUR/USD	1.1677	0.0081
USD/CNH	6.7168	-0.0875
GBP/USD	1.3652	-0.0003
EUR/GBP	0.8552	0.0060

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	3.01%	4.54%
2 year swap	3.62%	4.54%
10 year Govt	4.81%	5.12%

9 to 5

The original *'working 9-to-5'* star unfortunately passed away overnight. RIP Dolly.

Ahead of this weekend's theatre at Jackson Hole, financial markets have entered a cautious holding pattern as shadow diplomacy hints at a Gulf breakthrough. Amid a flurry of backchannel whispers, headlined by rumours that CIA Director John Ratcliffe covertly flew to Moscow to broker a US-Iran peace deal. This followed the Pakistani army chief's de-escalation visit to Tehran, while Washington's *"Operation Economic Outcast,"* measures were less severe than expected. Compounding the softer energy tone, Iran and Oman discussed a joint shipping route in the Strait of Hormuz and mine clearing mission.

This saw oil futures fall 6.0%, extending Monday's losses, as the geopolitical premium rapidly unwound, Bitcoin spiked above USD80k, gold fell USD50.00 in our time zone, but recovered in the European session, while lower crop yields and Black Sea disruptions saw grain and wheat prices rally.

Lower energy prices softened concerns of higher inflation, and while longer-term yields remained sharply higher on the month, we saw a correction overnight with the 2-year falling 4bps to 4.19%, the 10-year plummeted 7bps to 4.63%, while the 30-years eased 6bps to 5.17%. The USD-index also reverted to its weakening trend, which saw the NZD and AUD outperform to the topside.

What was the data 'Jolene'?

- The US housing market is painting a convoluted picture after CoreLogic's Case-Shiller 20-City Home Price Index accelerated to 2.1% in the year to June, beating the 1.7% forecast, although higher borrowing costs impacted demand, causing new single-family home sales to plummet 10.5% in July.
- Germany's Ifo index, increased to 88.8 in August, bringing the Ifo index to a one-year-high.

Fed Member Susan Collins announced, *"I consider disinflation as the most likely outcome based on limited additional tariffs and progress on reopening the Strait of Hormuz. I remain particularly concerned about inflation. It is appropriate to raise interest rates 'soon' (in the) absent evidence of sustained disinflation."*

An ECB source suggested, *"Policymakers ready to raise rates to stem effects of Iran war (although) there is little appetite at the ECB to signal further tightening."*

The RBA minutes revealed the Board spent hours locked in a debate over whether to hike the cash rate or hold it steady. Ultimately, they opted to stand pat at 4.35%, concluding that current restrictive settings are doing their job cooling the economy. But there was a distinct split: several hawkish members warned that upside inflation risks are highly likely to *"crystallise,"* while others pointed out that a cooling jobs market and falling property prices will do the tightening for them via the wealth effect. The RBA explicitly noted that it is just buying time until its next meeting with core inflation expected to drop to 3.5%. Unfortunately, the RBA doesn't see inflation hitting its 2.5% target midpoint until early 2028 … fingers crossed!

We also saw the collapse of the Australian construction company, The Bathla Group, which has failed owing AUD3.6bn. Construction activity has frozen across approximately 15,000 homes, townhouses, and apartment developments currently underway.

While Dolly was the original, 'I Will Always Love You'

Whitney Houston did it better!

Legendary investor Stanley Druckenmiller issued a warning arguing that the US Treasury's enlarged bond buybacks amount to yield suppression rather than liquidity support, warning it removes the bond market's role as a check on unchecked deficit spending.

Daily Rates

Wednesday 26 August 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	67.30				
NZD/USD	0.5981	0.0005	0.0014	0.0026	0.0042
NZD/AUD	0.8346	0.0011	0.0032	0.0061	0.0105
NZD/JPY	95.195	-0.17	-0.45	-0.9264	-1.92
NZD/EUR	0.5122	-0.0002	-0.0006	-0.0013	-0.0035
NZD/GBP	0.4381	0.0003	0.0010	0.0020	0.0033
AU TWI	66.10				
AUD/USD	0.7165	-0.0004	-0.0011	-0.0021	-0.0040
AUD/NZD	1.1974	-0.0017	-0.0047	-0.0091	-0.0166
AUD/JPY	113.86	-0.34	-0.98	-1.95	-3.71
AUD/EUR	0.6135	-0.0011	-0.0031	-0.0061	-0.0118
AUD/GBP	0.5247	-0.0003	-0.0008	-0.0015	-0.0024
USD Index	98.87				
EUR/USD	1.1677	0.0014	0.0040	0.0081	0.0160
USD/JPY	159.14	-0.40	-1.13	-2.24	-4.31
GBP/USD	1.3652	0.0000	-0.0001	-0.0003	-0.0014
EUR/GBP	0.8552	0.0011	0.0029	0.0060	0.0122
USD/CNY	6.7203	-0.0153	-0.0434	-0.0881	-0.1791

	Spot Mid NZD/...	AUD/...
CAD	0.8270	0.9910
CHF	0.4789	0.5740
CNY	4.0181	4.8151
DKK	3.8271	4.5862
FJD	1.2950	1.5519
HKD	4.6868	5.6164
KRW	826.53	990.48
MYR	2.4179	2.8975
NOK	5.5626	6.6660
SEK	5.6508	6.7717
SGD	0.7587	0.9092
TWD	19.05	22.83
ZAR	9.52	11.41

EQUITIES	Index
NZX50	13,993
ASX200	9,165
Dow Jones	53,577
S&P 500	7,674
FTSE100	10,886
DAX 40	26,266
Nikkei	65,856

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.87%	4.36%
90 day bank bills	3.01%	4.54%
1 year swap	3.38%	4.57%
2 year swap	3.62%	4.54%
3 year swap	3.79%	4.52%
5 year swap	4.00%	4.59%
10 year swap	4.39%	4.86%
3 year Govt bond	3.90%	4.61%
5 year Govt bond	4.24%	4.71%
10 year Govt bond	4.81%	5.12%

COMMODITIES	USD
Brent Crude	87.50
Gold	4,663.96
Silver	68.85
Iron Ore	95.34
CRB Index	513.43
	NZD
NZ Carbon	52.50

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