Market Alert

Thursday 27 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5945	0.0026
NZD/AUD	0.8286	0.0063
NZD/JPY	94.725	-0.91
NZD/EUR	0.5101	-0.0013
NZD/GBP	0.4373	0.0020
NZD/CNH	3.9963	-0.0347
AUD/USD	0.7172	-0.0024
AUD/EUR	0.6154	-0.0063
EUR/USD	1.1653	0.0080
USD/CNH	6.7226	-0.0880
GBP/USD	1.3594	-0.0002
EUR/GBP	0.8570	0.0059

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	3.01%	4.54%
2 year swap	3.62%	4.53%
10 year Govt	4.76%	5.13%

Well, that didn't go well ...

If you were banking on yesterday's rumours of a secret, backchannel US-Iran breakthrough to spark a broader geopolitical de-escalation, it's time to shred that script.

The diplomatic optimism turned completely sour following a secretive, high-stakes, two-hour meeting in Moscow. While the Kremlin confirmed that CIA Director John Ratcliffe held rare, closed-door talks with Russian intelligence counterparts, any hopes of stability were instantly smashed. Reports suggest President Putin is actively preparing for a major escalation against Ukraine after concluding that peace negotiations have hit a dead end, with Moscow planning an intensification of ballistic missile strikes targeting Kyiv and critical infrastructure across Ukraine. Compounding the war-drum panic, rumours are flying that the US has quietly evacuated and withdrawn most of its diplomatic staff from its Embassy in Moscow!

An escalation in Russia-Ukraine conflict would no doubt disrupt grain shipments from the Black Sea, which saw wheat futures surged 5% toward USD7.20 per bushel, their highest level since July 2023. Conversely, oil prices reversed some of their early morning losses to trade just below USD82.00 and USD87.50 per barrel, although optimism is building after Iran and Oman reached an agreement on a corridor through the Strait of Hormuz and its revenues, but the sudden escalation in Ukraine effectively put a floor underneath global energy pricing.

The US Treasury successfully ~~dumped~~ sold-off USD70.0bn of 5-year notes at a high yield of 4.393%. Domestic buyers punched above their weight taking 28.4% of the issue, compared their the average 21.2%, while international accounts took just 61.5% - well below their historical average at 65.4%. Beyond the issue, yields firmed after their decline in the prior session to maintain the 'yo-yo' impact. The 2-year firmed 3bps to 4.22%, the 10-year gained 2bps to 4.66% while the 30-year flatlined at 5.17%.

The USD-index staged a modest recovery reclaiming the 99.00 handle, which saw the NZD/USD fall 0.5% to be below the 0.5950 handle. The AUD/USD outperformed reaching 0.7175 on their elevated inflation print, which saw NZD/AUD fall to 0.8285, or 1.2070 in AUD/NZD terms.

Global equity markets were quiet ranging between -0.3% and 0.3%.

The latest tranche of US data offered a deeply irritating puzzle for the Fed!

- US Q2 GDP growth slowed to a sluggish annualised 1.5%, while headline PCE inflation refused to slow, rising 0.2% in July exceeding the 0.1% estimate. Annualised headline PCE rose to a sticky 3.7% versus the projected 3.6%. Core PCE also ticked up 0.2% on the month to hold at 3.3% annually.
- US personal spending increased by USD36.3bn in July, while durable goods orders increased 1.1% on-the-month to hit USD339.3bn, easily crushing Wall Street's 0.5% forecast.
- Australia's annualised CPI slowed slightly from 3.8% down to 3.5% in July, but comfortably overshot market expectations of 3.3%. Strikingly, the trimmed mean CPI, the RBA's preferred core metric, held stubbornly firm at 3.6%, its highest level since September 2024. Even worse, on a monthly basis, CPI jumped a massive 1.0%, marking its fastest acceleration in four months.
- Australian construction activity plunged 2.1% in Q2, completely defying expectations for a 0.5% expansion.

Is tech really a solution?

Meta agreed to pay a record-breaking USD 16.7 billion fine to settle a massive, multi-state lawsuit co-led by California over systemic platform harm to children and teenagers.

Nvidia is reporting on its Q2 financials after the bell.

Daily Rates

Thursday 27 August 2026

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths		Spot Mid NZD/...	AUD/...
NZ TWI	67.30					CAD	0.8248	0.9953
NZD/USD	0.5945	0.0005	0.0014	0.0026	0.0046	CHF	0.4786	0.5778
NZD/AUD	0.8286	0.0010	0.0033	0.0063	0.0115	CNY	3.9950	4.8210
NZD/JPY	94.725	-0.16	-0.46	-0.9149	-1.86	DKK	3.8124	4.6000
NZD/EUR	0.5101	-0.0002	-0.0006	-0.0013	-0.0031	FJD	1.2885	1.5547
NZD/GBP	0.4373	0.0004	0.0010	0.0020	0.0037	HKD	4.6592	5.6218
						KRW	823.27	993.35
AU TWI	66.30					MYR	2.3907	2.8846
AUD/USD	0.7172	-0.0003	-0.0012	-0.0024	-0.0046	NOK	5.5557	6.7035
AUD/NZD	1.2066	-0.0016	-0.0049	-0.0094	-0.0174	SEK	5.6658	6.8363
AUD/JPY	114.15	-0.33	-1.01	-1.98	-3.84	SGD	0.7559	0.9121
AUD/EUR	0.6154	-0.0010	-0.0032	-0.0063	-0.0122	TWD	18.93	22.84
AUD/GBP	0.5275	-0.0003	-0.0009	-0.0017	-0.0029	ZAR	9.49	11.45
USD Index	99.16							
EUR/USD	1.1653	0.0014	0.0041	0.0080	0.0158			
USD/JPY	159.34	-0.39	-1.15	-2.23	-4.34			
GBP/USD	1.3594	0.0000	-0.0001	-0.0002	-0.0015			
EUR/GBP	0.8570	0.0011	0.0030	0.0059	0.0124			
USD/CNY	6.7225	-0.0146	-0.0439	-0.0866	-0.1790			

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.88%	4.36%
90 day bank bills	3.01%	4.54%
1 year swap	3.36%	4.57%
2 year swap	3.62%	4.53%
3 year swap	3.76%	4.50%
5 year swap	3.97%	4.52%
10 year swap	4.36%	4.84%
3 year Govt bond	3.87%	4.66%
5 year Govt bond	4.20%	4.74%
10 year Govt bond	4.76%	5.13%

EQUITIES	Index
NZX50	14,013
ASX200	9,128
Dow Jones	53,464
S&P 500	7,682
FTSE100	10,878
DAX 40	26,286
Nikkei	66,262

COMMODITIES	USD
Brent Crude	87.45
Gold	4,594.49
Silver	68.14
Iron Ore	95.40
CRB Index	515.77
	NZD
NZ Carbon	52.85

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