Market Alert

Friday 28 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5950	0.0025
NZD/AUD	0.8269	0.0062
NZD/JPY	94.835	-0.92
NZD/EUR	0.5107	-0.0014
NZD/GBP	0.4378	0.0019
NZD/CNH	3.9982	-0.0347
AUD/USD	0.7195	-0.0024
AUD/EUR	0.6175	-0.0063
EUR/USD	1.1650	0.0077
USD/CNH	6.7194	-0.0861
GBP/USD	1.3590	-0.0003
EUR/GBP	0.8571	0.0058

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	3.03%	4.59%
2 year swap	3.62%	4.64%
10 year Govt	4.81%	5.19%

Russia threatens the UK!

Having already assassinated Russian dissidents on UK soil, the Kremlin went a step further overnight threating strikes against the United Kingdom stating, "*We have repeatedly warned that the response to Ukrainian strikes using British weapons against Russian territory could be directed against any British military facilities and equipment in Ukraine … and beyond!*"

Oil prices stabilised to snap a 3-session losing streak as markets weighed improving supply prospects after Iran confirmed it had reached a revenue-sharing agreement with Oman over the Strait of Hormuz against the threat of disruption to Russian energy exports. Gold, silver, and wheat prices continued their grind higher.

Equity markets were mixed with the European bourses flat to 1.0% lower, although the US exchanges posted 0.3%-1.0% gains following the positive Nvidia result. Interestingly, Xero shareholders voted down the proposed remuneration report at its annual shareholder meeting.

Following on from yesterday's PCE inflation release, US Treasury yields consolidated further gaining 2bps with the 2, 10 and 30-year firming to 4.24%, 3.68%, and 5.19%. The USD-index flatlined, although the AUD continued its grind higher to be at 0.7200 this morning, which saw the NZD/AUD ease to 0.8265, or 1.2095.

Beyond the threat of WWIII …

The minutes from the ECB's July meeting exposed an intense, high-stakes debate. While the Governing Council ultimately voted unanimously to leave interest rates unchanged following its June hike, President Christine Lagarde's fragile consensus remains under severe pressure with a growing faction of hawkish members explicitly stating they "*would not have opposed*" another pre-emptive rate hike. These members warned that acting earlier would be far less costly than falling behind the curve. Ultimately, the messaging was clear: The July pause should not be interpreted as the end of the cycle, and a September rate hike is firmly on the table.

The other headlines saw …

- Eurozone bank lending to households ticked up from 3.0% to 3.1% in July, while lending to non-financial corporations accelerated sharply from 4.0% to 4.4%.
- US initial jobless claims fell by 4k 203k, against expectations they would rise to 208k. Continuing claims fell by 18k to 1,778k.
- The preliminary US trade balance release saw the deficit widen to USD118.8bn in July, up from June's USD101.4bn. Imports rose 3.7% to a 16-month high of USD318.2bn, while exports declined for the 3rd month, falling 2.9% to USD199.4bn
- Chinese industrial profit growth slowed to an annualised 11.2% in July, a 7-month low. In the first 7-months of 2026, profits were up 17.6%, which was lower than the 18.7% recorded in the first 6-months of the year.
- Australian household spending rose 1.1% in July, nearly triple the 0.4% forecast, with annual growth up from 6.1% to 7.0%. The surge in household spending supports the case for a further RBA rate hike, even as Q2 private capex slumped 3.6%.

Cleveland Fed member Beth Hammack declared it is "*time to act*," stressing the need to "*put some restrictiveness back into policy*," while colleague Susan Collins struck a more measured tone describing the latest inflation report as "*mixed*."

BoJ Deputy Governor Himino justified the case for an accelerated hiking cycle stating, "*Raising rates in a timely manner would help avoid a future spike in inflation requiring abrupt hikes. With underlying inflation nearing 2.0%, the BoJ's focus should be on stabilising price growth around that level. The weak JPY could push inflation up faster than in the past.*" Summing it up … Himino San is saying the BoJ should keep raising rates as underlying inflation nears 2.0%.

Daily Rates

Friday 28 August 2026

FX	Spot Mid	1mth	3mths	6mths	12mths
			FECs (mid)		
NZ TWI	67.10				
NZD/USD	0.5950	0.0004	0.0013	0.0025	0.0045
NZD/AUD	0.8269	0.0010	0.0032	0.0062	0.0112
NZD/JPY	94.835	-0.16	-0.46	-0.9236	-1.93
NZD/EUR	0.5107	-0.0002	-0.0006	-0.0014	-0.0034
NZD/GBP	0.4378	0.0003	0.0010	0.0019	0.0035
AU TWI	66.30				
AUD/USD	0.7195	-0.0003	-0.0012	-0.0024	-0.0047
AUD/NZD	1.2090	-0.0015	-0.0049	-0.0094	-0.0177
AUD/JPY	114.38	-0.32	-0.99	-1.97	-3.86
AUD/EUR	0.6175	-0.0010	-0.0031	-0.0063	-0.0125
AUD/GBP	0.5293	-0.0002	-0.0009	-0.0018	-0.0031
USD Index	99.14				
EUR/USD	1.1650	0.0013	0.0039	0.0077	0.0156
USD/JPY	159.38	-0.37	-1.11	-2.21	-4.34
GBP/USD	1.3590	0.0000	-0.0001	-0.0003	-0.0015
EUR/GBP	0.8571	0.0010	0.0029	0.0058	0.0122
USD/CNY	6.7198	-0.0141	-0.0430	-0.0850	-0.1777

Spot Mid	NZD/...	AUD/...
CAD	0.8241	0.9967
CHF	0.4784	0.5786
CNY	3.9976	4.8349
DKK	3.8162	4.6155
FJD	1.2882	1.5580
HKD	4.6630	5.6397
KRW	821.89	994.03
MYR	2.3974	2.8996
NOK	5.5424	6.7033
SEK	5.6623	6.8483
SGD	0.7561	0.9144
TWD	18.84	22.79
ZAR	9.51	11.51

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.89%	4.36%
90 day bank bills	3.03%	4.59%
1 year swap	3.39%	4.66%
2 year swap	3.62%	4.64%
3 year swap	3.75%	4.63%
5 year swap	3.97%	4.66%
10 year swap	4.36%	4.92%
3 year Govt bond	3.93%	4.73%
5 year Govt bond	4.25%	4.81%
10 year Govt bond	4.81%	5.19%

EQUITIES	Index
NZX50	13,880
ASX200	9,038
Dow Jones	53,569
S&P 500	7,731
FTSE100	10,793
DAX 40	26,367
Nikkei	66,132

COMMODITIES	USD
Brent Crude	89.64
Gold	4,603.45
Silver	69.27
Iron Ore	95.58
CRB Index	520.34
	NZD
NZ Carbon	52.00

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