Market Alert

Monday 31 August 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5924	0.0027
NZD/AUD	0.8276	0.0062
NZD/JPY	94.865	-0.92
NZD/EUR	0.5115	-0.0014
NZD/GBP	0.4377	0.0019
NZD/CNH	3.9796	-0.0335
AUD/USD	0.7156	-0.0022
AUD/EUR	0.6177	-0.0064
EUR/USD	1.1581	0.0082
USD/CNH	6.7310	-0.0874
GBP/USD	1.3532	0.0001
EUR/GBP	0.8555	0.0059

INT RATES	NZ	Australia
OCR/Cash	2.50%	4.35%
90 day bills	3.05%	4.60%
2 year swap	3.69%	4.67%
10 year Govt	4.82%	5.20%

If you were hoping for a comfortable, dovish cushion …

From Jackson Hole, you can officially shred that script. In a blistering debut address, Fed Chair Kevin Warsh essentially told the markets that they are on their own, price pressures are still embedded, and interest rate hikes are very much on the table. Warsh delivered a sharp reality check that flatly dismissed the idea that the summer's softer price gauges mean the battle on inflation is won, stating, *"While this summer's readings were better than expected, they do not tell me that underlying trends have meaningfully improved."* Chair Warsh issued a blunt warning against central bank dependency, adding, *"We should not indulge a regime in which market participants are looking primarily to the Fed for their next trade"* while emphasising that core PCE inflation is the Fed's absolute target gauge. He also acknowledging that current financial conditions are simply not restrictive enough, adding that interest rates remain the Fed's *"predominant tool"* for achieving its mandate.

In dropping his strongest hint yet that rate hikes may be necessary, Treasury yields climbed sharply with the 2-years surging 11bps to 4.35%, while the 10-years gained 4bps to close at 4.72%. The 30-years firmed 1bp to 5.21%. Expectations for a Fed rate hike surged to a 50% coin-toss, up from just 35% pre-speech.

The USD-index caught a strong bid, marching to fresh session highs at 99.65, with the NZD claimed the 'worst performer' award, falling 0.6% to 0.5915. The AUD and CHF also came under significant selling pressure while USD/CNY firmed to 6.7300.

Prior to the speech, European equity markets had 'locked in' gains in the 0.50%-1.0% range, although the US exchanges closed 0.25%-0.75% lower. Commodity prices were broadly flat.

Providing a cold contrast to Warsh's hawkish tone …

The non-farm payroll revisions revealed the US economy actually added 79k fewer jobs in the 12 months to March 2026 than previously estimated. The 0.1% downward revision in the retail trade sector saw a massive reduction of 154.6k roles.

The other headlines saw …

- Tokyo headline inflation rose 1.9% in August, matching forecasts but below July's 2.0%. Core-core inflation, which strips out fresh food and fuel and is the BOJ's preferred gauge of trend inflation, rose 2.0%.
- UK business confidence rose 4pips to 53% in August, a 5-month high.
- NZ consumer confidence eased slightly to 98.0 in August. It's still below 100, but 18 points above its April low. Current conditions eased from 88.5 to 83.4, future conditions rose to 107.7, while the 2-year inflation forecast was little changed at 4.7%.
- A Reuters poll shows 90% of economists expect the RBNZ to hike 25bp to 2.75% this week, with 66% seeing a further hike this year.

Hot on the heels of Jackson Hole

This week brings the G20 finance ministers meeting in Asheville, USA. No-doubt, a lot of the discussion will be on the JPY although Treasury Secretary Bessent is expected to press his G20 counterparts to cut Iran ties or risk exclusion from the USD-payment system!

We also have the usual 1st Friday of the month US employment and wage releases, as well as the JOLTs and ADP employment reports, PMIs, trade, factory orders, the Dallas Feds manufacturing index, and the Beige Book. We also have the Eurozone inflation and unemployment reports, German factory orders, and UK mortgages and factory orders. We have Chinese PMIs, Japan releases retail sales, industrial production, and consumer confidence, while Australia updates its Q2 GDP figures alongside trade and building permits.

Daily Rates

Monday 31 August 2026

FX

FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths
NZ TWI	67.20				
NZD/USD	0.5924	0.0004	0.0013	0.0027	0.0050
NZD/AUD	0.8276	0.0010	0.0032	0.0062	0.0115
NZD/JPY	94.865	-0.15	-0.45	-0.9223	-1.89
NZD/EUR	0.5115	-0.0002	-0.0006	-0.0014	-0.0031
NZD/GBP	0.4377	0.0003	0.0010	0.0019	0.0037
AU TWI	66.40				
AUD/USD	0.7156	-0.0004	-0.0011	-0.0022	-0.0040
AUD/NZD	1.2103	-0.0015	-0.0048	-0.0093	-0.0171
AUD/JPY	114.73	-0.33	-1.00	-1.98	-3.85
AUD/EUR	0.6177	-0.0010	-0.0032	-0.0064	-0.0123
AUD/GBP	0.5286	-0.0003	-0.0009	-0.0017	-0.0029
USD Index	99.68				
EUR/USD	1.1581	0.0013	0.0040	0.0082	0.0168
USD/JPY	160.08	-0.37	-1.15	-2.29	-4.51
GBP/USD	1.3532	0.0000	0.0001	0.0001	-0.0004
EUR/GBP	0.8555	0.0010	0.0029	0.0059	0.0125
USD/CNY	6.726	-0.0174	-0.0431	-0.0868	-0.1795

	Spot Mid NZD/...	AUD/...
CAD	0.8225	0.9952
CHF	0.4786	0.5782
CNY	3.9770	4.8175
DKK	3.8162	4.6177
FJD	1.2845	1.5543
HKD	4.6362	5.6099
KRW	814.06	985.02
MYR	2.3786	2.8781
NOK	5.5227	6.6825
SEK	5.6757	6.8676
SGD	0.7534	0.9117
TWD	18.71	22.64
ZAR	9.55	11.56

INTEREST RATES

INTEREST RATES	New Zealand Mid	Australia Mid
30 day bank bills	2.90%	4.36%
90 day bank bills	3.05%	4.60%
1 year swap	3.43%	4.71%
2 year swap	3.69%	4.67%
3 year swap	3.83%	4.64%
5 year swap	4.04%	4.67%
10 year swap	4.44%	4.91%
3 year Govt bond	3.93%	4.71%
5 year Govt bond	4.27%	4.81%
10 year Govt bond	4.82%	5.20%

EQUITIES

EQUITIES	Index
NZX50	13,768
ASX200	9,092
Dow Jones	53,560
S&P 500	7,712
FTSE100	10,824
DAX 40	26,570
Nikkei	66,406

COMMODITIES

COMMODITIES	USD
Brent Crude	88.10
Gold	4,452.67
Silver	66.35
Iron Ore	95.84
CRB Index	521.92

	NZD
NZ Carbon	52.60

BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington TREASURY SERVICES

Barrington ASSET CONSULTING

BANCORP
BANCORP CORPORATE FINANCE LIMITED