

# Market Alert

Tuesday 05 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5875	0.0029
NZD/AUD	0.8193	0.0074
NZD/JPY	92.290	-0.92
NZD/EUR	0.5024	-0.0011
NZD/GBP	0.4340	0.0028
NZD/CNH	4.0127	-0.0315
AUD/USD	0.7169	-0.0031
AUD/EUR	0.6130	-0.0069
EUR/USD	1.1694	0.0081
USD/CNH	6.8306	-0.0876
GBP/USD	1.3534	-0.0021
EUR/GBP	0.8637	0.0072

  

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.10%
90 day bills	2.61%	4.42%
2 year swap	3.50%	4.69%
10 year Govt	4.71%	5.08%

## It's on ... like Donkey Kong!

And with that ... hostilities are back underway again!

Yesterday, President Trump launched Project Freedom to escort ships out of the Strait of Hormuz. Overnight, US Central Command confirmed it had escorted 2 US merchant ships through the Strait safely, although Iran has insisted Hormuz remains under its control. Iran announced it targeted and struck a US Navy vessel, which the Pentagon/CENTCOM has denied.

The UAE intercepted Iranian cruise missiles and blamed an Iranian drone strike for a large fire at its Fujairah port that hospitalized three people. The UAE has threatened retaliation, and it's now been confirmed that the US and Iran have exchanged fire in the Persian Gulf, with the US military fighting off attacks from Iranian drones, missiles, and armed

small boats. The US claims to have sunk 6 Iranian Fast Boats.

So, after a 'peaceful' 4-week ceasefire, the violence has prompted calls for the US and Israel to renew attacks on the Iranian mainland.

Markets have taken the news in their stride ... although oil price have, naturally, firmed with Brent surging 5.5% to trade above USD114.00, while crude futures rose 3.3% to trade near USD105.35. Coincidence or not, yesterday, one of the 'Big 4' local banks warned it expects Brent to remain above USD90.00 through 2026, with the risk of USD100.00-plus into 2027! European gas prices rose 6.5%, silver fell 2.9%, while gold and copper fell 2.0%. Equity markets also saw profit taking with the European bourses 1.0%-2.0% lower, although the US exchanges performed better 'only' falling 0.4%-1.0%.

US Treasury yields cracked higher with the 10-year reaching its highest level since July 2025 jumping 6bp to 4.44%. The 2-year rallied 7bp to 3.96%. The USD-index gained 0.3% to be at USD98.25, which took some of the shine off AUD's recent rally with AUD/USD back at 0.7170. The NZD/USD also sold off, but not to the same extent, falling to 0.5875. There has been little change on the NZD crosses, although the JPY held up rather well after the authorities reportedly spent a further USD9bn intervening.

## Breaking the releases down ...

- US factory orders rose 1.5% on the month to \$630.4 billion in March 2026, beating market expectations of 0.5%

- Eurozone April final manufacturing PMIs printed in line at 52.2.
- The Melbourne Institute's inflation gauge eased from March's 1.3% to 0.6% in April, although the annual predictor remained steady at 4.3% ... which will likely push any doves over the line at this afternoon's RBA meeting.

New York Fed President John Williams announced, "US monetary policy remains well positioned for the uncertainty. There is no way to know yet how the Iran war impact will play out for the US economy. I expect economic growth of between 2.00%-2.25% this year with the jobless rate to stay around 4.25%-4.50%."

ECB policymaker Madis Muller added "I expect inflation to accelerate in the coming months."

RBNZ board member Professor Prasanna Gai stated, "The Hormuz supply shock does not imply reflexive tightening but has raised the neutral rate. Pre-emptive hikes are only warranted when synchronisation is high. Current conditions warrant the look-through approach that the conventional monetary policy framework has always recommended for supply shocks."

## Great news ...

NZ musician Neil Finn has brought the iconic pub, the Edinburgh Castle in Eden Terrace! Bad news ... he's planning to turn it into a wellness retreat. Isn't it the alcohol that generates the wellness?



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# Daily Rates

Tuesday 05 May 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	66.90					CAD	0.7994	0.9758
NZD/USD	0.5875	0.0006	0.0017	0.0029	0.0042	CHF	0.4601	0.5619
NZD/AUD	0.8193	0.0014	0.0038	0.0074	0.0133	CNY	4.0290	4.9142
NZD/JPY	92.290	-0.15	-0.45	-0.9180	-2.05	DKK	3.7523	4.5803
NZD/EUR	0.5024	-0.0003	-0.0006	-0.0011	-0.0029	FJD	1.2754	1.5568
NZD/GBP	0.4340	0.0005	0.0014	0.0028	0.0048	HKD	4.6008	5.6161
						KRW	866.30	1057.46
AU TWI	66.80					MYR	2.3198	2.8318
AUD/USD	0.7169	-0.0005	-0.0013	-0.0031	-0.0068	NOK	5.4435	6.6447
AUD/NZD	1.2204	-0.0022	-0.0058	-0.0114	-0.0203	SEK	5.4520	6.6551
AUD/JPY	112.50	-0.37	-1.08	-2.15	-4.27	SGD	0.7498	0.9153
AUD/EUR	0.6130	-0.0014	-0.0035	-0.0069	-0.0133	TWD	18.59	22.70
AUD/GBP	0.5295	-0.0003	-0.0008	-0.0014	-0.0026	ZAR	9.86	12.04
USD Index	98.40					<b>EQUITIES</b>		
EUR/USD	1.1694	0.0018	0.0046	0.0081	0.0144		<b>Index</b>	
USD/JPY	157.10	-0.41	-1.22	-2.35	-4.53	NZX50	13,098	
GBP/USD	1.3534	-0.0001	-0.0005	-0.0021	-0.0061	ASX200	8,697	
EUR/GBP	0.8637	0.0013	0.0037	0.0072	0.0143	Dow Jones	48,932	
USD/CNY	6.83	-0.0160	-0.0442	-0.0870	-0.1665	S&P 500	7,201	
						FTSE100	10,364	
<b>INTEREST</b>			<b>New Zealand</b>		<b>Australia</b>	DAX 40	23,991	
<b>RATES</b>			Mid		Mid	Nikkei	59,513	
30 day bank bills			2.42%		4.26%	<b>COMMODITIES</b>		
90 day bank bills			2.61%		4.42%		<b>USD</b>	
1 year swap			3.10%		4.66%	Brent Crude	114.11	
2 year swap			3.50%		4.69%	Gold	4,516.12	
3 year swap			3.70%		4.66%	Silver	72.81	
5 year swap			3.92%		4.64%	Iron Ore	107.86	
10 year swap			4.28%		4.83%	CRB Index	509.01	
3 year Govt bond			3.84%		4.72%		<b>NZD</b>	
5 year Govt bond			4.18%		4.78%	NZ Carbon	54.75	
10 year Govt bond			4.71%		5.08%			

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