

Market Alert

Friday 08 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5947	0.0028
NZD/AUD	0.8235	0.0075
NZD/JPY	93.265	-0.94
NZD/EUR	0.5066	-0.0013
NZD/GBP	0.4383	0.0027
NZD/CNH	4.0568	-0.0311
AUD/USD	0.7219	-0.0031
AUD/EUR	0.6150	-0.0071
EUR/USD	1.1737	0.0084
USD/CNH	6.8070	-0.0843
GBP/USD	1.3564	-0.0022
EUR/GBP	0.8649	0.0074

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.61%	4.49%
2 year swap	3.49%	4.62%
10 year Govt	4.68%	5.01%

Peace, love and 14-point plans ...

The good news is that the US and Iran are still talking. The less good news is that the path to any agreement still looks messy. Markets are still waiting on Tehran's response to the US proposal, with the Strait of Hormuz, the US blockade of Iranian ports, and a possible month of talks all sitting at the centre of negotiations.

There were also mixed signals on 'Project Freedom', the US plan to escort commercial shipping through Hormuz. Saudi Arabia and Kuwait have reportedly lifted restrictions on US military use of bases and airspace, which would make the operation easier to restart. However, a US official later pushed back on reports that preparations had resumed.

Adding to the pressure, President Trump is scheduled to meet President Xi in Beijing next week, with China keen to see Hormuz reopened before then.

But don't forget about tariffs! Trade tensions also remain in the background, with President Trump extending the deadline for the EU to ratify its US trade deal to 4 July. The extension delays the immediate threat of higher tariffs, including on European autos, although Trump again warned that duties could jump if the agreement is not finalised.

Rearing its ugly head

Central bankers are not quite ready to join the 'war is over' party. ECB member Isabel Schnabel warned that some of the damage from the Iran war will be hard to reverse, especially if higher energy costs feed into prices and wages. She also noted that supply-chain disruptions are re-emerging, European manufacturers are increasingly planning price increases, and inflation expectations are adjusting quickly.

The Fed's Mary Daly was a little calmer, stating US monetary policy is slightly restrictive and there is not yet evidence that the energy shock is lifting medium or longer-term inflation expectations. Even so, the New York Fed's consumer survey showed one-year inflation expectations rising to 3.6%, from 3.4%, with three-year and five-year expectations steady at 3.1% and 3.0% respectively. With that in mind, the Fed's Susan Collins stated she

agreed with colleagues who dissented last week from official commentary suggesting US rate cuts would eventually resume. Australia's March goods trade numbers showed how quickly the oil shock can show up in the real economy. The goods balance swung to a AUD1.8b deficit, the first since 2017, as imports jumped 14.1% and exports fell 2.7%. Fuel was the familiar villain, with petroleum product imports up 37.4%, diesel import prices up 42.2%, and jet fuel prices up 42.7%. There was also a AUD2.9b surge in data-processing machine imports, likely linked to AI investment.

Optimism tempered

After yesterday's spark of optimism, markets were more cautious overnight as investors waited for something firmer from Tehran. Oil remained volatile, with WTI settling at USD96.00, up 1.0%, while Brent rose 0.8% to USD102.40 a barrel.

Equities were softer. The S&P 500 slipped 0.4%, the Dow fell 0.6%, and the Nasdaq eased 0.2%. Bonds rallied, with the US 30-year US Treasury yield struggling to hold the 5.00% level, while the 10-year yield is 4bp higher at 4.39%. In currencies, the USD Index is slightly higher at 98.18, with the NZD holding just below 0.5950, while the AUD is just above 0.7230, leaving the NZD/AUD cross rate around 0.8235.



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Daily Rates

Friday 08 May 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.20					CAD	0.8115	0.9854
NZD/USD	0.5947	0.0006	0.0016	0.0028	0.0038	CHF	0.4635	0.5631
NZD/AUD	0.8235	0.0013	0.0038	0.0075	0.0133	CNY	4.0540	4.9246
NZD/JPY	93.265	-0.16	-0.45	-0.9404	-2.06	DKK	3.7845	4.5955
NZD/EUR	0.5066	-0.0003	-0.0006	-0.0013	-0.0035	FJD	1.2848	1.5602
NZD/GBP	0.4383	0.0004	0.0014	0.0027	0.0046	HKD	4.6565	5.6544
						KRW	865.29	1050.72
AU TWI	66.90					MYR	2.3227	2.8205
AUD/USD	0.7219	-0.0004	-0.0014	-0.0031	-0.0069	NOK	5.5331	6.7188
AUD/NZD	1.2139	-0.0020	-0.0058	-0.0113	-0.0198	SEK	5.5099	6.6907
AUD/JPY	113.42	-0.37	-1.08	-2.17	-4.24	SGD	0.7542	0.9158
AUD/EUR	0.6150	-0.0013	-0.0036	-0.0071	-0.0137	TWD	18.66	22.66
AUD/GBP	0.5319	-0.0003	-0.0009	-0.0015	-0.0029	ZAR	9.76	11.86
USD Index	98.19					EQUITIES		
EUR/USD	1.1737	0.0017	0.0046	0.0084	0.0151		Index	
USD/JPY	156.83	-0.41	-1.19	-2.32	-4.42	NZX50	13,271	
GBP/USD	1.3564	-0.0001	-0.0006	-0.0022	-0.0062	ASX200	8,878	
EUR/GBP	0.8649	0.0013	0.0037	0.0074	0.0147	Dow Jones	49,597	
USD/CNY	6.8014	-0.0152	-0.0426	-0.0842	-0.1606	S&P 500	7,332	
						FTSE100	10,277	
INTEREST			New Zealand		Australia	DAX 40	24,664	
RATES			Mid		Mid	Nikkei	62,834	
30 day bank bills			2.45%		4.34%	COMMODITIES		
90 day bank bills			2.61%		4.49%		USD	
1 year swap			3.14%		4.64%	Brent Crude	101.62	
2 year swap			3.49%		4.62%	Gold	4,711.49	
3 year swap			3.67%		4.58%	Silver	79.62	
5 year swap			3.88%		4.53%	Iron Ore	110.86	
10 year swap			4.22%		4.79%	CRB Index	492.23	
3 year Govt bond			3.84%		4.65%		NZD	
5 year Govt bond			4.17%		4.70%	NZ Carbon	51.50	
10 year Govt bond			4.68%		5.01%			

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