

Market Alert

Tuesday 12 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5961	0.0028
NZD/AUD	0.8223	0.0075
NZD/JPY	93.735	-0.94
NZD/EUR	0.5062	-0.0012
NZD/GBP	0.4376	0.0028
NZD/CNH	4.0496	-0.0313
AUD/USD	0.7248	-0.0032
AUD/EUR	0.6154	-0.0071
EUR/USD	1.1776	0.0083
USD/CNH	6.7927	-0.0844
GBP/USD	1.3622	-0.0024
EUR/GBP	0.8642	0.0074

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.64%	4.48%
2 year swap	3.53%	4.68%
10 year Govt	4.73%	5.09%

The latest update on the war ...

is unlikely to spark markets out of their inertia to the conflict. In the latest round of tit-for-tat social media exchanges President Trump blasted the "piece of garbage" Iranian response, adding the ceasefire negotiations are "on life support." The President, mulling a renewal of military action, reportedly stated, "forcibly retrieving the nuclear dust is still on the table!" The Iranian Foreign Ministry countered with, "Everything we proposed in the text was reasonable and generous."

Saudi Arabia has condemned Iran for the weekend's drone attacks targeting the UAE, Qatar, and Kuwait. A Qatari LNG tanker abruptly U-turned at the Strait of Hormuz chokepoint after a similar tanker had successfully transited the Strait over the weekend.

After the CEO of Saudi oil giant Aramco announced, "We expect demand rationing

to continue as long as supply remains disrupted through the Strait of Hormuz," and given the recent headlines, it won't surprise anyone to hear that oil prices are trading 3.0% higher this morning with crude at USD98.30 and Brent at USD104.25. European gas prices also rallied, gaining almost 6.0%, while silver surprisingly surged 7.0% and copper firmed 3.0%!

US yields also firmed on the headlines, not helped by a poorly subscribed 3-year auction. This saw the 2-year firm 7bp to 3.96%, while the 10-year is trading 5bp higher at 4.41%. On a side note, growing political uncertainty, question marks over PM Kier Starmer's political future, the poor performance by the Labour party at the weekend's council elections, and the US and Iran stalemate saw the UK's 10-year gilt yield surge 11bp to be above 5.00%!

FX markets remained quiet with little movement, although the JPY came under renewed selling pressure. Finally, equity markets were mixed across the Eurozone, although the US exchanges continued their grind higher.

Summing up the data release ...

- China's producer price index rose 2.8% year-on-year in April, the highest reading since July 2022 and well above Reuters poll forecasts of 1.6%, ending a 41-month consecutive decline that began in late 2022, according to National Bureau of Statistics data published Monday.
- China's consumer price index rose 1.2% year-on-year, above expectations

of 0.9% and accelerating from 1.0% in March. On a monthly basis CPI rose 0.3% against an expected dip of 0.1%.

- China's Core CPI, excluding volatile food and fuel, came in at 1.2% year-on-year, up from 1.1% in March, suggesting price pressures are broadening beyond energy categories.
- ECB member Olli Rehn warned "We should prepare for a prolonged conflict in the Strait of Hormuz," where the parties were "engaged in a war of economic attrition." On China, he added they are, "unlikely to seriously encourage the Iranian regime toward peace."

Ouch! Take that professor ...

ECB vice president, Luis de Guindos, announced "I think the inflation risk is lower this time around. I think that we were late to act in 2021 and 2022. One reason was that we had too much of an academic discussion about the drivers of inflation. Academic discussions are good at university and in academic fora but in central banking, you have to take decisions!"

According to the WSJ, Apollo Global Management is in talks to sell its USD3.0bn BDC Mid-Cap fund after defaults jumped to 5.3% and the fund posted a \$61m first-quarter loss.

Interesting fact of the day ... according to JP Morgan, Chinese smart cars are set to control 20% of the Western European market by 2028.



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Daily Rates

Tuesday 12 May 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.20					CAD	0.8148	0.9910
NZD/USD	0.5961	0.0006	0.0016	0.0028	0.0039	CHF	0.4636	0.5641
NZD/AUD	0.8223	0.0013	0.0038	0.0075	0.0132	CNY	4.0550	4.9316
NZD/JPY	93.735	-0.17	-0.45	-0.9367	-2.04	DKK	3.7807	4.5985
NZD/EUR	0.5062	-0.0003	-0.0006	-0.0012	-0.0031	FJD	1.2857	1.5638
NZD/GBP	0.4376	0.0004	0.0014	0.0028	0.0050	HKD	4.6647	5.6737
						KRW	878.83	1068.93
AU TWI	66.90					MYR	2.3359	2.8412
AUD/USD	0.7248	-0.0005	-0.0014	-0.0032	-0.0069	NOK	5.4732	6.6571
AUD/NZD	1.2157	-0.0021	-0.0058	-0.0113	-0.0201	SEK	5.4948	6.6834
AUD/JPY	113.67	-0.39	-1.08	-2.17	-4.30	SGD	0.7561	0.9197
AUD/EUR	0.6154	-0.0014	-0.0036	-0.0071	-0.0137	TWD	18.69	22.73
AUD/GBP	0.5320	-0.0003	-0.0008	-0.0015	-0.0026	ZAR	9.80	11.92
USD Index	97.97					EQUITIES		
EUR/USD	1.1776	0.0018	0.0046	0.0083	0.0151		Index	
USD/JPY	157.24	-0.44	-1.19	-2.31	-4.44	NZX50	13,210	
GBP/USD	1.3622	-0.0001	-0.0006	-0.0024	-0.0068	ASX200	8,702	
EUR/GBP	0.8642	0.0013	0.0037	0.0074	0.0151	Dow Jones	49,628	
USD/CNY	6.7948	-0.0161	-0.0437	-0.0845	-0.1642	S&P 500	7,404	
						FTSE100	10,269	
						DAX 40	24,350	
						Nikkei	62,418	
INTEREST		New Zealand		Australia				
RATES		Mid		Mid				
30 day bank bills		2.46%		4.35%		COMMODITIES		
90 day bank bills		2.64%		4.48%			USD	
1 year swap		3.15%		4.66%		Brent Crude	104.35	
2 year swap		3.53%		4.68%		Gold	4,727.74	
3 year swap		3.71%		4.64%		Silver	86.04	
5 year swap		3.94%		4.60%		Iron Ore	110.93	
10 year swap		4.31%		4.80%		CRB Index	507.11	
3 year Govt bond		3.89%		4.73%			NZD	
5 year Govt bond		4.22%		4.79%		NZ Carbon	51.00	
10 year Govt bond		4.73%		5.09%				

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