

Market Alert

Wednesday 13 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5953	0.0027
NZD/AUD	0.8225	0.0074
NZD/JPY	93.835	-0.99
NZD/EUR	0.5071	-0.0014
NZD/GBP	0.4397	0.0027
NZD/CNH	4.0435	-0.0325
AUD/USD	0.7236	-0.0032
AUD/EUR	0.6164	-0.0072
EUR/USD	1.1738	0.0082
USD/CNH	6.7918	-0.0852
GBP/USD	1.3536	-0.0024
EUR/GBP	0.8669	0.0074

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.66%	4.49%
2 year swap	3.56%	4.72%
10 year Govt	4.78%	5.13%

With the President on the road

Traveling to China for talks with President Xi, it's been a quiet session with few tweets and geopolitical headlines of note ... but that hasn't slowed markets!

The Senate confirmed Kevin Warsh's nomination to the Federal Reserve Board of Governors overnight in a 51-45 vote. The confirmation vote on the Chairmanship by the Chamber will likely take place in the next 24-hours.

US CPI rose to 3.8% in April, the highest since May 2023, above market expectations of 3.7% and March's 3.3%, while core inflation hit a 7-month high at 2.8%, above forecasts at 2.7%. On the month, headline CPI eased from March's 0.9% to 0.6%, although the core surged from 0.2% to 0.4% ... and here's the kicker for all those Italian Americans ... tomato prices rose 15% on the month!

The hotter-than-expected inflation print

will likely put the Fed on watch with higher energy costs creeping into other prices as per the monthly increase in core, inflation with the odds of a rate hike by year end rising from 20% to 40%. The report also underpinned Treasury yields, and while they have eased back from their highs, they are still elevated, with the 2-year 4bp higher at 4.00%, while the 10-year gained 5bp to be at 4.47%. The Treasury also sold USD42.0bn of 10-year bonds in a poorly received auction. The bonds attracted a high yield of 4.47% with a bid-to-cover ratio a 2.40X, with foreign buyers falling from the average 68.5% to 63.9%.

The USD index reclaimed the 98.00 handle as the inflation report highlighted the economic impact of higher energy costs and supply disruptions linked to the war in Iran, although most of the move was related to the GBP as Labour MPs debate whether to keep or remove PM Kier Starmer, the EUR, and the JPY, continued to weaken despite US Treasury Secretary Scott Bessent's visit to Japan.

The other US headlines saw ...

- Private companies increase their average weekly hiring from 30.2k to 33k.
- Wages fall after average hourly earnings dropped from March's, revised lower, 0.2% to -0.3% in April
- NFIB small business sentiment hold steady at 95.9 in April, barely changing from March's 11-month low at 95.8.
- Total US household debt increased by

USD18.0bn to a new record high of USD18.8trn in Q1.

- Finally, the US government recorded a USD215.0bn budget surplus in April 2026, down from USD258.4bn in the same month a year ago.

Fed member Austin Goolsbee announced, "Without central bank independence, inflation will come roaring back. This morning's CPI reports tells us not much that's good. Inflation is going the wrong way, not just in oil-related and tariff-related things."

The Australian budget

Focuses on productivity reforms and addressing intergenerational inequity. The major highlights saw significant changes to property tax, capital gains, and small business incentives. Breaking it down, the government introduced new measures to support workers with an AUD250 offset introduced, a modest tax cut in the AUD18k-AUD45k tax band, and an increase in the Medicare levy. To support this, negative gearing losses on residential properties will be limited to rental income or capital gains, the 50% CGT discount for individuals and trusts will be abolished, while the dwelling band for foreign buyers will be extended by 2-years. There was support for small businesses, while the government will abolish 497 'nuisance' tariffs and incorporate a 30% tax on distributions from discretionary trusts.



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Daily Rates

Wednesday 13 May 2026

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	67.30					CAD	0.8153 0.9913
NZD/USD	0.5953	0.0006	0.0016	0.0027	0.0037	CHF	0.4645 0.5651
NZD/AUD	0.8225	0.0013	0.0038	0.0074	0.0130	CNY	4.0318 4.9028
NZD/JPY	93.835	-0.17	-0.46	-0.9866	-2.09	DKK	3.7875 4.6059
NZD/EUR	0.5071	-0.0003	-0.0006	-0.0014	-0.0034	FJD	1.2850 1.5625
NZD/GBP	0.4397	0.0004	0.0013	0.0027	0.0048	HKD	4.6587 5.6647
						KRW	888.47 1080.32
AU TWI	67.00					MYR	2.3399 2.8452
AUD/USD	0.7236	-0.0005	-0.0014	-0.0032	-0.0068	NOK	5.4628 6.6433
AUD/NZD	1.2155	-0.0020	-0.0058	-0.0113	-0.0196	SEK	5.5272 6.7217
AUD/JPY	113.71	-0.38	-1.08	-2.22	-4.34	SGD	0.7567 0.9201
AUD/EUR	0.6164	-0.0013	-0.0036	-0.0072	-0.0137	TWD	18.75 22.80
AUD/GBP	0.5344	-0.0003	-0.0008	-0.0016	-0.0027	ZAR	9.82 11.94
USD Index	98.30					EQUITIES	
EUR/USD	1.1738	0.0017	0.0046	0.0082	0.0146		Index
USD/JPY	157.61	-0.43	-1.19	-2.36	-4.52	NZX50	13,080
GBP/USD	1.3536	-0.0001	-0.0006	-0.0024	-0.0067	ASX200	8,671
EUR/GBP	0.8669	0.0013	0.0037	0.0074	0.0151	Dow Jones	49,761
USD/CNY	6.792	-0.0157	-0.0443	-0.0869	-0.1671	S&P 500	7,401
						FTSE100	10,265
INTEREST			New Zealand		Australia	DAX 40	23,955
RATES			Mid		Mid	Nikkei	62,743
30 day bank bills			2.48%		4.35%	COMMODITIES	
90 day bank bills			2.66%		4.49%		USD
1 year swap			3.20%		4.68%	Brent Crude	107.82
2 year swap			3.56%		4.72%	Gold	4,713.46
3 year swap			3.73%		4.66%	Silver	86.65
5 year swap			3.95%		4.67%	Iron Ore	111.42
10 year swap			4.33%		4.88%	CRB Index	514.23
3 year Govt bond			3.95%		4.75%		NZD
5 year Govt bond			4.28%		4.82%	NZ Carbon	50.20
10 year Govt bond			4.78%		5.13%		

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