

Market Alert

Friday 29 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5930	0.0029
NZD/AUD	0.8278	0.0072
NZD/JPY	94.425	-0.94
NZD/EUR	0.5091	-0.0013
NZD/GBP	0.4411	0.0024
NZD/CNH	4.0160	-0.0319
AUD/USD	0.7162	-0.0029
AUD/EUR	0.6149	-0.0070
EUR/USD	1.1647	0.0085
USD/CNH	6.7729	-0.0872
GBP/USD	1.3440	-0.0012
EUR/GBP	0.8663	0.0069

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.62%	4.49%
2 year swap	3.53%	4.55%
10 year Govt	4.67%	5.00%

It was a bit of a yo-yo session ...

But not as one would have expected!

Yesterday, Iran launched missile and drone attacks against Kuwait and claimed responsibility for striking a US air base. The IRGC said the attack was in retaliation against earlier US strikes. Since then, there have been reports of US ships under fire, but despite this, it's been reported, "Negotiators have reached an agreement on a 60-day MoU to extend the ceasefire and launch negotiations on Iran's nuclear program, but President Trump has yet to give it his final approval."

There was also a meeting of central bankers in Tokyo with various Fed officials highlighting the upside risks to inflation and pushing back against early rate cuts. ECB Chief Economist Lane also warned that the impact of the 2nd round energy shock would persist well beyond resolution to the US-Iran war.

The overnight releases weren't flash either ...

- The bad news was that, on an annual basis, headline US PCE inflation accelerated for a 2nd straight month to 3.8% from 3.5%, its highest level since May 2023, but the good news was that, on a monthly basis, it 'only' gained 0.4%, below forecasts at 0.5%, following March's 0.7% surge.
- US economic growth was also downgraded from the 2.0% advanced estimate to 1.6% in Q1, although it was still above Q4's 0.5%.

- Initial jobless claims rose 5k to 215k, while continuing claims added 15k to 1,786k.

- EU's economic sentiment ticked up slightly from 93.2 to 93.5.

- Australian Q1 capex surged 6.5%, driven by data centre equipment investment, although April household spending contracted 1.1%.

- The NZ budget (yawn) forecast a narrower 2025/26 deficit but cut its 2026/27 GDP growth forecast to 2.3% and projected inflation peaking at 4.0% in Q2 2026.

Further bad news was highlighted in the minutes from the ECB's April meeting which showed, "a number of members noted that the decision was a close call and that they would not have opposed raising rates." There was a positive in that, "while inflation expectations have risen significantly over shorter horizons, most measures of longer-term inflation expectations stood at around 2.0%, supporting the medium-term target," although "The risks to the growth outlook

were to the downside."

Fed member Alberto Musalem stated, "Bond markets are signalling a resilient economy and higher expected inflation. Most of the recent move higher in bond yields reflects a higher expected neutral rate. I wanted to remove the Fed's easing bias."

US Treasury Secretary Scott Bessent announced, "Oil prices will be lower than pre-conflict levels. There are 2000 ships are waiting to come out of the gulf, and the oil market is set to be very well supplied. Nothing is on the table until the Strait is reopened. I believe Fed Chair Warsh will do the right thing to balance inflation and growth."

RBNZ Governor Anna Breman announced, "Weaker demand and higher costs may be capping broader price pressures. Parts of the New Zealand economy remain in good shape, notably agriculture and sections of the manufacturing sector. The committee sees inflationary pressures continuing going forward (and are) in agreement that the cash rate needs to be higher."

With the negative news outweighing the positive news

One would have expected a pessimistic session, but no, the MoU rumours generated a positive sentiment. While we shouldn't believe the hype, oil prices eased while gold, silver, and copper prices firmed. US Treasury yields trended lower with the 2-year easing 1bp to 4.03%, while the 10-year eased 3bp to 4.45%. The NZD outperformed on the lower oil prices and hawkish RBNZ, while the USD-index was slightly lower. Equity markets were mixed.



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Daily Rates

Friday 29 May 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.10					CAD	0.8168	0.9868
NZD/USD	0.5930	0.0006	0.0016	0.0029	0.0042	CHF	0.4646	0.5614
NZD/AUD	0.8278	0.0013	0.0039	0.0072	0.0120	CNY	4.0165	4.8519
NZD/JPY	94.425	-0.14	-0.44	-0.9362	-2.09	DKK	3.8028	4.5941
NZD/EUR	0.5091	-0.0002	-0.0006	-0.0013	-0.0037	FJD	1.3069	1.5789
NZD/GBP	0.4411	0.0004	0.0013	0.0024	0.0040	HKD	4.6435	5.6101
						KRW	886.08	1070.53
AU TWI	66.30					MYR	2.3564	2.8469
AUD/USD	0.7162	-0.0004	-0.0014	-0.0029	-0.0053	NOK	5.4836	6.6251
AUD/NZD	1.2074	-0.0020	-0.0058	-0.0109	-0.0180	SEK	5.4838	6.6254
AUD/JPY	113.43	-0.35	-1.06	-2.12	-4.21	SGD	0.7562	0.9137
AUD/EUR	0.6149	-0.0012	-0.0035	-0.0070	-0.0138	TWD	18.61	22.48
AUD/GBP	0.5327	-0.0003	-0.0009	-0.0018	-0.0034	ZAR	9.62	11.62
USD Index	99.02					EQUITIES		
EUR/USD	1.1647	0.0015	0.0045	0.0085	0.0166		Index	
USD/JPY	159.22	-0.40	-1.19	-2.34	-4.61	NZX50	13,206	
GBP/USD	1.3440	-0.0001	-0.0004	-0.0012	-0.0029	ASX200	8,593	
EUR/GBP	0.8663	0.0012	0.0035	0.0069	0.0138	Dow Jones	50,669	
USD/CNY	6.7796	-0.0149	-0.0447	-0.0871	-0.1743	S&P 500	7,563	
						FTSE100	10,426	
						DAX 40	25,092	
						Nikkei	64,693	
INTEREST RATES			New Zealand	Australia				
			Mid	Mid				
30 day bank bills			2.46%	4.35%		COMMODITIES		
90 day bank bills			2.62%	4.49%			USD	
1 year swap			3.17%	4.59%		Brent Crude	94.17	
2 year swap			3.53%	4.55%		Gold	4,496.74	
3 year swap			3.69%	4.53%		Silver	75.59	
5 year swap			3.89%	4.50%		Iron Ore	109.27	
10 year swap			4.24%	4.78%		CRB Index	489.30	
3 year Govt bond			3.84%	4.58%			NZD	
5 year Govt bond			4.17%	4.65%		NZ Carbon	52.65	
10 year Govt bond			4.67%	5.00%				

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