

# Market Alert

Thursday 11 June 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5799	0.0027
NZD/AUD	0.8284	0.0071
NZD/JPY	93.105	-0.94
NZD/EUR	0.5026	-0.0011
NZD/GBP	0.4337	0.0024
NZD/CNH	3.9353	-0.0319
AUD/USD	0.6999	-0.0027
AUD/EUR	0.6065	-0.0066
EUR/USD	1.1538	0.0081
USD/CNH	6.7823	-0.0870
GBP/USD	1.3368	-0.0013
EUR/GBP	0.8629	0.0067

  

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.67%	4.51%
2 year swap	3.45%	4.55%
10 year Govt	4.59%	4.99%

## Waiting on the world to change

Any hope the Middle Eastern conflict would be closer to a resolution was dented further overnight. President Trump vowed to hit Iran "very hard", and accused Tehran of dragging out peace talks, while Iran's foreign ministry claimed US strikes had destroyed two water reservoirs with Iranian President Pezeshkian dismissing the targeting of civilian infrastructure as "a sign of desperation." For good measure, US Defence Secretary Hegseth warned Iran "would be unwise to challenge the US further," and Treasury Secretary Bessent confirmed Washington is disrupting the procurement networks behind Iran's programme. With both sides now trading blows, the path to reopening the Strait of Hormuz looks rather more clouded than it did 24 hours ago.

Predictably, oil moved higher. WTI rose 2.4% to settle around USD90.35, while BRENT crude climbed to USD93.50. The supply backdrop isn't helping either, US crude inventories fell by 7.2m barrels last week, dragging stock at the key Cushing hub towards what the EIA delicately calls "tank bottoms," and reports suggest tankers are going dark to sneak millions of barrels through the Strait of Hormuz.

## US consumers feeling impact of war

US CPI rose 0.5% in May and 4.2% over the May year, both meeting expectations. Core CPI rose 0.2% over the month and 2.9% over the year. The annual headline figure was the largest reading in three years, with high energy prices as a result of the war in the Middle East contributing to more than half of the advance. A separate report that combines the inflation figure with wage data revealed that real average hourly earnings have fallen 0.7% over the year, the largest drop in over three years. When asked about rising prices, President Trump told reporters, "I love it. The numbers were great. You know what? I really love the inflation."

Given Trump loves inflation so much, he is threatening to not renew the USMCA free trade agreement, leaving the pact to roll into annual reviews if it isn't extended by 1 July, and setting up months, if not years, of negotiation. On a related note, the US Treasury refunded almost USD22bn of tariff revenue to importers in May. Finally, the Federal Budget Balance figure was also gloomy, with a deficit of USD292.7bn, higher

than forecasts of USD283.1bn.

The Bank of Canada held its key rate, with Governor Macklem playing it down with the comment, "not a lot has changed since the last decision, there haven't been big surprises," while keeping the door open to either cuts or consecutive hikes, depending on how trade uncertainty and the Iran conflict bear on inflation.

Attention now turns to the ECB tonight, where a 25bp hike is fully priced. With the move itself now appearing to be a formality, the interest is in the forward guidance, with markets expecting Lagarde to be more emphatic that a second hike is coming.

## China producer prices rising

China's CPI rose 1.2% in the May year, unchanged from April, while core CPI rose 1.1%, slightly lower than April's 1.2% reading. Forecasts were for 1.3% and 1.2% respectively. PPI met expectations at 3.9% and was up sharply from the previous reading of 2.8% in April. The high PPI reading is likely to be a result of the ongoing war in Iran, although weak domestic demand has hampered opportunities for producers to pass the cost increases through to consumer inflation.

Markets were relatively steady overnight. The USD was little changed and US Treasury yields were slightly higher with, the 10-year yield up 3bps to 4.55%, while equities finished lower, led by tech, with the S&P500 off 1.6%. The NZD and AUD were hit by the risk-off tone and firmer oil, with NZD/USD just below 0.5800 and AUD/USD below 0.7000.



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# Daily Rates

Thursday 11 June 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	66.50					CAD	0.8082	0.9757
NZD/USD	0.5799	0.0005	0.0015	0.0027	0.0047	CHF	0.4638	0.5599
NZD/AUD	0.8284	0.0013	0.0038	0.0071	0.0124	CNY	3.9268	4.7410
NZD/JPY	93.105	-0.15	-0.45	-0.9378	-2.01	DKK	3.7547	4.5333
NZD/EUR	0.5026	-0.0002	-0.0006	-0.0011	-0.0029	FJD	1.2732	1.5372
NZD/GBP	0.4337	0.0004	0.0012	0.0024	0.0044	HKD	4.5429	5.4848
						KRW	881.83	1064.67
AU TWI	65.60					MYR	2.3576	2.8465
AUD/USD	0.6999	-0.0005	-0.0014	-0.0027	-0.0050	NOK	5.4924	6.6312
AUD/NZD	1.2064	-0.0020	-0.0057	-0.0107	-0.0186	SEK	5.5154	6.6591
AUD/JPY	112.39	-0.35	-1.06	-2.09	-4.09	SGD	0.7463	0.9011
AUD/EUR	0.6065	-0.0012	-0.0035	-0.0066	-0.0126	TWD	18.36	22.17
AUD/GBP	0.5234	-0.0003	-0.0009	-0.0016	-0.0025	ZAR	9.60	11.60
USD Index	100.04					<b>EQUITIES</b>		
EUR/USD	1.1538	0.0014	0.0043	0.0081	0.0159		<b>Index</b>	
USD/JPY	160.54	-0.40	-1.20	-2.38	-4.75	NZX50	13,254	
GBP/USD	1.3368	-0.0001	-0.0004	-0.0013	-0.0035	ASX200	8,653	
EUR/GBP	0.8629	0.0011	0.0034	0.0067	0.0137	Dow Jones	49,919	
USD/CNY	6.7745	-0.0149	-0.0443	-0.0878	-0.1758	S&P 500	7,267	
						FTSE100	10,255	
<b>INTEREST</b>			<b>New Zealand</b>		<b>Australia</b>	DAX 40	24,195	
<b>RATES</b>			Mid		Mid	Nikkei	64,179	
30 day bank bills			2.47%		4.36%	<b>COMMODITIES</b>		
90 day bank bills			2.67%		4.51%		<b>USD</b>	
1 year swap			3.13%		4.59%	Brent Crude	93.79	
2 year swap			3.45%		4.55%	Gold	4,076.22	
3 year swap			3.62%		4.49%	Silver	63.51	
5 year swap			3.83%		4.47%	Iron Ore	101.37	
10 year swap			4.20%		4.76%	CRB Index	475.69	
3 year Govt bond			3.75%		4.56%		<b>NZD</b>	
5 year Govt bond			4.08%		4.63%	NZ Carbon	52.75	
10 year Govt bond			4.59%		4.99%			

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