

Market Alert

Thursday 18 June 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5762	0.0033
NZD/AUD	0.8223	0.0074
NZD/JPY	92.580	-0.87
NZD/EUR	0.5012	-0.0009
NZD/GBP	0.4337	0.0024
NZD/CNH	3.9299	-0.0282
AUD/USD	0.7006	-0.0024
AUD/EUR	0.6094	-0.0067
EUR/USD	1.1494	0.0086
USD/CNH	6.7789	-0.0871
GBP/USD	1.3283	-0.0006
EUR/GBP	0.8652	0.0063

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.67%	4.52%
2 year swap	3.27%	4.44%
10 year Govt	4.43%	4.87%

Hello new Fed Chair, and hello tightening bias

Kevin Warsh's first meeting as Fed Chair set the tone for markets overnight, and it leaned firmly hawkish. The FOMC held the funds rate unchanged at 3.50% to 3.75% in a unanimous vote, but the projections were the focal point. The median dot for end-2026 jumped to 3.8%, from 3.4% in March, making a hike the new base case, with nine officials pencilling in at least one increase this year and six seeing two or more. Policymakers lifted their 2026 inflation forecast to 3.6% (from 2.7%) and trimmed growth to 2.2%. Warsh declined to submit a dot of his own, calling the rate debate "a good family fight", ruled out revisiting the 2.0% target until it has been delivered, and announced task forces to overhaul the Fed's communications, data use and

its USD6.7trn balance sheet. Markets took the hint and fully priced a hike by October, while even President Trump conceded one "could happen".

The market's reaction was strong. The S&P 500 fell 1.0%, and US Treasury yields rose sharply as the market moved to price in a hike this year. The 2-year US Treasury yield climbed 15bps to 4.21% and the 10-year added 6bps to 4.50%, which will likely see local swap rates open higher this morning. The USD index firmed back above the 100.00 level on the prospect of higher interest rates and dragged both the NZD and AUD lower, at 0.5765 and 0.7010 respectively. With the two antipodeans moving largely in tandem, the NZD/AUD was little changed around 0.8225. Gold fell 2.0% to around USD4,245 on the firmer USD and higher yields, while crude was little changed, now sitting under USD80 per barrel.

Old news

The local focus now shifts to this afternoon's NZ Q1 GDP, where markets are projecting growth of around 1.0% in the quarter. It is important to remember that this read is often volatile and messy and besides that, it largely pre-dates the late-February oil shock, so it shows where the economy was, not where it is now, with more recent indicators softening to look more like a stall in Q2. A soft print could be detrimental to the economic outlook.

Overnight, UK CPI held at 2.8% in May, below the 3.0% feared, although services inflation firmed to 3.7%, keeping

the BoE cautious ahead of its decision this evening. Markets currently see no change from the central bank.

Not just yet

While the Middle East conflict seems to be all but wrapped up, we can't escape talking about it just yet. The US released the formal text of the Iran MoU overnight. Iran commits to destroying its enriched uranium through downblending (the opposite of enriching), with sanctions relief contingent on a final deal and good behaviour, and either side can still walk away until a binding agreement is signed. Trump may travel to sign as early as today, while insisting there is no US government cash in the USD300bn infrastructure rebuild fund, with a weekend meeting in Switzerland the next test.

Once bitten, twice shy. The oil supply outlook is already changing. US crude stocks at the Cushing hub have fallen to a 12-year low near 20m barrels, around the operational minimum, after eight weeks of draws on surging wartime exports. The UAE said it is moving to cut its Hormuz reliance to "zero" through a major port expansion, while Iraq is poised to lift southern exports once the reopening is formalised.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	66.40					CAD	0.8130	0.9888
NZD/USD	0.5762	0.0005	0.0017	0.0033	0.0061	CHF	0.4610	0.5608
NZD/AUD	0.8223	0.0013	0.0038	0.0074	0.0134	CNY	3.8945	4.7361
NZD/JPY	92.580	-0.13	-0.43	-0.8743	-1.87	DKK	3.7457	4.5552
NZD/EUR	0.5012	-0.0001	-0.0005	-0.0009	-0.0024	FJD	1.2628	1.5357
NZD/GBP	0.4337	0.0004	0.0012	0.0024	0.0042	HKD	4.5139	5.4894
						KRW	881.06	1071.47
AU TWI	65.70					MYR	2.3418	2.8479
AUD/USD	0.7006	-0.0005	-0.0013	-0.0024	-0.0038	NOK	5.5476	6.7465
AUD/NZD	1.2160	-0.0020	-0.0057	-0.0114	-0.0202	SEK	5.4831	6.6681
AUD/JPY	113.06	-0.34	-1.06	-2.08	-4.07	SGD	0.7425	0.9029
AUD/EUR	0.6094	-0.0011	-0.0034	-0.0067	-0.0128	TWD	18.22	22.16
AUD/GBP	0.5273	-0.0003	-0.0010	-0.0019	-0.0035	ZAR	9.46	11.51
USD Index	100.50					EQUITIES		
EUR/USD	1.1494	0.0014	0.0043	0.0086	0.0174		Index	
USD/JPY	160.66	-0.38	-1.21	-2.41	-4.88	NZX50	13,393	
GBP/USD	1.3283	-0.0001	-0.0004	-0.0006	-0.0027	ASX200	8,966	
EUR/GBP	0.8652	0.0011	0.0032	0.0063	0.0122	Dow Jones	51,470	
USD/CNY	6.7577	-0.0136	-0.0428	-0.0842	-0.1684	S&P 500	7,408	
						FTSE100	10,509	
INTEREST		New Zealand		Australia		DAX 40	24,935	
RATES		Mid		Mid		Nikkei	69,902	
30 day bank bills		2.49%		4.35%		COMMODITIES		
90 day bank bills		2.67%		4.52%			USD	
1 year swap		3.03%		4.52%		Brent Crude	78.99	
2 year swap		3.27%		4.44%		Gold	4,237.38	
3 year swap		3.41%		4.38%		Silver	67.07	
5 year swap		3.64%		4.41%		Iron Ore	101.66	
10 year swap		4.05%		4.66%		CRB Index	464.61	
3 year Govt bond		3.54%		4.43%			NZD	
5 year Govt bond		3.87%		4.50%		NZ Carbon	54.45	
10 year Govt bond		4.43%		4.87%				

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