

# Market Alert

Thursday 07 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5955	0.0028
NZD/AUD	0.8228	0.0074
NZD/JPY	93.125	-0.94
NZD/EUR	0.5069	-0.0013
NZD/GBP	0.4381	0.0027
NZD/CNH	4.0398	-0.0318
AUD/USD	0.7237	-0.0032
AUD/EUR	0.6160	-0.0071
EUR/USD	1.1747	0.0084
USD/CNH	6.8128	-0.0849
GBP/USD	1.3592	-0.0021
EUR/GBP	0.8642	0.0075

  

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.62%	4.49%
2 year swap	3.52%	4.66%
10 year Govt	4.71%	5.05%

## Hooray ... the war is over ... maybe, possibly, hopefully ...

It's been reported that the US is finalising a preliminary deal with Iran to end the war, although other reports suggest it's just a framework for month-long talks.

The key points of the deal are:

- Iran would commit to a moratorium on uranium enrichment. The duration is still under negotiation, with the US pushing for 20-years and Iran offering 5. The hope is they'll agree somewhere between 12 and 15.
- Iran would pledge not to seek nuclear weapons, accept enhanced inspections, halt underground nuclear operations, and potentially remove its highly enriched uranium from the country.
- The US would gradually lift sanctions and release billions of dollars in frozen Iranian funds.

- Shipping restrictions through the Strait of Hormuz would be gradually lifted during the 30-days of talks.

Iran is evaluating the new proposal but has warned it contains excessive and unrealistic terms. The White House is expecting a response within 48 hours with President Trump warning, "They should agree to the terms or face further bombing."

Hopefully this is the beginning of the end, but there is still a long way to go and, I suspect, there are still a few 'curve balls' to be thrown!

## Financial markets say, "I likie!"

The possibility of a resolution to the conflict saw financial markets react in a positive fashion. Oil prices tumbled as much as 11% before trimming their losses. Currently, crude is 7.0% lower at USD95.15, while Brent fell 7.8% to USD101.35. European gas prices plummeted 6.8%, while silver rallied 6.5%. Gold and copper rallied a little over 3.0%. Equities, naturally, rallied with the European bourses surging 2.0%-3.0%, while the US exchanges gained 1.5%-2.0%.

US Treasury yields plummeted with the 10-year now 10bp below Monday's 9-month high after falling 8bp overnight to be at 4.35%. The 2-year is also 8bp lower at 3.87%. The USD-index cracked through 98.00 amid broad based selling. Interestingly, the index touched its pre-conflict levels overnight. In terms of reaction to the USD weakness, the NZD was the outperformer rallying an impressive 1.2% to be above 0.5950. The

JPY also had a positive session rallying 1.0%, while the AUD gained 0.8%. The EUR and CHF gained 0.5%, while the GBP firmed a modest 0.4%, which indicates the NZD's outperformance on its crosses with the NZD/AUD at 0.8230.

The drop in oil prices should help the US to replenish its crude inventories after it fell by 2.3m barrels to 457.2m last week. Meanwhile, US private businesses added a net 109k jobs in April, the largest increase since January 2025, and above forecasts at 99k.

Chicago Fed President Austin Goolsbee confirmed, "The U.S.-Iran war is acting as an inflationary shock. Prolonged high oil prices risk embedding expectations and would be extremely problematic for the Fed."

## Nothing new here but ...

The RBNZ's May 2026 Financial Stability Report found the local financial system is resilient with the local banks having strong capital and funding buffers in place but warned the Middle East conflict will slow the country's economic recovery. The financial system is well positioned to support households and businesses, although rising diesel prices are hitting transport, logistics, forestry and fishing sectors hardest. The RBNZ is expecting a slower economic recovery affecting job growth and debt servicing.

New Zealand's unemployment rate fell to 5.3% in Q1, below forecasts at 5.4%. Employment rose 0.2%, the participation rate eased to 70.4%, while the Labour Cost Index rose 0.5%, with annual growth at 2.0%.



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# Daily Rates

Thursday 07 May 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.00					CAD	0.8118	0.9867
NZD/USD	0.5955	0.0006	0.0016	0.0028	0.0035	CHF	0.4636	0.5635
NZD/AUD	0.8228	0.0013	0.0038	0.0074	0.0127	CNY	4.0561	4.9270
NZD/JPY	93.125	-0.15	-0.47	-0.9417	-2.08	DKK	3.7870	4.6030
NZD/EUR	0.5069	-0.0003	-0.0007	-0.0013	-0.0036	FJD	1.2854	1.5624
NZD/GBP	0.4381	0.0004	0.0013	0.0027	0.0045	HKD	4.6651	5.6703
						KRW	860.19	1045.54
AU TWI	67.10					MYR	2.3340	2.8369
AUD/USD	0.7237	-0.0005	-0.0014	-0.0032	-0.0068	NOK	5.5406	6.7345
AUD/NZD	1.2145	-0.0021	-0.0057	-0.0111	-0.0191	SEK	5.5027	6.6884
AUD/JPY	112.50	-0.38	-1.10	-2.16	-4.24	SGD	0.7550	0.9177
AUD/EUR	0.6160	-0.0013	-0.0037	-0.0071	-0.0141	TWD	18.68	22.70
AUD/GBP	0.5323	-0.0003	-0.0009	-0.0016	-0.0027	ZAR	9.76	11.87
USD Index	98.03					<b>EQUITIES</b>		
EUR/USD	1.1747	0.0017	0.0047	0.0084	0.0153		<b>Index</b>	
USD/JPY	156.37	-0.41	-1.20	-2.31	-4.42	NZX50	13,145	
GBP/USD	1.3592	-0.0001	-0.0005	-0.0021	-0.0061	ASX200	8,794	
EUR/GBP	0.8642	0.0013	0.0038	0.0075	0.0149	Dow Jones	49,911	
USD/CNY	6.811	-0.0144	-0.0447	-0.0851	-0.1620	S&P 500	7,368	
						FTSE100	10,439	
<b>INTEREST</b>		<b>New Zealand</b>		<b>Australia</b>		DAX 40	24,919	
<b>RATES</b>		Mid		Mid		Nikkei	59,513	
30 day bank bills		2.45%		4.34%		<b>COMMODITIES</b>		
90 day bank bills		2.62%		4.49%			<b>USD</b>	
1 year swap		3.16%		4.66%		Brent Crude	101.37	
2 year swap		3.52%		4.66%		Gold	4,695.30	
3 year swap		3.69%		4.58%		Silver	77.54	
5 year swap		3.91%		4.59%		Iron Ore	108.58	
10 year swap		4.28%		4.79%		CRB Index	492.53	
3 year Govt bond		3.87%		4.68%			<b>NZD</b>	
5 year Govt bond		4.20%		4.75%		NZ Carbon	53.00	
10 year Govt bond		4.71%		5.05%				

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