

Market Alert

Thursday 14 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5936	0.0028
NZD/AUD	0.8181	0.0074
NZD/JPY	93.725	-0.96
NZD/EUR	0.5069	-0.0013
NZD/GBP	0.4390	0.0026
NZD/CNH	4.0289	-0.0318
AUD/USD	0.7254	-0.0032
AUD/EUR	0.6194	-0.0071
EUR/USD	1.1711	0.0084
USD/CNH	6.7870	-0.0854
GBP/USD	1.3519	-0.0020
EUR/GBP	0.8657	0.0073

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.70%	4.50%
2 year swap	3.68%	4.71%
10 year Govt	4.80%	5.16%

Needless to say,

The headlines in the prevailing 24-48 hours will be driven by the meetings in China of 'The Presidents' ... Trump and Xi! It was a lavish welcome at the airport, but beyond the geopolitical headlines ...

Last night the US Senate confirmed Kevin Warsh to succeed Jerome Powell as Fed Chair, which was convenient given young Jerome's term officially ends on 15 May.

Speaking of the Fed, Minneapolis President Neel Kashkari announced, "The Fed Chair has a lot of influence, but is one of 12 voters on Fed policy." He then entered 'hawkish territory' stating, "Inflation is too high. Before the Iran conflict, I had confidence that inflation was heading back to 2.0%, but the Iranian shock has upended the inflationary environment. Even if the Strait of Hormuz reopens, it will be months before supply chains reach normality.

The labour market moving sideways, is lukewarm at best."

Colleague and Boston President Susan Collins was equally bullish stating, "The Fed must take the necessary actions to lower inflation. The Fed will have to maintain strict policies for a while longer. I can envisage the need for rate hikes. Many key economic indicators are very volatile right now, but top of mind to understand what's happening with private credit."

The overnight price action saw ...

US Treasuries were mixed amid a steepening bias with the 2-year easing 1bp to 3.99%, while the 10-year firmed 2bp to 4.48% after the higher PPI print and the hawkish comments from Kashkari and Collins. A poor 30-year USD25bn auction didn't help either with a high yield of 5.046%. The bid to cover was lower than the 6-month average at 2.3X while the 0.5bp tail was higher than the 6-month average.

The USD-index continued its recovery above the 98.00 level, which weighed on the NZD. Against this, the AUD remained near its 4-year highs as the government's annual budget and heightened inflation risks kept expectations of further rate hikes intact. This saw NZD/AUD plummet to 0.8180.

Despite US crude inventories falling by 4.3m barrels to 452.9m, oil prices are trading slightly lower, but the overnight star was copper as futures climbed to an all-time high on the back of stronger Chinese demand and growing supply concerns.

I probably don't need to say it, but equity

markets are trading higher ... up 0.5%-1.0%.

The actual releases ...

- Adding to US inflationary concerns, producer prices surged 1.4% in April. It was the largest gain since March 2022, following on from March's 0.7% gain. This saw annual producer inflation spike to 6.0% from March's 4.3%, its highest level since December 2022.
- The data out of the EU wasn't particularly flattering with Q1 GDP falling from 0.2% to 0.1%, which generated annual growth at 0.8%. Euro Area employment grew 0.1% in Q1 and 0.5% on the year, while industrial production increased 0.2% in March.
- The RBNZ's inflation expectations firmed with the 1-year up from 2.59% to 3.41% while the 2-year went from 2.37% to 2.53%.
- The minutes from the BoC's April meeting were pretty much as one would expect ... The Middle East war has increased uncertainty, pushed oil prices sharply higher, and added to global inflation pressures. The Bank agreed it could initially look through the energy-driven inflation shock because underlying inflation pressures remained contained but policymakers warned that if higher oil prices led to broader inflation pressures, rates might need to rise further. In leaving the policy rate unchanged at 2.25%, the Bank indicated that if the economy evolves as expected, future rate adjustments would likely be small.



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Daily Rates

Thursday 14 May 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	67.40					CAD	0.8133	0.9942
NZD/USD	0.5936	0.0006	0.0016	0.0028	0.0039	CHF	0.4637	0.5672
NZD/AUD	0.8181	0.0013	0.0038	0.0074	0.0132	CNY	4.0282	4.9305
NZD/JPY	93.725	-0.16	-0.47	-0.9618	-2.10	DKK	3.7857	4.6278
NZD/EUR	0.5069	-0.0003	-0.0007	-0.0013	-0.0034	FJD	1.2814	1.5664
NZD/GBP	0.4390	0.0004	0.0013	0.0026	0.0047	HKD	4.6462	5.6797
						KRW	884.24	1080.93
AU TWI	67.10					MYR	2.3309	2.8494
AUD/USD	0.7254	-0.0005	-0.0015	-0.0032	-0.0070	NOK	5.4415	6.6520
AUD/NZD	1.2218	-0.0021	-0.0059	-0.0114	-0.0200	SEK	5.5325	6.7632
AUD/JPY	114.22	-0.37	-1.11	-2.21	-4.37	SGD	0.7549	0.9229
AUD/EUR	0.6194	-0.0013	-0.0037	-0.0071	-0.0140	TWD	18.70	22.86
AUD/GBP	0.5363	-0.0003	-0.0009	-0.0016	-0.0029	ZAR	9.74	11.90
USD Index	98.48					EQUITIES		
EUR/USD	1.1711	0.0017	0.0047	0.0084	0.0151		Index	
USD/JPY	157.88	-0.41	-1.22	-2.35	-4.53	NZX50	13,063	
GBP/USD	1.3519	-0.0001	-0.0005	-0.0020	-0.0062	ASX200	8,630	
EUR/GBP	0.8657	0.0013	0.0038	0.0073	0.0149	Dow Jones	49,693	
USD/CNY	6.7908	-0.0153	-0.0454	-0.0868	-0.1702	S&P 500	7,444	
						FTSE100	10,325	
INTEREST		New Zealand		Australia		DAX 40	24,137	
RATES		Mid		Mid		Nikkei	63,272	
30 day bank bills		2.50%		4.35%		COMMODITIES		
90 day bank bills		2.70%		4.50%			USD	
1 year swap		3.27%		4.69%		Brent Crude	105.77	
2 year swap		3.68%		4.71%		Gold	4,689.57	
3 year swap		3.85%		4.70%		Silver	87.56	
5 year swap		4.06%		4.71%		Iron Ore	111.11	
10 year swap		4.41%		4.91%		CRB Index	513.69	
3 year Govt bond		3.97%		4.76%			NZD	
5 year Govt bond		4.31%		4.83%		NZ Carbon	49.95	
10 year Govt bond		4.80%		5.16%				

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