

Market Alert

Monday 18 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5851	0.0028
NZD/AUD	0.8178	0.0074
NZD/JPY	92.840	-0.93
NZD/EUR	0.5033	-0.0013
NZD/GBP	0.4391	0.0027
NZD/CNH	3.9785	-0.0318
AUD/USD	0.7146	-0.0032
AUD/EUR	0.6145	-0.0071
EUR/USD	1.1620	0.0082
USD/CNH	6.8114	-0.0865
GBP/USD	1.3321	-0.0018
EUR/GBP	0.8719	0.0073

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.66%	4.49%
2 year swap	3.63%	4.73%
10 year Govt	4.81%	5.17%

Despite the politics ...

It was a spectacular weekend whichever way you look at it! First up, a big shout out to Auckland FC, the Warriors, Hurricanes, and the White Ferns, with a heartfelt 'well done' to the Wellington women and to my team ... although we were awful. Maybe we should look at that walking football thing! Meanwhile, young Winston is continuing to cause waves ... I'm not sure how I'd feel if I worked at either the BNZ or KiwiBank!

We also had the anti-climax of the US-China Presidents meeting last week, and while the trip has gone a long way toward strengthening a fragile trade truce, the two sides have yet to announce many specific agreements with markets worried there were no major policy breakthroughs apart from a few planes and some Chinese promises of food purchases.

No doubt the focus will return to the US-Iran conflict, with the latest rumour suggesting President Trump will hold meetings this Tuesday with his national security team to discuss a new military operation against Iran. President Trump described the first sentence of Iran's latest proposal as "unacceptable" adding, "For Iran, the clock is ticking, and they better get moving, fast, or there won't be anything left of them. I have no doubt Iran will capitulate soon," but worryingly, the UAE has confirmed a recent drone attack caused fire at a nuclear plant.

With G7 finance ministers and central bankers due to meet in Paris today and tomorrow to discuss the fragile and far from resolved situation in the Middle East amid higher oil prices after they rallied a further 3.8% on Friday to close with crude at USD105.40 and Brent at USD109.25. European gas prices surged 5.3%, while silver prices collapsed falling 9.2%, copper plummeted 4.8%, as gold eased 2.3%.

As is often the way, rising oil prices supported a strong USD, and a weaker NZD and AUD. Last week's USD rally saw the index reclaim the 99.20 level, which helped the NZD/USD fall back to the 0.5840 level, while the AUD/USD fell back from its 3-year high, with NZD/AUD back at 0.8150. The pessimistic US economic and inflationary outlook also saw a fresh surge in US Treasury yields. The 2-year rose 5bp to 4.05%, while the 10-year surged to a 1-year high, gaining 11bps to close at 4.60%.

Finally, equity markets saw profit taking bogged down by losses in technology stocks and the rise in yields with most

exchanges closing 1.0% to 2.0% lower.

Looking at Friday's releases ...

There weren't many of note, but summing it up ...

- US industrial production increased 0.7% in April, its highest level in 14-months following on from March's 0.3% decrease.
- The NY Empire State manufacturing index in the US unexpectedly increased to 19.6 in May from 11.0 in April, above forecasts at 7.5.

The week ahead ...

With oil prices closing in on the USD110.00 level, the focus this week will remain on the conflict in the Middle East. In terms of the data releases, from the US, we have the FOMC meeting minutes, PMIs, the Philadelphia Fed manufacturing index, and the University of Michigan consumer sentiment survey. From Germany, we have GDP, consumer and business confidence, UK CPI, unemployment and retail sales, Euro Area inflation and PMIs, Chinese industrial production, unemployment, house prices and the PBoC, Japanese GDP, inflation, trade and PMIs.

Closer to home, Australia will publish its latest consumer inflation expectations, consumer confidence, employment, and the minutes from this month's RBA meeting. From NZ we have PPIs, PSIs, card spending, trade and retail sales ahead of next week's RBNZ meeting ... with the main question being ... could they?



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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	66.80					CAD	0.8021	0.9818
NZD/USD	0.5851	0.0006	0.0016	0.0028	0.0038	CHF	0.4589	0.5616
NZD/AUD	0.8178	0.0014	0.0038	0.0074	0.0132	CNY	3.9757	4.8669
NZD/JPY	92.840	-0.17	-0.45	-0.9339	-2.03	DKK	3.7527	4.5934
NZD/EUR	0.5033	-0.0003	-0.0006	-0.0013	-0.0031	FJD	1.2705	1.5552
NZD/GBP	0.4391	0.0005	0.0013	0.0027	0.0049	HKD	4.5709	5.5950
						KRW	874.37	1070.28
AU TWI	66.60					MYR	2.3043	2.8205
AUD/USD	0.7146	-0.0005	-0.0014	-0.0032	-0.0067	NOK	5.4285	6.6448
AUD/NZD	1.2232	-0.0022	-0.0059	-0.0115	-0.0205	SEK	5.4979	6.7297
AUD/JPY	113.42	-0.40	-1.07	-2.16	-4.23	SGD	0.7474	0.9148
AUD/EUR	0.6145	-0.0014	-0.0036	-0.0071	-0.0137	TWD	18.44	22.57
AUD/GBP	0.5361	-0.0004	-0.0009	-0.0017	-0.0029	ZAR	9.74	11.92
USD Index	99.27					EQUITIES		
EUR/USD	1.1620	0.0018	0.0045	0.0082	0.0151		Index	
USD/JPY	158.56	-0.45	-1.18	-2.32	-4.48	NZX50	12,965	
GBP/USD	1.3321	-0.0001	-0.0005	-0.0018	-0.0056	ASX200	8,631	
EUR/GBP	0.8719	0.0014	0.0037	0.0073	0.0149	Dow Jones	49,526	
USD/CNY	6.8092	-0.0163	-0.0438	-0.0862	-0.1705	S&P 500	7,409	
						FTSE100	10,195	
INTEREST			New Zealand		Australia	DAX 40	23,951	
RATES			Mid		Mid	Nikkei	61,409	
30 day bank bills			2.47%		4.35%	COMMODITIES		
90 day bank bills			2.66%		4.49%		USD	
1 year swap			3.16%		4.73%	Brent Crude	109.26	
2 year swap			3.63%		4.73%	Gold	4,538.02	
3 year swap			3.82%		4.72%	Silver	75.95	
5 year swap			4.04%		4.70%	Iron Ore	110.77	
10 year swap			4.40%		4.94%	CRB Index	507.32	
3 year Govt bond			3.97%		4.77%		NZD	
5 year Govt bond			4.32%		4.84%	NZ Carbon	52.05	
10 year Govt bond			4.81%		5.17%			

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