

# Market Alert

Thursday 21 May 2026

CURRENCIES	Spot	6mths
NZD/USD	0.5873	0.0028
NZD/AUD	0.8207	0.0074
NZD/JPY	93.305	-0.94
NZD/EUR	0.5051	-0.0013
NZD/GBP	0.4370	0.0025
NZD/CNH	3.9943	-0.0316
AUD/USD	0.7155	-0.0031
AUD/EUR	0.6153	-0.0072
EUR/USD	1.1627	0.0085
USD/CNH	6.8009	-0.0859
GBP/USD	1.3439	-0.0013
EUR/GBP	0.8650	0.0072

  

INT RATES	NZ	Australia
OCR/Cash	2.25%	4.35%
90 day bills	2.66%	4.50%
2 year swap	3.64%	4.67%
10 year Govt	4.86%	5.17%

## Last night I stopped off to watch the Birchall Shield ...

The 1st 11 hockey game between Grammar and Kings. It was a tense, vocal, affair, and to be fair, for the first few minutes I thought the umpires were favouring one of the teams, and then I realised I don't actually know any of the hockey rules! But a big shout out to the supporters who made it a fantastic night, and congratulations to Kings after they won the Birchall Shield for the first time in 10-years.

## The minutes from the FOMC's ...

April meeting highlighted the majority of board members thought that some policy firming would likely become appropriate if inflation were to persistently run above 2.0%, and because of this, "many participants indicated that they would have preferred removing the language

from the post-meeting statement that suggested an easing bias regarding the likely direction of the Committee's future interest rate decisions." But once inflation was conquered, some members added it would be appropriate to lower interest rates once there are clear indications that disinflation was firmly back on track. So ... to conclude ... if inflation goes up, we'll hike, if it comes down, we'll cut!

The other headlines saw ...

- The PBoC left it's 1 and 5-year loan prime rates (LPR) unchanged for a 12th straight month at 3.00% and 3.50%.

- UK inflation surprisingly fell from 3.3% to 2.8% in April, below forecasts at 3.0% to record its lowest print since March 2025. The key driver for the drop was a fall in household inflation, which fell from 5.3% to 1.4% following the introduction of an energy price cap.

- Unfortunately, the cost of UK-manufactured goods surged from 3.0% to 4.0% in April against expectations for the output PPI to increase by 2.8%.

- German producer prices rose 1.7% in April, bouncing back from March's 0.2% decline.

On the war, President Trump announced, "The US is in final stage talks with Iran," although Iran warned it would retaliate beyond the Middle East if the US or Israel restart attacks.

## The reaction ...

The announcement that the US and Iran are in the final stages of 'peace' talks saw oil and gas prices plummet 5.5%, with crude below USD100 at USD98.55,

brent at USD105.05, while TTF gas fell below EUR50.00. Gold, silver and copper all rallied higher.

US Treasury yields also retreated from their multi-year highs as traders pared back rate-hike bets, and while the USD16bn 2-year auction was poorly received with the bid-to-offer ratio below the 6-month average, the 2-year yield fell 7bp to 4.05%, while the 10-year fell 9bp to 4.58%, below the psychological 4.60% level. In other news, Pimco said Japan's 30-year bonds look attractive as the yield curve has become, "too steep."

FX markets reacted as one would expect with the USD-index easing back to the 99.00 level, with the NZD as the outperformer against the USD, but 'steady-eddie' on its crosses.

Equity markets also cemented in gains firming in the 1.0%-2.0% region, although Nvidia are updating its results after the bell with the chipmaker expected to post 80% sales growth in Q1!

Interesting story of the day ... the Standard Chartered CEO has the bank's PR team working overtime as they attempt to reassure staff after his comments from a university graduation speech that AI will replace "lower-value human capital."

RIP Barney Frank. The Democratic congressman was at the forefront of the government's rescue of the US financial system during the GFC and was the leading co-sponsor of the 2010 Dodd-Frank Act that aimed to end taxpayer-funded "too big to fail" bank bailouts ... although a lot of the legalisation has since been rolled-back by you-know-who!



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# Daily Rates

Thursday 21 May 2026

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	66.40					CAD	0.8069	0.9833
NZD/USD	0.5873	0.0006	0.0016	0.0028	0.0041	CHF	0.4619	0.5631
NZD/AUD	0.8207	0.0013	0.0039	0.0074	0.0127	CNY	3.9906	4.8634
NZD/JPY	93.305	-0.15	-0.45	-0.9408	-2.04	DKK	3.7728	4.5979
NZD/EUR	0.5051	-0.0002	-0.0006	-0.0013	-0.0034	FJD	1.2769	1.5561
NZD/GBP	0.4370	0.0004	0.0013	0.0025	0.0042	HKD	4.5991	5.6049
						KRW	878.77	1070.96
AU TWI	66.30					MYR	2.3296	2.8391
AUD/USD	0.7155	-0.0005	-0.0014	-0.0031	-0.0062	NOK	5.4355	6.6243
AUD/NZD	1.2182	-0.0021	-0.0059	-0.0113	-0.0196	SEK	5.4798	6.6782
AUD/JPY	113.07	-0.37	-1.09	-2.17	-4.23	SGD	0.7499	0.9139
AUD/EUR	0.6153	-0.0013	-0.0037	-0.0072	-0.0139	TWD	18.54	22.59
AUD/GBP	0.5323	-0.0003	-0.0009	-0.0018	-0.0032	ZAR	9.66	11.78
USD Index	99.10					<b>EQUITIES</b>		
EUR/USD	1.1627	0.0016	0.0046	0.0085	0.0160		<b>Index</b>	
USD/JPY	158.87	-0.41	-1.20	-2.35	-4.57	NZX50	12,761	
GBP/USD	1.3439	-0.0001	-0.0004	-0.0013	-0.0044	ASX200	8,497	
EUR/GBP	0.8650	0.0013	0.0037	0.0072	0.0141	Dow Jones	50,009	
USD/CNY	6.8005	-0.0147	-0.0444	-0.0864	-0.1711	S&P 500	7,431	
						FTSE100	10,432	
<b>INTEREST</b>			<b>New Zealand</b>		<b>Australia</b>	DAX 40	24,737	
<b>RATES</b>			Mid		Mid	Nikkei	59,804	
30 day bank bills			2.47%		4.35%	<b>COMMODITIES</b>		
90 day bank bills			2.66%		4.50%		<b>USD</b>	
1 year swap			3.19%		4.70%	Brent Crude	104.94	
2 year swap			3.64%		4.67%	Gold	4,546.08	
3 year swap			3.84%		4.70%	Silver	75.94	
5 year swap			4.08%		4.69%	Iron Ore	110.33	
10 year swap			4.43%		4.92%	CRB Index	504.60	
3 year Govt bond			3.98%		4.73%		<b>NZD</b>	
5 year Govt bond			4.34%		4.82%	NZ Carbon	52.50	
10 year Govt bond			4.86%		5.17%			

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