Research

Markets Outlook

8 June 2026

Building Dampens Q1 GDP Thoughts

- **Q1 GDP forecast trimmed; more to come?**
- **Building sector data shocks, in both directions**
- **Primary returns a positive for National Fieldays**
- **El Nino, tariffs, costs risks to watch**
- **PMI, PSI for May due**

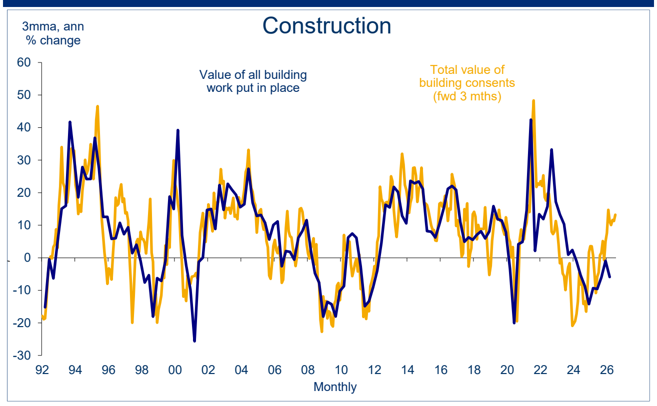
We will finalise our estimate for Q1 GDP after tomorrow's business financial data. The latter are the final partial indicators ahead of the GDP release next Thursday.

For the most part, GDP indicators have been there or thereabouts so far, including retail sales and international trade. But last week's Q1 building work put in place data threw a spanner in the works. Not only was the 3.5% q/q decline in real building activity sizeable, but it was also against uniform expectations of a decent gain.

The building decline is enough to have us trim our Q1 GDP estimate to 0.7% q/q (from 0.9%), pending the final major indicators. There is more downside potential if tomorrow's manufacturing, wholesale trade, and services data fail to deliver indication of reasonable gains in value-added activity for those areas.

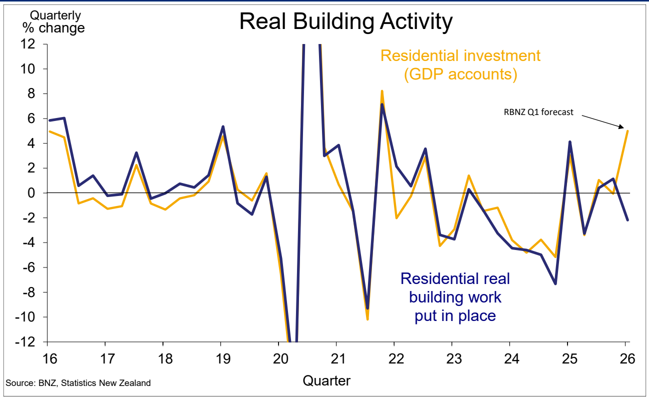
Q1 non-residential building work fell 4.0% q/q which is understandable. However, while we have long discussed subdued residential building activity, the 2.2% q/q decline was in direct contrast to a range of indicators pointing up, like concrete production, electricity connections, optimism among construction sector firms in business surveys, and consents.

Building consents is one thing, actual building is another



It looks like building has surprise the RBNZ too. The Bank forecast a 5.0% gain in the equivalent national accounts measure of residential building activity in Q1. The two indicators tend to move similar enough to strongly suggest that residential building activity is tracking substantially lower than what the Bank had factored into its May MPS.

Downside surprise to RBNZ



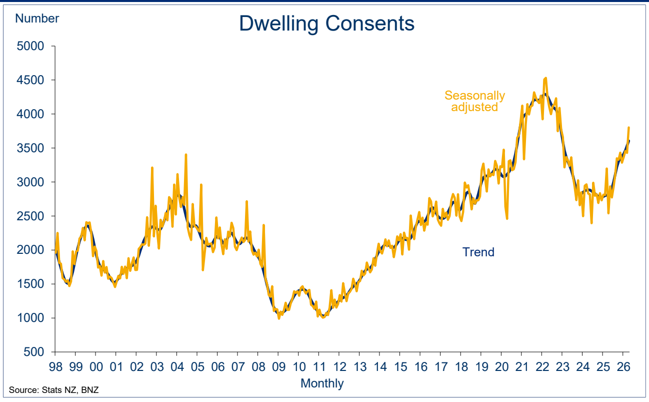
The Q1 outcome is only part of the story. There were significant revisions to the building data's history. The previous quarter was revised higher such that its recorded decline now sits at -0.6% instead of the initially published -3.1%. The revisions mean the downward influence on estimates of the output gap will be less than implied by looking at the Q1 outcome alone. The balance still looks like a decent undershoot.

Interestingly, the weak building work data did not dent the RBNZ's KiwiGDP nowcasts for Q1 to any great degree. That indicator still rounds to 0.5%, unchanged from the previous week.

Adding to the intrigue and confusion on the building front, residential building consents surged higher in April. They rose 10.9% m/m to be up a whopping 52.7% y/y. A sizeable surprise in the opposite direction to the building work put in place data.

The lift in consents seems that much stronger given the potential drag from the timing of holidays in April and, to a lesser extent, war-related uncertainty. But we wouldn't overstate the case as the strength may also reflect some people bringing forward plans in front of proposed consenting changes including around liability rules. If that is the case, some unwind could be expected in due course.

Promise of improvement here



All up, there remains a lot of noise in the building data. But if the clear uptrend in consents is to be believed, and we have no reason to doubt at least the direction, activity should bounce after Q1's dip.

International trade data last week didn't alter our thoughts on Q1 GDP, with solid goods volume growth in both exports and imports indicative of more economic activity. Nor did they materially alter our views for next week's Q1 balance of payments.

Strong growth in visitor spending and persistent strength in major primary sector exports is expected to hold the annual current account deficit at 3.7% of GDP in the year ended March 2026.

Upward pressure on the annual deficit from imports is expected to increase ahead. This follows from higher prices for imports, including for fuel associated with the Middle East conflict, coming through the external accounts.

Primary sector exports have been a pillar of strength for some time. It sets the scene for farmer optimism at this week's National Fieldays. Prospects for primary exports remain positive. However, rising costs, more proposed US tariff changes, and the prospect of a strong El Nino weather event into spring and summer are firmly on the risk radar.

The US has reportedly proposed a tariff increase from 10% to 12.5% on goods from a range of countries, including New Zealand. Some goods like kiwifruit, beef, and timber are expected to remain exempt from the tariffs.

The RBNZ will be watching such things too. The Bank clearly saw the balance of previous US tariff changes as a demand shock. Any further tariff increases, at this stage proposed for early July after a review period, could increase the Bank's demand drag assessment at the margin.

On El Nino, it did not look like the Bank built in any downside risk from that source into its May forecasts. Nor have we at this point. El Nino weather patterns have dented NZ primary production in the past, although each event is different. While price changes can vary, the production hit and cost increases can dominate disposable income, confidence, and spending outcomes.

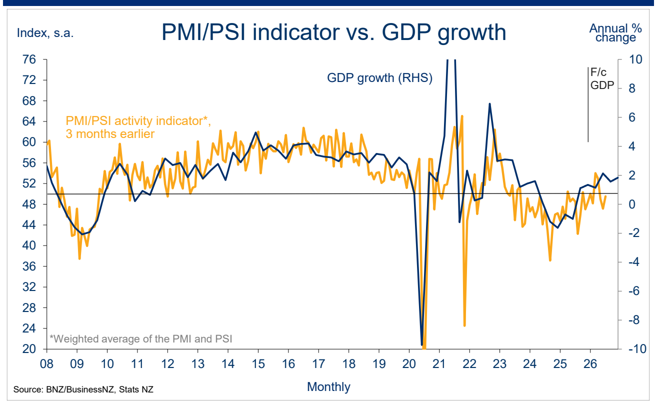
These risks and the negative surprise to Q1 building collectively raise the prospect of stronger economic headwinds and less upward pressure on medium-term inflation at the margin.

At the same time, while economic indicators for Q2 are generally soft there has been a few showing improvement, including last week's building consents.

All of it needs to be monitored closely to assess how far interest rates need to rise into order for the RBNZ to achieve its inflation targets over the medium term.

The next key timely indicators to watch are May's versions of the Performance of Manufacturing Index (PMI) on Friday and the Performance of Services Index (PSI) next Monday. The activity component of the combined index edged higher in April but was still at a level suggesting the economy was struggling to grow in Q2.

Struggling



Finally on the week's notable data, April's net migration and travel data are scheduled for released on Friday. We look for more evidence that net migration is on the up and anticipate visitor arrival numbers to maintain a firm double-digit annual growth pace.

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Global Watch

- **Middle East tensions persist**
- **US CPI to show if oil shock broadening to core prices**
- **ECB expected to hike 25bps**
- **BoC seen on hold**
- **China PPI, Australia confidence data due**

Middle East tensions continue to rumble on, with more hostilities over the weekend. Oil prices have opened higher this morning.

US data over the coming week has May’s CPI (Wednesday) as the marquee event, testing how far the oil shock is broadening into core. PPI (Thursday) and UMich sentiment (Friday) follow, with the trade balance (Tuesday). Fed speakers are absent during the pre-FOMC blackout. In Canada, the Bank of Canada is expected to hold (Wednesday), with trade (Tuesday).

In Europe, the ECB meeting (Thursday) takes top billing. A 25bp hike in the Deposit Rate to 2.25% is well priced and in line with NAB’s forecast. The meeting includes updated staff projections. In the UK, monthly GDP for April is to be released (Friday). There, NAB expects growth to decline 0.2% mom after a 0.3% rise in March thanks to a mix of reduced hoarding of items like fuel, weaker construction activity and a couple of sector strikes. April trade data is also out same day.

In Australia, it is a light data week. The NAB Business Survey (Tuesday) is the pick. Westpac consumer confidence (also Tuesday) provides a post-budget update on sentiment.

In Asia, China's PPI (Wednesday) is the focus given its impact on global goods inflation. Trade data (Tuesday) is the channel carrying this impact abroad, with CPI (Wednesday) also due. In Japan, the final Q1 GDP will be complemented by an update on how firms are dealing with the Iran shock with PPI (Wednesday), machine tool orders (Tuesday) and final industrial production (Friday).

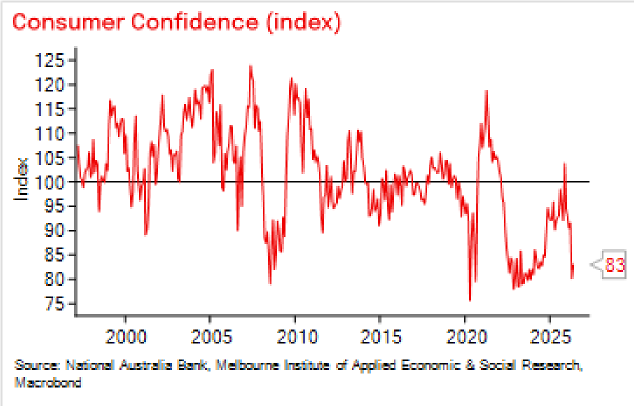
Key Event Previews

Tuesday

AU Westpac Consumer Confidence

Consumer sentiment has been stuck well below average, weighed by cost-of-living pressure and higher fuel prices since the Middle East conflict escalated.

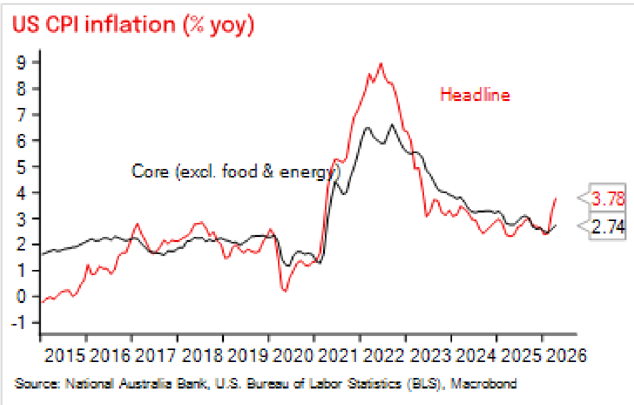
The June read will show whether households are growing more anxious as the energy shock feeds through or steadying now retail fuel prices have eased. Any reaction to the federal Budget will also be keenly watched for.



Wednesday

US CPI

US inflation is running well above target, with headline CPI at 3.8% yoy in April and the energy shock still feeding through. Higher gasoline prices will support again in May, but it also provides the cleanest read yet on whether the oil-driven spike is broadening beyond fuel into core goods and services. NAB has lifted its near-term core forecasts on evident upstream price pressures and semiconductor cost spikes feeding consumer goods, though core should still moderate later this year as wage growth stays contained and assuming some reopening of the Strait of Hormuz.

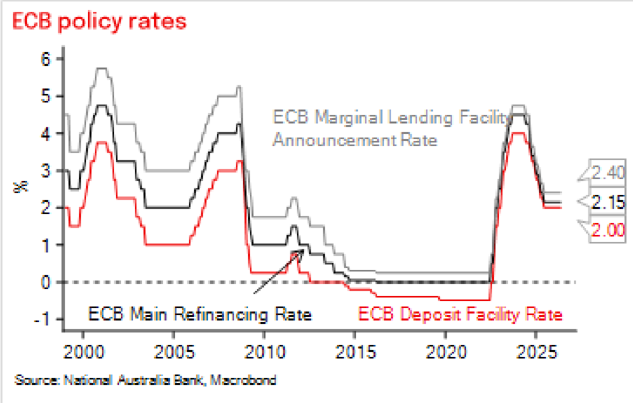


Thursday

EU ECB Rate Decision

A 25bps rate hike, taking the Deposit Rate to 2.25%, is priced by markets and in line with NAB's published view. ECB monetary policy settings are considered to be at the lower end of a 1.75% to 2.75% neutral range. Headline HICP inflation has risen from a cycle low of 1.7% in January to 3.2% in May, while core and services prices are rising too. At this early stage there is no evidence of second round effects but inflation expectations for the year ahead have risen to 4%.

NAB expects the ECB to maintain its data-dependent, meeting-by-meeting approach on rate guidance and while some hawks will be pushing for a quick follow-up to 2.5% on 23 July, doves will resist such communication as the stated line. NAB continues to see a second move up in September but forewarn ongoing closure of Hormuz by end July raises the risks of a back-to-back move. Rate cuts will be needed in 2027.



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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ rates edged lower last week, led by continued outperformance in the belly of the curve. Two-year swaps retraced to their pre-Monetary Policy Statement level of 3.46%, while 5-year swaps moved to the lower end of the post-conflict 3.80%–4.20% range. Market pricing for the Official Cash Rate in December 2027 has also eased back, to around 3.5% from a May peak above 4.0%. The 2y/5y curve flattened further to around 35bp, while the curve beyond 5 years was broadly unchanged. The longer end of the curve will need to incorporate some premium to absorb the upcoming NZ government bond syndication which is likely to take place in July.

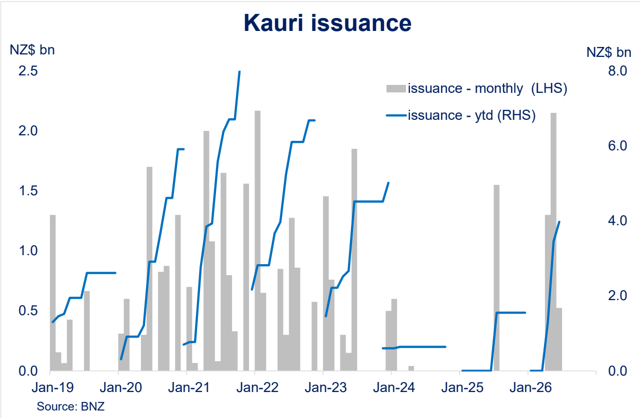
The recent decline in yields has coincided with reduced demand for mortgage-related hedging from bank balance sheets and systematic receiving from macro accounts, as NZ swap total returns have turned positive across multiple time horizons. We think risks around 2- and 5-year rates are evenly balanced at current levels in the near term. However, as outlined in our recent Outlook for Borrowers publication, corporate borrowers could use the recent rally to add to hedging at the lower end of the multi-week trading range.

Market-implied peak OCR declines

Near-term fundamental drivers for NZ rates will include further partials for Q1 GDP, alongside the manufacturing and services PMIs. Weaker-than-expected building activity has trimmed our Q1 GDP pick to 0.7%. The PMIs will provide a timelier read on economic activity. The GDP-weighted PMI/PSI remained subdued at 48.6 in April. Offshore, the European Central Bank is widely expected to raise rates by 25bp to 2.25%, while US inflation data will also be in focus after a strong labour market report reinforced expectations for tightening by the Fed later this year.

Comments from a NZ Debt Management (NZDM) official suggest the new 15 May 2038 nominal bond line, announced alongside the 28 May Budget borrowing programme update, could be syndicated early in the new fiscal year. That would align with our prior expectation for the timing of the transaction. NZDM has often used the monthly tender schedule to signal upcoming syndications, with the July schedule due on 24 June and several potential execution windows available during the month. As expected, 10-year matched-maturity swaps have continued to respect the base of the well-established range at +30bp, while the post-Budget bond outperformance has partially retraced.

Kauri issuance picking up in recent months



The recent pickup in the Kauri market was reinforced by another deal last week. Export Development Canada issued NZ$525 million of 5-year bonds, taking cumulative issuance since April to nearly NZ$4 billion. Allocations for the previous three transactions were heavily skewed towards bank balance sheets, at around 80%, but last week's deal saw greater participation from domestic asset managers, likely reflecting the wider spread to the NZGB curve. The Kauri maturity profile — with around NZ$4 billion falling due between June and August — should also support demand for further deals, provided issuance economics remain favourable for borrowers.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.66	2.55 - 2.77
NZ 2yr swap (%)	3.50	3.46 - 3.71
NZ 5yr swap (%)	3.85	3.81 - 4.13
NZ 10yr swap (%)	4.23	4.18 - 4.50
2s10s swap curve (bps)	73	69 - 82
NZ 10yr swap-govt (bps)	-32	-37 - -31
NZ 10yr govt (%)	4.54	4.51 - 4.76
US 10yr govt (%)	4.53	4.34 - 4.69
NZ-US 10yr (bps)	1	1 - 31
NZ-AU 2yr swap (bps)	-112	-116 - -97
NZ-AU 10yr govt (bps)	-37	-38 - -23

*Indicative range over last 4 weeks

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Foreign Exchange Market

Reuters pg BNZWFWDS Bloomberg pg BNZ

Last week, NZD/USD plunged 3.2% to just below 0.58. The sharp fall was driven by a reversal of the NZD strength seen in the wake of the RBNZ's late-May MPS, weaker risk appetite amid negative developments in the Middle East, and rising US rate hike expectations following stronger economic data. Key NZD crosses also fell significantly, with NZD/AUD down 1.3% to 0.8230 and declines of 2-2½% against the CAD, EUR, GBP, and JPY. The new week begins with the NZD weakening after further military action in the Middle East.

The NZD strength following the RBNZ's late-May hawkish hold was not sustained. The rise in rates after that event reversed, pushing NZ-global rate spreads lower and weighing on the NZD. A series of stronger US economic releases added to the reversal. The ISM manufacturing and services indices, along with labour market data — including a much stronger-than-expected non-farm payrolls gain of 172k in May and 93k of upward revisions to March and April — reinforced the narrative of resilience in the US economy alongside elevated inflationary pressure. US rates moved sharply higher as the market came to fully price in a Fed rate hike this year.

The backdrop of military escalation in the Middle East and higher US rates drove our risk appetite index down to a two-month low of 72%. The US and Iran have been exchanging attacks in the Persian Gulf, with Iran also targeting Bahrain and Kuwait. This morning there have been reports of Iran firing missiles into Israel. It is fair to say conditions remain tense, the so-called ceasefire is on shaky ground, and there is still no sign of the imminent peace deal that Trump has repeatedly claimed is forthcoming.

As we have highlighted previously, the key conditions for the NZD to perform better over the second half are deescalation of Middle East tensions, with a reopening of the Strait of Hormuz, and the RBNZ embarking on a significant tightening cycle. Both assumptions are still considered achievable, but a genuine surprise has been the resilience of the US economy. Should tighter US monetary policy become a much more likely outcome, then our prevailing assumption of broad USD weakness through the second half would be in considerable doubt.

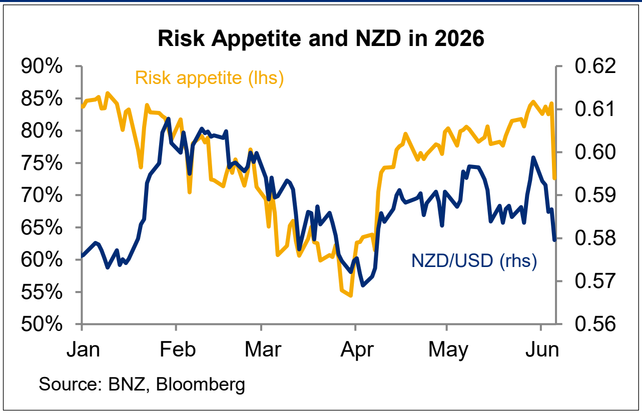
NZD/USD closed last week on the cusp of technical support of 0.5790. The break lower this morning now brings the next technical support level of 0.5680 — near the April low — into play. Resistance remains close to the 0.60 mark.

On a more positive note, Bloomberg reported that the US Navy has been quietly coordinating with ships crossing the Strait of Hormuz, advising them to switch off their transponders and stay close to the Omani coast. Some 1,000 commercial ships have crossed the Strait in the past two months, suggesting that official ship-tracking data, which relies on transponder signals, significantly undercounts vessel movements. While ship traffic remains far from normal, the increased supply of oil and gas pushes out the point at which an energy supply crisis would emerge relative to prior estimates, buying more time to secure a peace deal that results in the official reopening of the Strait.

In the week ahead, New Zealand business financial data will provide more colour on Q1 GDP estimates, after last week's construction data led us to trim our forecast to 0.7% q/q but also suggests some upside revision risk to prior quarters. Manufacturing PMI data for May, due at the end of the week, will also be of interest.

US CPI and PPI inflation data are due this week, and any upside surprise would add to upward pressure on US rates and the USD. Among central bank meetings, the Bank of Canada is expected to keep policy on hold, while the ECB is widely expected to hike by 25bps, with the focus on language that might indicate whether a series of further rate hikes should be expected. China trade and inflation data round out the weekly calendar.

Risk appetite and NZD fall to two-month low



Cross Rates and Recent Ranges

	Current	Last wk % chg	Last 3-wks range*
NZD/USD	0.5785	-3.2%	0.5780 - 0.5990
NZD/AUD	0.8236	-1.3%	0.8140 - 0.8350
NZD/CAD	0.8063	-2.2%	0.8000 - 0.8270
NZD/GBP	0.4343	-2.4%	0.4340 - 0.4460
NZD/EUR	0.5026	-2.0%	0.5020 - 0.5140
NZD/JPY	92.72	-2.6%	92.50 - 95.40

*Indicative range over last 3 w eeks, rounded

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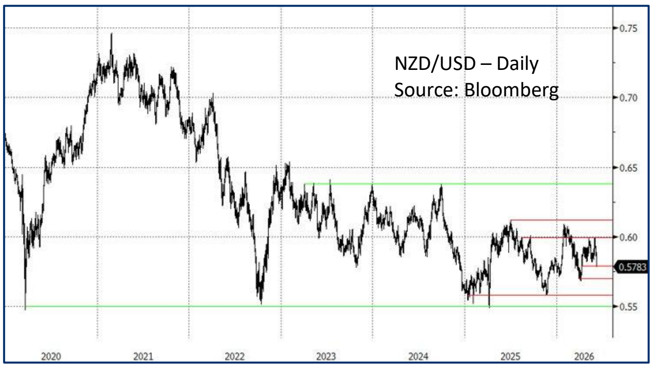
Technicals

NZD/USD

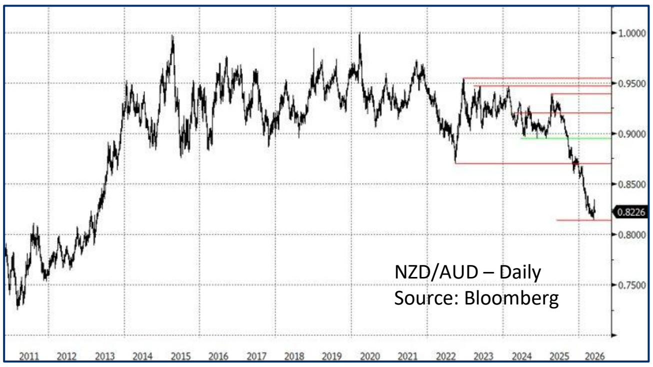
Outlook: Trading range
ST Resistance: 0.60 (ahead of 61)
ST Support: 0.5680 (ahead of 0.5580)



After a break below 0.5790, the next key support level is near the April low of 0.5680.

NZD/AUD

Outlook: Better
ST Resistance: 0.87 (ahead of 0.8950)
ST Support: 0.8140



Recent sharp turnaround from the 13-year low near 0.8140 gives hope that the low has been reached. Given extent of fall, resisitance is miles away but next few weeks will provide better guidance on that.

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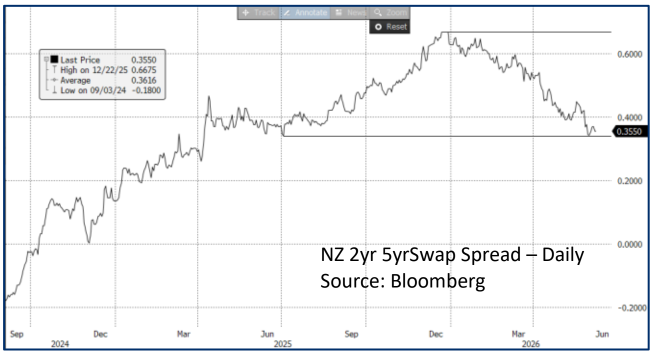
NZ 5-year Swap Rate

Outlook: Higher
ST Resistance: 4.10
ST Support: 3.82

5-year swap is sitting right on our support, should it break lower we would target a move back toward 3.50%.

NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Neutral
ST Resistance: 0.67
ST Support: 0.34



We have shifted our support higher to 34bp, just below where we currently sit. We will watch closely to see if this level holds.

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Quarterly Forecasts

Forecasts as at 8 June 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified — Forecasts

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-0.9	0.9	0.2	0.7	0.1	0.3	0.6	0.6	0.7	0.7
Retail trade (real s.a.)	0.7	2.0	0.9	0.9	0.6	0.4	0.5	0.6	0.7	0.8
Current account (ann, % GDP)	-3.7	-3.5	-3.7	-3.7	-3.9	-4.5	-4.7	-4.6	-4.2	-3.8
CPI (q/q)	0.5	1.0	0.6	0.9	1.4	0.6	0.3	0.6	0.7	0.5
Employment	-0.2	-0.1	0.5	0.1	0.2	0.3	0.5	0.5	0.5	0.5
Unemployment rate %	5.2	5.3	5.4	5.3	5.4	5.5	5.6	5.7	5.7	5.7
Pr. avg hourly earnings (ann %)	4.6	4.1	3.5	3.5	2.6	2.6	2.7	3.3	3.2	3.2
Trading partner GDP (ann %)	3.4	3.2	3.3	3.6	3.1	2.8	2.6	2.8	2.8	2.9
CPI (y/y)	2.7	3.0	3.1	3.1	4.0	3.6	3.2	2.9	2.2	2.1
GDP (production s.a., y/y)	-1.0	1.1	1.3	0.9	1.9	1.4	1.7	1.6	2.2	2.6

Interest Rates

Historical data - qtr average		Government Stock			Swaps			US Rates		Spread
Forecast data - end quarter	Cash	90 Day Bank Bills	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR 3 month	US 10 yr	NZ-US Ten year
2025 Mar	3.92	3.84	3.99	4.58	3.47	3.71	4.15	4.30	4.45	0.13
Jun	3.33	3.38	3.85	4.55	3.19	3.57	4.10	4.30	4.35	0.19
Sep	3.08	3.09	3.67	4.42	2.99	3.40	3.95	4.20	4.25	0.17
Dec	2.33	2.51	3.54	4.27	2.71	3.26	3.85	3.80	4.10	0.18
2026 Mar	2.25	2.50	3.96	4.52	3.12	3.71	4.15	3.65	4.20	0.33
Forecasts										
Jun	2.25	2.75	4.05	4.75	3.50	3.80	4.35	3.65	4.35	0.40
Sep	2.75	3.25	4.30	4.90	3.80	4.05	4.50	3.65	4.50	0.40
Dec	3.25	3.65	4.40	4.90	4.00	4.20	4.55	3.40	4.50	0.40
2027 Mar	3.75	4.05	4.35	4.90	4.00	4.20	4.60	3.15	4.50	0.40
Jun	4.00	4.15	4.35	4.90	4.00	4.25	4.65	3.15	4.50	0.40
Sep	4.00	4.15	4.25	4.90	3.95	4.20	4.70	3.15	4.50	0.40
Dec	4.00	4.15	4.15	4.90	3.85	4.15	4.75	3.15	4.50	0.40

Exchange Rates (End Period)

	USD Forecasts					NZD Forecasts					
	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.59	0.71	1.16	1.34	160	0.59	0.82	0.50	0.44	93.8	66.9
Forecasts											
Jun-26	0.59	0.71	1.18	1.33	156	0.59	0.83	0.50	0.44	92.0	66.6
Sept-26	0.61	0.72	1.19	1.34	153	0.61	0.85	0.51	0.46	93.3	68.4
Dec-26	0.63	0.73	1.20	1.33	152	0.63	0.86	0.52	0.47	95.4	69.7
Mar-27	0.64	0.74	1.21	1.36	150	0.64	0.87	0.53	0.47	96.2	70.6
Jun-27	0.63	0.73	1.20	1.35	149	0.63	0.87	0.53	0.47	94.2	69.6
Sept-27	0.63	0.72	1.20	1.35	146	0.63	0.88	0.53	0.47	92.0	69.5
Dec-27	0.63	0.72	1.19	1.35	144	0.63	0.88	0.53	0.47	90.7	69.6
						TWI Weights					
						16.2%	17.8%	9.2%	4.0%	4.7%	

Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 8 June 2026	March Years					December Years				
	Actuals		Forecasts			Actuals			Forecasts	
	2024	2025	2026	2027	2028	2023	2024	2025	2026	2027
GDP - annual average % change										
Private Consumption	1.1	0.0	1.3	1.1	2.4	1.1	-0.2	1.4	0.9	2.1
Government Consumption	1.1	-1.3	2.8	-1.4	1.0	0.1	-0.9	2.4	-0.8	0.4
Total Investment	-1.1	-4.9	-0.6	4.5	3.7	-0.3	-4.9	-1.5	3.3	4.2
Stocks - ppts cont'n to growth	-1.4	0.4	0.4	0.2	-0.1	-1.2	0.4	-0.1	0.6	-0.2
GNE	-0.9	-1.1	1.6	1.5	2.4	-0.7	-1.1	0.8	1.7	2.1
Exports	8.6	3.4	2.7	4.7	3.6	11.5	4.7	2.7	4.7	3.6
Imports	-1.4	1.5	5.1	6.1	2.6	-0.7	1.7	3.4	7.0	2.9
Real Expenditure GDP	1.5	-0.7	0.6	0.9	2.6	2.1	-0.3	0.5	0.6	2.2
GDP (production)	**1.8**	**-0.9**	**0.6**	**1.6**	**2.6**	**2.2**	**-0.3**	**0.2**	**1.5**	**2.3**
GDP - annual % change (q/q)	*1.6*	*-0.7*	*0.9*	*1.6*	*3.0*	*1.4*	*-1.6*	*1.3*	*1.7*	*2.8*
Output Gap (ann avg, % dev)	1.3	-0.4	-1.0	-0.7	-0.3	1.4	0.0	-0.9	-0.7	-0.4
Nominal Expenditure GDP - $bn	417	431	449	474	496	413	427	445	468	491
Prices and Employment -annual % change										
CPI	4.0	2.5	3.1	2.9	2.0	4.7	2.2	3.1	3.2	2.0
Employment	0.9	-0.9	0.4	1.5	2.3	2.6	-1.3	0.2	1.1	2.1
Unemployment Rate %	4.4	5.1	5.3	5.7	5.6	4.0	5.1	5.4	5.6	5.7
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	3.5	3.3	3.2	6.6	4.0	3.5	2.7	3.2
Productivity (ann av %)	-0.6	0.1	1.1	0.6	0.3	-0.8	0.1	1.1	0.7	0.2
Unit Labour Costs (ann av %)	6.6	4.4	2.6	2.6	3.0	7.1	4.7	3.0	2.3	3.1
House Prices (stratified, mth)	2.7	-0.7	0.3	-0.5	5.4	0.7	-0.8	-0.3	0.0	4.5
External Balance										
Current Account - $bn	-23.8	-18.3	-16.7	-21.7	-16.6	-25.8	-20.0	-16.3	-22.0	-17.4
Current Account - % of GDP	-5.7	-4.2	-3.7	-4.6	-3.3	-6.3	-4.7	-3.7	-4.7	-3.6
Government Accounts - June Yr, % of GDP										
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-3.1	-3.2	-2.6	-2.4	-0.8					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.7	41.9	42.4	45.6	46.1					
Bond Programme - $bn (Treasury forecasts)	39.3	42.6	35.0	34.0	32.0					
Bond Programme - % of GDP	9.4	9.9	7.8	7.2	6.5					
Financial Variables (1)										
NZD/USD	0.61	0.57	0.58	0.64	0.63	0.62	0.57	0.58	0.63	0.63
USD/JPY	150	149	159	150	142	144	154	156	152	144
EUR/USD	1.09	1.08	1.16	1.21	1.18	1.09	1.05	1.17	1.20	1.19
NZD/AUD	0.93	0.91	0.83	0.87	0.88	0.93	0.91	0.87	0.86	0.88
NZD/GBP	0.48	0.44	0.44	0.47	0.46	0.49	0.45	0.43	0.47	0.47
NZD/EUR	0.56	0.53	0.51	0.53	0.53	0.57	0.55	0.49	0.52	0.53
NZD/YEN	91.1	85.4	92.8	96.2	89.5	89.5	88.4	90.3	95.4	90.7
TWI	71.2	67.9	66.8	70.6	69.7	72.0	68.5	66.8	69.7	69.6
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.75	4.00	5.50	4.25	2.25	3.25	4.00
90-day Bank Bill Rate	5.64	3.60	2.50	4.05	4.15	5.63	4.26	2.49	3.65	4.15
5-year Govt Bond	4.60	4.00	4.10	4.35	4.10	4.50	3.90	3.90	4.40	4.15
10-year Govt Bond	4.60	4.50	4.65	4.90	4.90	4.65	4.45	4.50	4.90	4.90
2-year Swap	4.91	3.35	3.32	4.00	3.75	4.93	3.53	2.98	4.00	3.85
5-year Swap	4.40	3.65	3.87	4.20	4.10	4.43	3.63	3.61	4.20	4.15
US 10-year Bonds	4.20	4.25	4.25	4.50	4.50	4.00	4.40	4.15	4.50	4.50
NZ-US 10-year Spread	0.40	0.25	0.40	0.40	0.40	0.65	0.05	0.35	0.40	0.40

(1) *Average for the last month in the quarter*

Source: Statistics NZ, BNZ, RBNZ, NZ Treasury

Key Upcoming Events

All times and dates NZT

		Median	Fcast	Last
	Monday 08 June			
JN	Eco Watchers Survey Outlook SA May	40.1		39.4
GE	Factory Orders MoM Apr	-2.00%		5.00%
EC	Sentix Investor Confidence Jun	-14		-16.4
	Tuesday 09 June			
US	NY Fed 1-Yr Inflation Expectations May	3.70%		3.64%
NZ	Mfg Activity Volume QoQ 1Q			-0.50%
UK	BRC Sales Like-For-Like YoY May	0.80%		-3.40%
AU	NAB Business Confidence May			-24
GE	Trade Balance SA Apr	15.9b		14.3b
GE	Industrial Production SA MoM Apr	0.20%		-0.70%
US	NFIB Small Business Optimism May	96		95.9
EC	ECB's Moulin speaks			
CH	Trade Balance CNY May			585.69b
CH	New Yuan Loans CNY YTD May	9040.0b		8590.0b
CH	Aggregate Financing CNY YTD May	17250.0b		15450.0b
	Wednesday 10 June			
US	ADP Weekly Employment Change May-23			35.750k
US	Trade Balance Apr	-$56.5b		-$60.3b
US	Imports MoM Apr	1.20%		2.30%
US	Exports MoM Apr	2.60%		2.00%
US	Existing Home Sales May	4.06m		4.02m
US	Wholesale Trade Sales MoM Apr			2.80%
CH	PPI YoY May	3.80%		2.80%
CH	CPI YoY May	1.30%		1.20%
CH	CPI Core YoY May	1.20%		1.20%
	Thursday 11 June			
US	Core CPI YoY May	2.90%		2.80%
CA	Bank of Canada Rate Decision Jun-10	2.25%		2.25%
	Friday 12 June			
EC	ECB Deposit Facility Rate June-11	2.25%	2.25%	2.00%
EC	ECB Main Refinancing Rate June-11	2.40%		2.15%
EC	ECB Marginal Lending Facility June-11	2.65%		2.40%
US	Initial Jobless Claims June-06	219k		225k
US	Initial Claims 4-Wk Moving Avg June-06			214.75k
US	Continuing Claims May-30	1785k		1777k
US	PPI Ex Food and Energy YoY May	5.40%		5.20%
NZ	BusinessNZ Manufacturing PMI May			50.5
NZ	Net Migration SA Apr			3370
JN	Industrial Production MoM Apr F			0.80%
UK	Monthly GDP (MoM) Apr	-0.10%		0.30%
UK	Industrial Production MoM Apr	0.10%		-0.20%
GE	CPI YoY May F	2.60%		2.60%
UK	Trade Balance GBP/Mn Apr	-£5700m		-£9658m
UK	BoE/Ipsos Inflation Next 12 Mths May			3.20%
	Saturday 13 June			
US	U. of Mich. Sentiment Jun P	46		44.8
EC	ECB's Nagel speaks			

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS				
Call	2.25	2.25	2.25	3.25
1mth	2.44	2.43	2.46	3.36
2mth	2.55	2.53	2.55	3.34
3mth	2.66	2.62	2.64	3.31
6mth	2.90	2.86	2.83	3.27
GOVERNMENT STOCK				
05/28	3.47	3.52	3.63	3.61
05/31	4.02	4.05	4.17	4.16
04/33	4.25	4.27	4.40	4.44
05/36	4.53	4.52	4.67	4.74
05/41	4.90	4.89	5.03	5.11
05/54	5.12	5.11	5.23	5.35
GLOBAL CREDIT INDICES (ITRXX)				
Nth America 5Y	52	51	53	54
Europe 5Y	54	54	56	56

	Today	Week Ago	Month Ago	Year Ago
SWAP RATES				
2 years	3.50	3.51	3.57	3.27
3 years	3.64	3.67	3.75	3.39
4 years	3.76	3.77	3.87	3.52
5 years	3.85	3.86	3.97	3.66
10 years	4.23	4.20	4.32	4.17
FOREIGN EXCHANGE				
NZD/USD	0.5787	0.5933	0.5965	0.6047
NZD/AUD	0.8234	0.8287	0.8228	0.9279
NZD/JPY	92.78	94.70	93.76	87.42
NZD/EUR	0.5028	0.5100	0.5062	0.5295
NZD/GBP	0.4345	0.4410	0.4382	0.4463
NZD/CAD	0.8071	0.8211	0.8155	0.8284
TWI	66.4	67.6	67.2	69.9

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