

Research Markets Outlook

22 June 2026

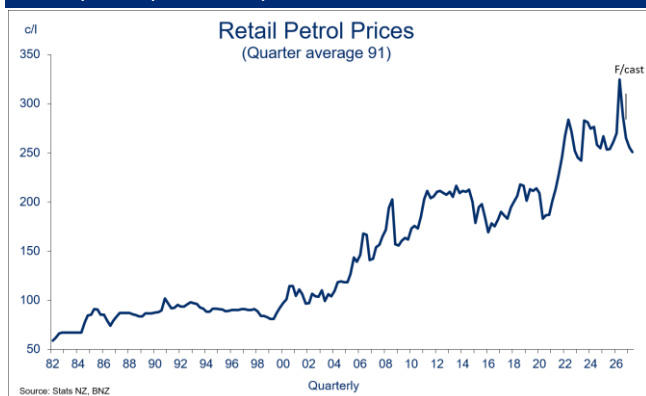
War's end no panacea

- **First question: is it really over?**
- **Either way rising inflationary pressures prevail**
- **Will they be supply driven or demand driven?**
- **The latter if confidence bounces**
- **RBNZ eyes neutral for starters**

It's funny how we can all be trapped in the moment. With oil prices seemingly skyrocketing end-of-the-world stories were rife. Now it would appear that we have gone from Armageddon to normality in a very short space of time. Well, that's what markets seem to be telling us anyway.

As we write, the price of Dubai Crude, the one normally relevant to New Zealand, sits at USD74.75 down 27% from its May 4 peak of USD102.37. This is already being felt at the pump where the price of 91 petrol is down around 40c/l. Accompanying this, lower general inflation expectations are resulting in the repricing of expected central bank actions especially so in New Zealand where the market has gone from picking at least four rate hikes by the end of the year to expecting a maximum of three.

Petrol prices past their peak

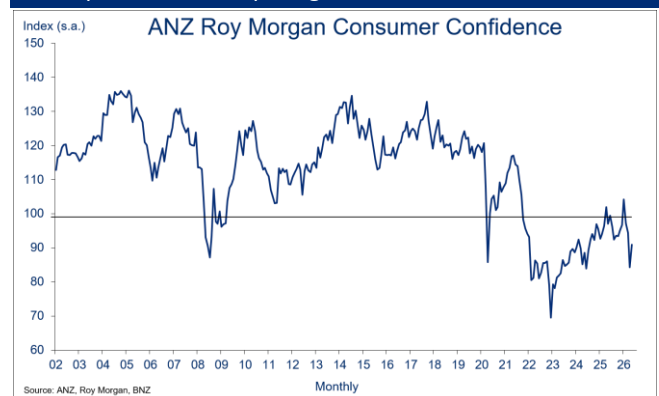


In our opinion, the market reaction is probably overly simplistic and fails to take into consideration the potential bounce in the economy in the event that falling oil prices lead to a resurgence in confidence and spending.

Interestingly, when the RBNZ provided its set of scenarios, with its release of the May Monetary Policy Statement, lower-than-expected oil prices leading to an economic recovery did not appear in the mix.

One of the things we have highlighted is that the economic fall-out from this oil price shock is as much about the shift in sentiment that occurred as it is the real income effect of rising prices. New Zealand households had been hammered by a post-COVID rise in the cost of living and businesses by rising input costs. Just when a huge sigh of relief was being heard across the nation, as inflation fell, the pain of rising prices re-emerged plunging confidence back to its depths. This lack of confidence is one of the factors impeding consumer spending and investment in housing, and slowing business investment. The question is: will confidence now bounce? There was certainly some initial evidence of this in the ANZ's June consumer confidence survey with consumer confidence climbing to 90.9 from 84.3 based on our seasonal adjustment of the raw data. And this happened with only a modest fall in fuel prices and before talk of war's end gained any momentum. One can only assume the next reading is much better again.

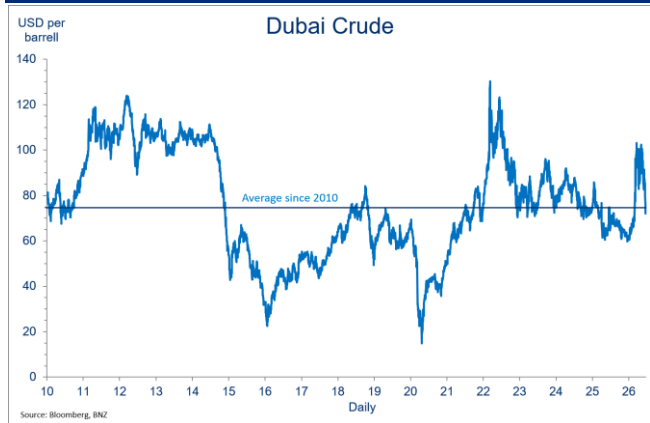
Petrol price fears dissipating?



There is no doubt rising inflation hammers consumer confidence but you also wonder how much of the recent past slump was the fear of what might happen rather than what actually did.

An interesting aspect of this whole process is that crude oil prices never really got that high. The price of Dubai crude peaked at a much lower level than it did in 2022/23 when Russia invaded Ukraine. And prices were higher than the recent peak over a three year period between mid-2011 and mid-2014.

Oil prices were never that high



So why were petrol prices so high this time around? We can only assume that it is a combination of:

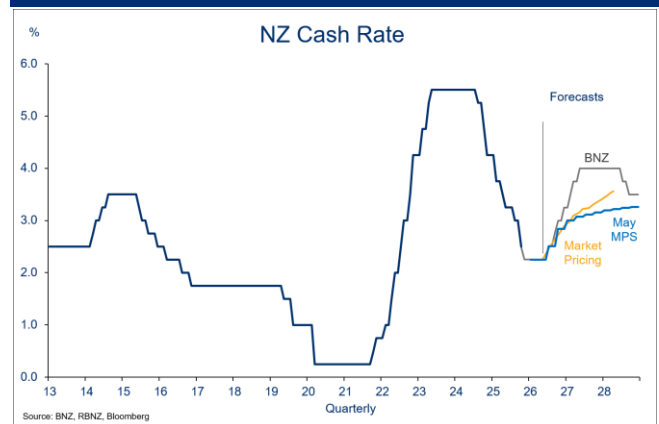
- heightened refining costs
- costs of distribution and sale in New Zealand, such as labour costs, local authority rates, insurance and so on
- various taxes, which represent almost half the cost of your petrol and
- the relative weakness of the NZD.

Whatever the reasons, falling petrol prices will support an improvement in real disposable incomes and an improvement in sentiment. So, while short term inflation forecasts will be lowered it is quite conceivable medium term forecasts are raised. If this is the case because demand starts to drive inflation, in addition to residual supply shock impacts, then interest rates will still need to rise. And, ironically, the greater the relative weight of demand on inflation and the lesser the impact from supply, the more inclined the central bank will be to use monetary policy to stem inflationary pressures. There is a tried and true approach for monetary policy to be applied to demand management whereas there is always far more debate about how it should respond to a supply shock.

We'll write a full preview of our expectations for the upcoming monetary policy review next Monday but until then suffice it to say that our view on rates remains unchanged as a consequence of the alleged ending of the war. In short our key messages are still:

- the RBNZ will raise the cash rate 25 basis points at its July meeting
- the ultimate peak in rates can only be gauged in time as we see how the world evolves
- but the Bank will want to ensure that it is not adding to inflationary pressure so will keep hiking until it determines in its own mind that rate settings are no longer stimulatory.

First get to neutral



As for the week ahead, there is no meaningful domestic data due for release so put your feet up, remain bemused about the potential end to a war which doesn't seem to have changed an awful lot, and take time to watch the World Cup.

stephen_toplis@bnz.co.nz

Global Watch

- Deal done, oil passing through the Strait
- Global PMIs to show activity pulse
- US PCE to show higher core inflation than CPI
- Many central bank speakers on circuit
- AU CPI, labour market data for May due

The signing of the memorandum of understanding between the US and Iran brought military action to a close, and there are visible signs that shipping was again flowing through the Strait of Hormuz. A deal incorporating the reopening of the Strait had been well anticipated. It has kicked off a 60-day period, extendable by agreement, for negotiations on more contentious issues, such as Iran's nuclear programme. The US and Iran have begun talks in Switzerland. While the deal is fragile, the important point for markets is that oil is flowing again and has lower a negative tail risk for the global economy.

Global flash PMIs (Tuesday) are out across Australia, Japan, the Euro Area, the UK and the US.

In the US, the May PCE deflator (Thursday) is expected to deliver a higher core inflation signal than last week's CPI and provides a broader read on consumption momentum in the wake of strong May retail sales. The same day also brings the third estimate of Q1 GDP, with the advance goods trade balance out Friday. Fed's Williams (Thursday) will be closely watched, given new Chair Warsh's aversion to on forward guidance. In Canada, May CPI (Monday) leads, ahead of the BoC's Summary of Deliberations (Wednesday) and Macklem and Rogers speak.

In Australia, the key release is the May monthly CPI on Wednesday. NAB expects headline inflation of 4.4% and trimmed mean of 3.5% (consensus 4.3%/3.5%). Thursday is a busy day for data, with the May labour force survey, household spending and job vacancies all due. NAB expects the unemployment rate to partially reverse April's seasonally affected outcome and edge down to 4.4% on a 35k employment gain (consensus 4.4%/+30k). RBA Deputy Governor Hauser will deliver a speech at an ESA event at 6:30pm on Wednesday, while RBA Governor Bullock will participate in a panel in Basel overnight Sunday.

In Asia, Japan's Summary of Opinions (Wednesday) and speeches from the BoJ's Himino (Wednesday) and Tamura (Thursday) are the first policy steers following the BoJ's hike last week. Tokyo CPI (Friday) continues to be held down by subsidies. In China, the loan prime rate (Monday) and industrial profits (Saturday) are the only notable data.

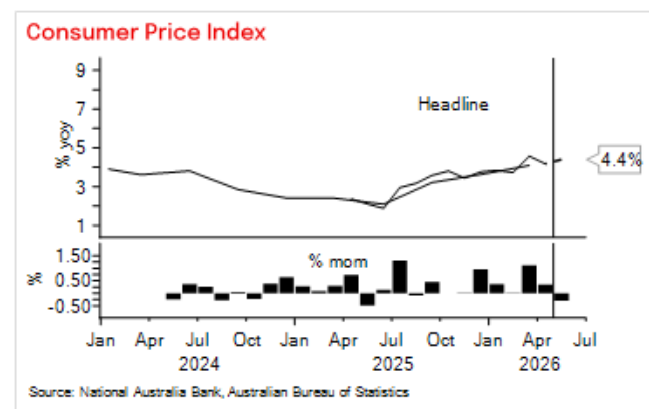
In Europe, it's a light week for key economic data in the UK and Europe. There are speeches from BoE officials on Tuesday and Wednesday, while ECB's Lagarde addresses the EU parliament on Monday. In the UK, politics will be in focus following the by-election in Makerfield, which is expected to set off a UK leadership challenge.

Key Event Previews

Wednesday

AU CPI (May)

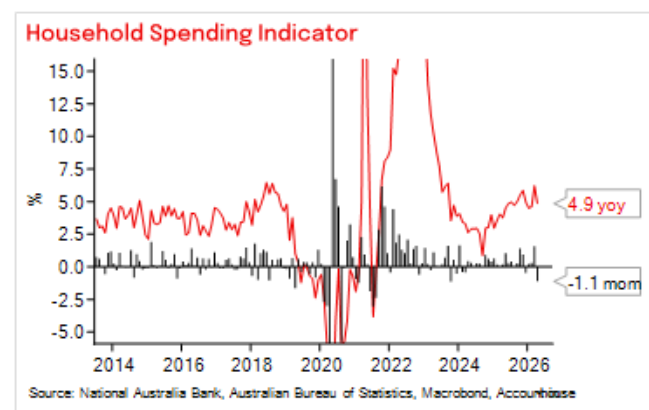
May CPI is expected to accelerate to 4.4% from 4.2% yoy, marginally above consensus for 4.3% yoy. Measured airfares are a wild card, but NAB expects a spike in international travel prices to partially offset a sharp fall in fuel prices. NAB expects the trimmed mean at 0.3% mom and 3.5% yoy, in line with consensus.



Thursday

AU Household Spending (May)

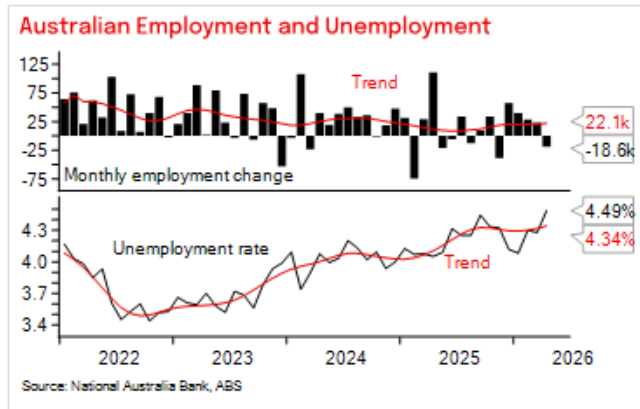
NAB expects household spending growth to rise by 0.8% in May, partly reversing April's 1.1% decline. The rebound is likely to be driven by a normalisation in travel-related spending. Fuel spending, however, is expected to soften further, on lower petrol prices.



AU Labour Force (May)

NAB expects the unemployment rate to partially reverse April's rise, edging back down to 4.4% from 4.5%, with employment growth of 35k. April's 18.6k employment fall overstated underlying weakness, distorted by the survey reference period coinciding with both Good Friday and Easter Monday, a combination that has historically weighed on employment outcomes.

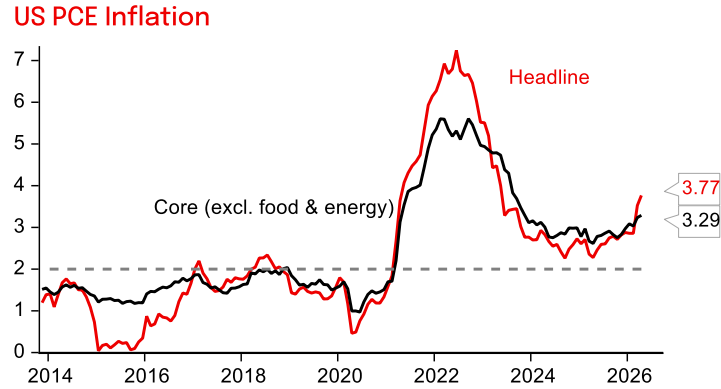
Looking through the month-to-month volatility, the underlying trend remains one of gradually rising unemployment, as slower growth weighs on labour demand.



US Personal Consumption Expenditure (May)

Core PCE ran at 3.3% yoy in April, and the May read lands after last week's hawkish FOMC hold. The core PCE is expected to deliver a higher core inflation signal than the latest CPI and provides a broader read on consumption momentum in the wake of strong May retail sales

FOMC members revised core PCE forecasts higher (3.3% in 2026), though softer oil since the US-Iran deal eases one upside risk. NAB sees the Fed on hold through 2027, conditional on inflation moderating in line with its projections.



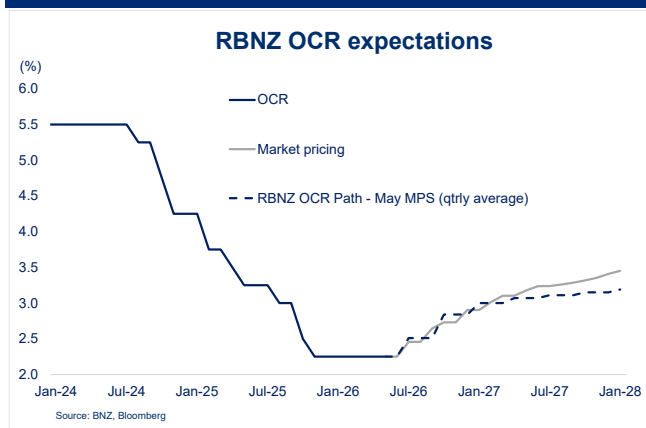
doug_steel@bnz.co.nz

Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ 2-year rates fell below 3.30% last week, a sharp retracement from the mid-May highs near 3.70%. Front-end rates subsequently rebounded after a hawkish hold by the US Federal Reserve. Since peaking in May, NZ rates have outperformed developed-market peers as expectations for RBNZ tightening have been pared back. Market pricing for the OCR path has now largely converged with the RBNZ’s May Monetary Policy Statement (MPS) projection. Having previously highlighted the downside skew to terminal-rate pricing, our strategy view is that the move lower has largely run its course. Further trimming of RBNZ tightening expectations would require a more material reassessment of domestic fundamentals.

Market converges with RBNZ track from May MPS

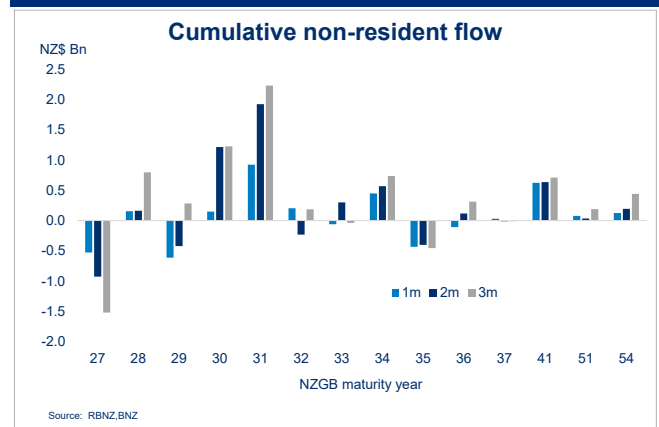


The PMIs, Q1 GDP and May inflation partials complete the key domestic data run ahead of the 8 July Policy Review. The data were broadly in line with expectations and continue to point to the RBNZ beginning to tighten next month, consistent with the May MPS. Market pricing implies around an 80% chance of a 25bp hike. The front end of the curve has flattened in recent weeks as the market has pared back the magnitude of the implied tightening cycle, although the near-term OCR track has been less affected. With little of note on the domestic calendar this week, the NZ market will take its lead from offshore catalysts. Australian CPI and employment data will be in focus, alongside US inflation data and geopolitical developments.

In the borrowing programme update released alongside the May Budget, New Zealand Debt Management (NZDM) indicated that a new 15 May 2038 nominal bond line will be syndicated before calendar year-end. We expect the transaction to launch early in FY27, with a possible window in the week beginning 29 June and backup options available through July. NZDM has often used the monthly tender schedule - next released on Wednesday - to provide further syndication details and could indicate if a July transaction is likely. The new line will fill the curve gap

between the Apr-2037 and May-2041 bonds and is therefore relatively straightforward to value. We expect NZDM to target issuance of NZ\$4–6bn, with preferences skewed towards the upper end. Assuming weekly tenders account for around NZ\$20bn, syndications would need to contribute about NZ\$14bn to complete the FY27 funding task. The Budget update also implies any subsequent syndication is unlikely before H2 FY27, supporting investor demand for the new near-10-year line.

Non-residents accumulate bonds in the belly of the curve



Order books for near-10-year NZGB syndications have strengthened materially across recent transactions. Non-resident allocations have also increased, led by stronger demand from Asia and North America. May holdings data suggest offshore investors continued to accumulate bonds across the curve, once allowance is made for the maturity of the May-2026 line. Buying was concentrated in the belly, while interest in the ultra-long sector also picked up. NZGB cross-market spreads have compressed, but the curve remains relatively steep within developed markets, which should continue to support demand ahead of the upcoming syndication.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.71	2.55 - 2.71
NZ 2yr swap (%)	3.39	3.26 - 3.59
NZ 5yr swap (%)	3.71	3.62 - 4.01
NZ 10yr swap (%)	4.08	4.03 - 4.36
2s10s swap curve (bps)	69	69 - 80
NZ 10yr swap-govt (bps)	-36	-37 - -31
NZ 10yr govt (%)	4.44	4.44 - 4.69
US 10yr govt (%)	4.45	4.42 - 4.58
NZ-US 10yr (bps)	-2	-7 - 13
NZ-AU 2yr swap (bps)	-111	-122 - -97
NZ-AU 10yr govt (bps)	-37	-39 - -23

*Indicative range over last 4 weeks

stuart_ritson@bnz.co.nz

Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ

The USD was broadly stronger last week following a more hawkish-than-expected policy update from the Fed, offsetting positive news that the US and Iran had signed a deal to end the conflict. NZD/USD fell 1.6% to 0.5740, after briefly falling to a fresh two-month low of 0.5723. The NZD underperformed and was weaker on the key crosses, ranging from a modest 0.3% fall against GBP to a notable 1.1% decline against the AUD, with the cross closing the week below 0.8190.

The USD DXY index rose to its highest level in over a year following the Fed's policy update. The on-hold decision and removal of the implicit easing bias from the Statement were not a surprise, but the projections showed that nine of 19 FOMC members expected a rate hike later this year. US short-end rates rose and, by the end of the week, the market was almost fully pricing a rate hike by September and two full hikes by March next year.

As we noted last week, our projections assume the Fed remains on hold indefinitely, and we would need to downgrade our NZD projections if that view changed. An important point is that most voting FOMC members likely see policy remaining on hold, with the more hawkish views likely held by non-voting regional Presidents. If inflation data over the next few months are better behaved – lower oil prices and the passing of import tariff impacts are supportive of that view – market pricing for Fed rate hikes would likely fade and the USD could reverse course.

Other policy meetings last week were as expected, with the BoJ delivering a well-anticipated 25bps hike, while the RBA and BoE left rates on hold. Despite the market seeing some chance of tighter BoE and RBA policy this year, our baseline view is that the BoE remains on hold and the RBA has finished its tightening cycle. Meanwhile, the BoJ is expected to tighten further, but at its current pedestrian pace.

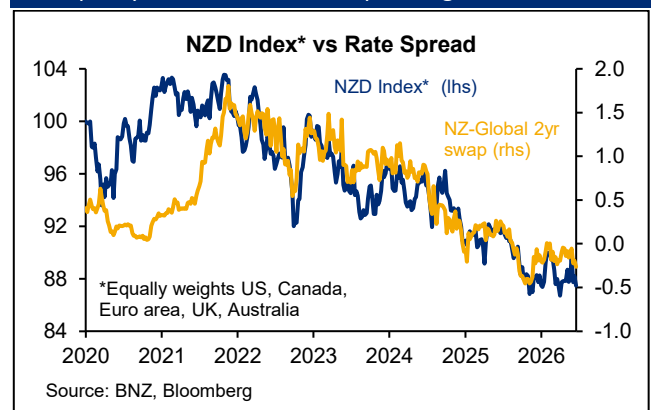
Positive news on the Middle East situation had little impact on the currency market, as an imminent deal incorporating the reopening of the Strait of Hormuz had been well anticipated. The signing of the memorandum of understanding between the US and Iran brought military action to a close, and there were visible signs that shipping was again flowing freely through the Strait of Hormuz. It also kicked off a 60-day period, extendable by agreement, for negotiations on more contentious issues, such as Iran's nuclear programme. The important point for markets is that oil is flowing again and the negative tail risk for the global economy and the NZD has been extinguished. While the deal is fragile, for now we'd ignore any headlines regarding a return to hostilities.

In domestic news, Q1 GDP rose 0.8% q/q, in line with market expectations, but upward revisions to historical data suggested the economy had stronger momentum than widely assumed ahead of the US-Iran conflict. Annual growth of 1.5% y/y was notably above the 1.0% consensus. With weak growth widely anticipated for Q2, the data were not seen as influencing RBNZ monetary policy expectations. Historically low NZ rates relative to the G7 and Australia remain a clear drag on NZD performance. The best chance for the NZD to show some life would be for the RBNZ to show some intent to significantly raise rates.

Technically, NZD/USD looks vulnerable, with the next support level around the early-April low near 0.5680. We cannot see much over the coming week that is likely to have a significant impact on the NZD. The key question is whether the USD can make further gains or whether its recent strength fades. The RBNZ MPR on 8 July is the next key trigger for any possible domestically sourced NZD move.

This week's economic calendar includes US PCE deflators and personal spending data for May, global PMIs, Australian monthly CPI and labour market data for May, Canadian CPI, and plenty of central bank commentary following the recent round of policy announcements.

RBNZ policy stance remains a depressing force on the NZD



Cross Rates and Recent Ranges

	Last wk		
	Current	% chg	Last 3-wks range*
NZD/USD	0.5732	-1.6%	0.5720 - 0.5940
NZD/AUD	0.8178	-1.1%	0.8180 - 0.8310
NZD/CAD	0.8122	-0.4%	0.8060 - 0.8230
NZD/GBP	0.4345	-0.3%	0.4320 - 0.4410
NZD/EUR	0.5000	-0.8%	0.5000 - 0.5110
NZD/JPY	92.45	-0.9%	92.40 - 95.00

*Indicative range over last 3 weeks, rounded

jason.k.wong@bnz.co.nz

Technicals

NZD/USD

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

Recent weakness has brought the early-April low near 0.5680 into play as the next short-term support level.



NZD/AUD

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

The recent positive turnaround didn't last long and downside risk has returned, with the low near 0.8140 as the only support level of note.

jason.k.wong@bnz.co.nz



NZ 5-year Swap Rate

Outlook: Neutral
 MT Resistance: 3.82
 MT Support: 3.48

5-year swap found support in the middle of our range. We shift our outlook to neutral and wait for a move in either direction for clarity.

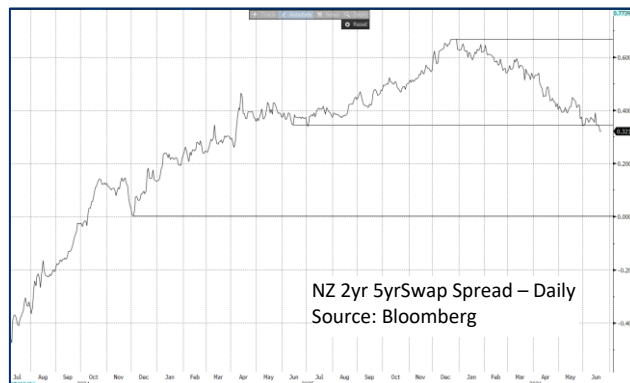


NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Lower
 MT Resistance: 0.34
 MT Support: 0

2s5s curve flattened back below our support last week and thus we change our outlook to lower and previous support becomes resistance. The next obvious support looks to be at 0bp.

matthew.herbert@bnz.co.nz



Quarterly Forecasts

Forecasts as at 22 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.)	-0.7	0.9	0.5	0.8	-0.2	0.3	0.6	0.6	0.7	0.7
Retail trade (real s.a.)	0.7	2.0	0.9	0.9	0.4	0.6	0.5	0.6	0.7	0.8
Current account (ann, % GDP)	-3.7	-3.5	-3.6	-3.6	-3.6	-4.1	-4.5	-4.4	-4.2	-3.9
CPI (q/q)	0.5	1.0	0.6	0.9	1.5	0.7	0.3	0.6	0.6	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	4.1	3.8	3.5	3.1	2.2	2.0
GDP (production s.a., y/y)	-0.9	1.1	1.5	1.5	1.9	1.4	1.5	1.2	2.1	2.6

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Cash	Government Stock			Swaps			US Rates		Spread
		90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR	US 10 yr	NZ-US
		Bank Bills						3 month		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	0.57	0.70	1.15	1.32	161	0.57	0.82	0.50	0.43	92.5	65.7
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 22 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	1.4	1.2	2.4	1.1	-0.2	1.4	1.0	2.1
Government Consumption	1.1	-1.3	3.8	1.2	1.0	0.1	-0.9	2.5	2.9	0.4
Total Investment	-1.1	-4.9	-0.2	4.5	3.7	-0.3	-4.8	-1.3	3.3	4.2
Stocks - ppts cont'n to growth	-1.4	0.4	0.3	0.2	-0.1	-1.2	0.4	-0.1	0.5	-0.1
GNE	-0.9	-1.0	1.8	2.3	2.4	-0.7	-1.1	0.9	2.6	2.2
Exports	8.6	3.4	3.3	5.7	3.6	11.5	4.7	2.8	6.2	3.5
Imports	-1.4	1.5	5.4	6.8	2.6	-0.7	1.6	3.3	8.1	2.9
Real Expenditure GDP	1.5	-0.7	1.3	2.1	2.6	2.1	-0.3	0.7	2.3	2.3
GDP (production)	1.8	-0.9	0.8	1.5	2.6	2.2	-0.3	0.3	1.6	2.2
<i>GDP - annual % change (q/q)</i>	1.5	-0.8	1.5	1.2	3.0	1.5	-1.6	1.5	1.5	2.8
Output Gap (ann avg, % dev)	1.3	-0.4	-0.8	-0.8	-0.2	1.4	0.0	-0.9	-0.7	-0.4
Nominal Expenditure GDP - \$bn	417	432	451	473	496	413	427	445	468	490
Prices and Employment -annual % change										
CPI	4.0	2.5	3.1	3.1	1.9	4.7	2.2	3.1	3.5	1.9
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	0.6	-0.8	0.1	1.1	0.7	0.4
Unit Labour Costs (ann av %)	6.6	4.4	2.6	2.5	2.6	7.1	4.7	3.0	2.3	2.8
House Prices (stratified, mth)	2.7	-0.7	0.2	-0.5	5.4	0.7	-0.8	-0.3	0.0	4.5
External Balance										
Current Account - \$bn	-23.8	-18.3	-16.3	-20.9	-16.9	-25.8	-20.0	-16.0	-21.0	-17.7
Current Account - % of GDP	-5.7	-4.2	-3.6	-4.4	-3.4	-6.3	-4.7	-3.6	-4.5	-3.6
Government Accounts - June Yr, % of GDP										
OBE GAL 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

Key Upcoming Events

All times and dates NZT

	Median	Fcast	Last		Median	Fcast	Last	
Tuesday 23 June				UK	BOE's Dhingra speaks			
EC	ECB's Lagarde, Panetta, Kocher, Lane speak			CA	Bank of Canada Summary of Deliberations			
US	Fed's Waller speaks			AU	30.0k	35.0k	-18.6k	
EC	Consumer Confidence Jun P	-17.8	-19	AU	Unemployment Rate May	4.40%	4.40%	4.50%
AU	S&P Global Australia PMI Mfg Jun P		50.7	AU	Household Spending YoY May	4.20%	4.90%	
AU	S&P Global Australia PMI Services Jun P		48.7	AU	Household Spending MoM May	0.50%	0.80%	-1.10%
GE	S&P Global Germany Services PMI Jun P	49	48.1	GE	GfK Consumer Confidence Jul	-27.7	-29.8	
EC	S&P Global Eurozone Manufctrng PMI Jun P	51.6	51.6	EC	ECB Publishes Economic Bulletin			
EC	S&P Global Eurozone Services PMI Jun P	48.6	47.7	UK	ECB's Moulin, Lane speak			
UK	S&P Global UK Services PMI Jun P	50.1	49.3	UK	CBI Retailing Reported Sales Jun	-40	-46	
UK	S&P Global UK Manufacturing PMI Jun P	53.5	53.9	JN	BOJ's Tamura speaks			
UK	CBI Trends Total Orders Jun	-33	-41	Friday 26 June				
UK	CBI Trends Selling Prices Jun	35	38	EC	ECB's Cipollone speaks			
Wednesday 24 June				US	Personal Income May	0.40%	0.00%	
US	ADP Weekly Employment Change June-6		25.500k	US	Personal Spending May	0.60%	0.50%	
US	Philadelphia Fed Non-Manufacturing Activity Jun		-23.6	US	Real Personal Spending May	0.20%	0.10%	
CA	BoC's Macklem speaks			US	PCE Price Index MoM May	0.50%	0.40%	
US	S&P Global US Manufacturing PMI Jun P	54.6	55.1	US	PCE Price Index YoY May	4.10%	3.80%	
US	S&P Global US Services PMI Jun P	51	50.7	US	Core PCE Price Index MoM May	0.30%	0.20%	
UK	BOE's Taylor, Dhingra speak			US	Core PCE Price Index YoY May	3.40%	3.30%	
EC	ECB's Vujcic speaks			US	GDP Annualized QoQ 1Q T	1.60%	1.60%	
US	Richmond Fed Manufact. Index Jun	8	13	US	Initial Jobless Claims June-20	225k	226k	
JN	BOJ Summary of Opinions (June MPM)			US	Continuing Claims June-30	1805k	1810k	
AU	CPI MoM May	-0.40%	-0.30%	0.40%	US	Durable Goods Orders May P	-5.00%	8.00%
AU	CPI YoY May	4.30%	4.40%	4.20%	US	Chicago Fed Nat Activity Index May		0.14
AU	CPI Trimmed Mean MoM May	0.30%	0.30%	0.30%	US	Fed's Williams, Goolsbee speak		
AU	CPI Trimmed Mean YoY May	3.50%	3.50%	3.40%	EC	ECB 3 Year CPI Expectations May	2.80%	2.90%
AU	RBA's Hauser speaks			EC	ECB's Nagel speaks			
GE	IFO Expectations Jun	84.8	83.8	Saturday 27 June				
EC	ECB's Nagel speaks			US	Advance Goods Imports MoM SA May		1.90%	
UK	BOE's Breeden speaks			US	Advance Goods Exports MoM SA May		4.00%	
JN	BOJ's Himino speaks			US	U. of Mich. Sentiment Jun F	50	48.9	
Thursday 25 June				US	Kansas City Fed Services Activity Jun		10	
US	Current Account Balance 1Q	-\$208.8b	-\$190.7b	US	Fed's Kashkari speaks			
EC	ECB's Cipollone speaks			EC	ECB's Vujcic, Schnabel speak			
US	New Home Sales May	637k	622k	CH	Industrial Profits YoY May		24.70%	

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	2.25	2.25	2.25	3.25	2 years	3.39	3.33	3.51	3.28
1mth	2.52	2.48	2.46	3.33	3 years	3.53	3.47	3.70	3.40
2mth	2.62	2.58	2.54	3.31	4 years	3.63	3.59	3.83	3.53
3mth	2.71	2.68	2.62	3.30	5 years	3.72	3.69	3.93	3.65
6mth	2.93	2.90	2.80	3.29	10 years	4.10	4.09	4.29	4.13
GOVERNMENT STOCK					FORBGN EXCHANGE				
05/28	3.39	3.34	3.56	3.61	NZD/USD	0.5738	0.5823	0.5872	0.5977
05/31	3.91	3.89	4.14	4.16	NZD/AUD	0.8180	0.8233	0.8187	0.9252
04/33	4.14	4.12	4.37	4.40	NZD/JPY	92.56	93.35	93.31	87.34
05/36	4.44	4.41	4.64	4.67	NZD/EUR	0.5003	0.5023	0.5044	0.5163
05/41	4.79	4.79	5.00	5.03	NZD/GBP	0.4345	0.4341	0.4349	0.4419
05/54	5.05	5.01	5.21	5.28	NZD/CAD	0.8128	0.8146	0.8107	0.8209
GLOBAL CREDIT INDICES (ITRXX)					TWI	65.7	66.5	66.7	68.6
Nth America 5Y	50	50	52	55					
Europe 5Y	52	51	55	60					

Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Mike Jones
BNZ Chief Economist

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.