29 June 2026

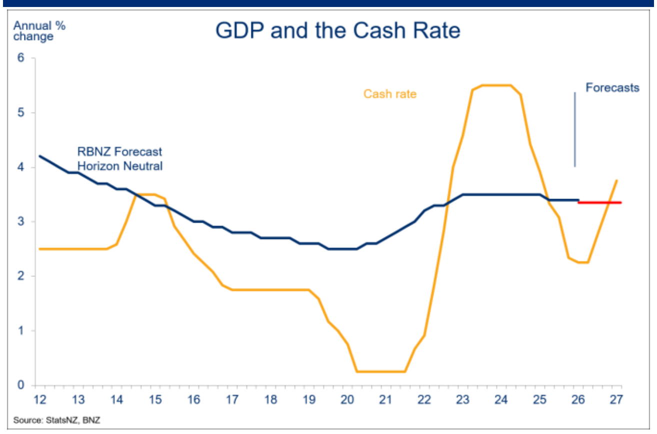
July 2026 MPR Preview

- **RBNZ expected to raise cash rate 25bp**
- **Will maintain its tightening bias**
- **Needs to get cash rate to neutral**
- **War end may create extra caution**
- **Labour market weakness notable**

Picking the appropriate settings for monetary policy is not getting any easier. Sure, the war may be over but the world is hardly stable, and domestic fuel prices are still well above where they were at the start of this year. Additionally, it shouldn't be forgotten that prior to the war inflation concerns were already building and there was a strong argument for higher interest rates even without an oil price shock.

No matter how this all plays out, we are strongly of the view the cash rate needs to get back to neutral relatively quickly to ensure stimulatory monetary policy does not add to inflation. When the cash rate hits neutral then the RBNZ can ponder the nature of the inflationary pressure and determine what needs to be done next. At this stage we are keeping with our projection of further rate increases after July but, equally, it may be that the course of events dictates the Bank can stop tightening at a lower cash rate peak than we are currently expecting.

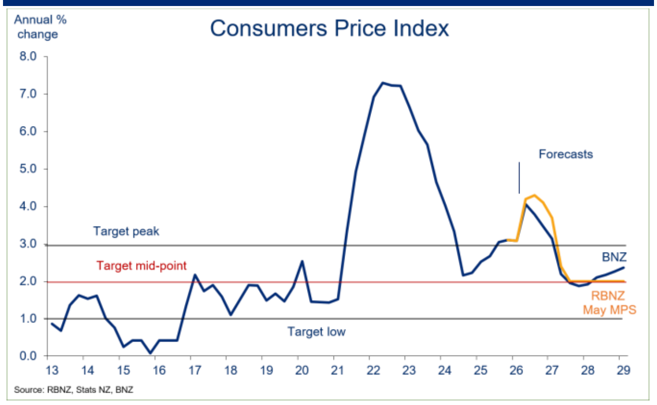
First get to neutral



All that said, the difficulty is ascertaining what the RBNZ Monetary Policy Committee will say to ensure that it gets the "right" monetary policy outcome while maintaining its consistency with what was written when it released its May Monetary Policy Review. At that review the RBNZ stated "The Middle East conflict has materially altered the outlook and the balance of risk for inflation and economic growth", and this change appeared to be the dominant rationale for the Bank's decision to adopt a more hawkish stance than was previously the case.

So, if there is no longer a Middle East conflict does the RBNZ throw the car into reverse and go back to its no rate increase until late 2026 stance? Supporting such a view is the fact that it looks like the labour market will be weaker than the RBNZ had assumed and, clearly, inflation (at least in the near term) will be lower than the Bank had anticipated.

Inflation lower for now



While the above would suggest the Bank has to make a call on whether the current cessation in the conflict is durable, it can avoid this judgment by simply using the oil futures strip as the proxy for likely outcomes. For all intents and purposes this is what the Bank did in its May statement. That being so the futures strip, and current spot prices for that matter, will be markedly lower than was the case back in May. In the May MPS the RBNZ was looking for the Dubai Crude price to be around USD101 per barrel across the quarter, now futures markets are suggesting a number closer to USD68 might be appropriate. This drop will have a marked impact on fuel price forecasts and the CPI. Notwithstanding this, we note that the price of refined fuel is not falling as fast as crude prices are and we already had a much lower petrol price projection than the RBNZ seemed to have.

But will inflation be meaningfully lower than the RBNZ projected over the medium term? We're not convinced. Rising oil prices will have reduced domestic spending to the extent that real disposable incomes were eroded and people chose not to spend out of savings. As oil prices fall this is likely to stimulate spending which adds to the possibility that inflation ceases to be supply driven but instead becomes demand driven. This would put conditions back into the comfort zone for the Bank as central banks understand demand management much better than supply disruption.

And don't forget the RBNZ was able to forecast inflation stabilising at 2.0% because of the rate increases that would be implemented. Take the rate increases away and inflation forecasts would have been higher.

Note that one of the reasons the RBNZ believed inflation would be contained is that weak domestic demand would curtail businesses' ability to raise prices. One assumes that if downside risks to domestic demand diminish the corollary is that businesses will be more comfortable pushing prices higher.

More generally, we think the RBNZ would lose some credibility were it not to raise rates in July. After all, half the committee wanted a rate increase at the last meeting and both they and the other half confirmed they were comfortable with at least three rate increases before the end of this year. In our opinion inflationary pressures could not have dissipated sufficiently to deter the July increase that has been so well signalled.

Furthermore, the New Zealand dollar has been tumbling lately as the market has repriced the top in the rate hiking cycle. On a TWI basis it is already over 2.0% below where the Bank had assumed when it put its MPS together. That will add around 0.2% to the year-ahead annual inflation expectation. Was the RBNZ to sit on its hands on July 8 it is likely the NZD would take another hit adding further to inflationary pressure.

NZD under pressure

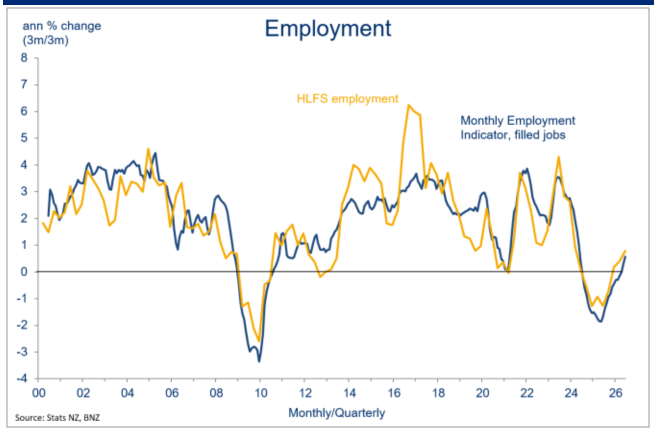
The Monetary Policy Review does not include an interest rate track. This will be handy for the RBNZ as it won't want to seem in the slightest bit committed to any agenda given the two-sided uncertainty that pervades. In our opinion, this allows the RBNZ to hike in July, maintain a tightening bias, but leave the door wide open as to the timing and pace of future rate increases.

There's not a lot of domestic data between now and the Monetary Policy Review that will influence the Committee's decision so we will remain focussed on offshore developments.

Tuesday's ANZ Business Opinion survey will be interesting to see if the drop in oil prices and positive war news has had any influence on optimism. One would have expected it to do so. Also, as always, inflation expectations and pricing intentions will be closely watched.

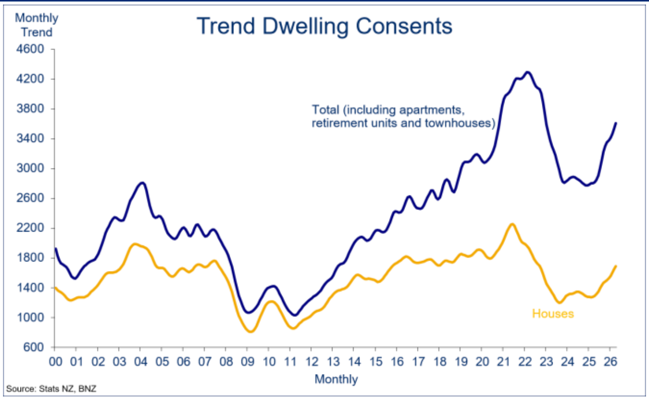
This morning's employment indicators were interesting to the extent that they confirmed our concern that employment is improving but struggling to gain any momentum. As has been the case on a regular basis recently, the monthly increase of 0.3% was stronger than we had anticipated but the previous month's reading was revised down to -0.1% to compensate. Nonetheless, the data remain consistent with at least some growth in the Household Labour Force measure of employment in the June quarter. We are forecasting a 0.2% quarterly increase in that measure taking the annual increase to 0.8%. It won't be enough to lower the unemployment rate but it will be the strongest rate of annual increase since March 2024.

Employment crawls higher



On Thursday May building consents are released. We have been surprised by the strength in residential consents but even more surprised that the pick-up in consents is not being reflected in an equivalent improvement in activity. We do not expect the recent past pace of permit growth to be sustained but we have been saying that for a while now.

Permit strength odd



Non-residential construction in New Zealand is extremely weak. We expect non-res permit data to continue reflecting the fact that it will stay that way.

Stephen_Toplis@bnz.co.nz

Global Watch

- **RBA minutes parsed for any tightening bias**
- **US payrolls expected to be robust**
- **ECB forum speakers worth following**
- **Q2 Tankan to monitor rate hike impact**
- **Unchanged core Eurozone inflation anticipated**

In the US, June non-farm payrolls on Thursday headlines the week. JOLTS (Tuesday) and ADP (Wednesday) will provide further labour market insights. The Conference Board's consumer confidence reading (Tuesday) and ISM manufacturing (Wednesday) round out the week.

For Canada, April GDP (Tuesday) is the key release. Wednesday is the deadline for the United States-Mexico-Canada Agreement (USMCA) review, though this is likely to be extended given the lack of any details to date.

The Q2 Tankan on Wednesday is Japan's key data release. It is the first corporate sentiment read since the BoJ's June hike to 1.00%. Its output gap measure is one of the key watch points. The Jobless Rate and preliminary industrial production (both Tuesday) both add to the demand side picture.

In China, official PMIs for June are out Tuesday.

It's another light week for key economic data in Europe and the UK. Euro Zone preliminary June HICP is released (Wednesday). NAB economics expects headline inflation to ease 0.1ppts to 3.1% y/y, with the core unchanged at 2.6%. UK final Q1 GDP is released on Tuesday. A keenly awaited speech on the economy from likely PM Andy Burnham is due during the week. Final June manufacturing and services PMIs are due Wednesday and Friday for both the EZ and UK.

Keep an eye on the ECB Forum on Central Banking in Sintra, Portugal (Monday to Wednesday) which culminates in a closing policy panel featuring ECB's Lagarde, the Fed's Warsh, BoE's Bailey and BoC's Macklem. ECB's Lane and BoE's Breeden are amongst the Tuesday speakers.

Across the ditch all eyes will be on the RBA Minutes from the June meeting which will be released on Tuesday. Data are second tier, building approvals (Wednesday), private sector credit (Tuesday) and the trade balance (Thursday).

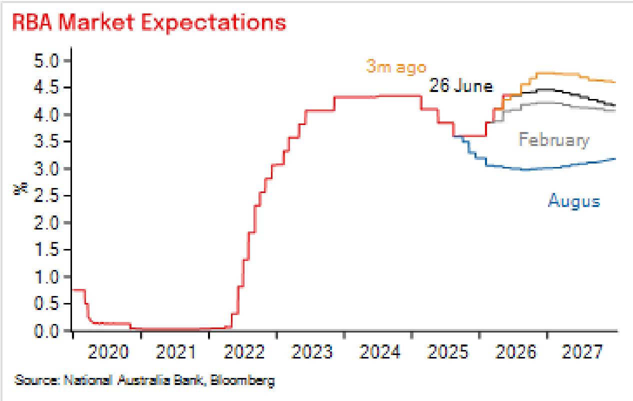
Key Event Previews

Tuesday

AU RBA Minutes

The RBA held rates in June with a unanimous decision. The minutes will be parsed for clues on how high the bar is for another hike. The data flow last week showed strong inflation, but no stronger than the RBA forecast in May, and the expected fallback in the unemployment rate after a noisy April print. The RBA should remain concerned about inflation risk, but NAB think's there is insufficient pressure to tighten further given below trend growth.

Closely watched will be whether the Board is taking signal from some signs of easing capacity pressures, how it is assessing the risks from slowing in housing, and how comfortable it is that conditions are restrictive.



Thursday

US Non-Farm Payrolls

May's 172k marked a third consecutive month of above-100k growth, holding unemployment at 4.3%, even as broader demand indicators (JOLTS, ADP and business surveys including NFIB and ISM) have sent mixed signals. The disconnect raises the question of whether the recent pace of hiring can be sustained into the second half of the year, but for June, the early consensus looks for another robust jobs gain and the unemployment rate holding at 4.3%.

Receding labour market concerns have been key to the hawkish tilt from the FOMC. Patience remains the base case but a firm print would keep the door open to a hike.

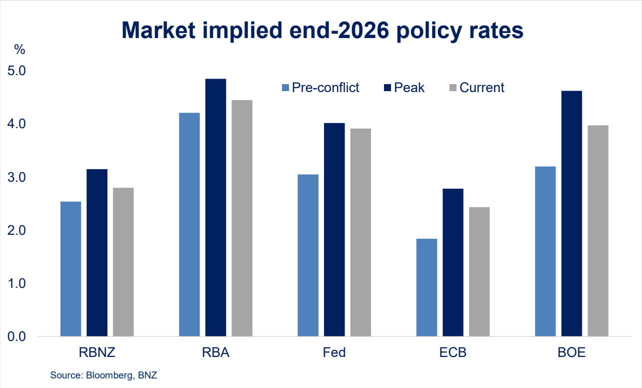
Stephen_Toplis@bnz.co.nz

Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ yields moved lower last week, following offshore markets, with the main catalyst a further fall in oil prices. Brent crude retraced to around USD72 per barrel, close to pre-conflict levels, although still above the USD60 seen two months earlier, before the US military build-up in the Gulf. Two-year swap rates traded back towards 3.3%, while 10-year rates fell below 4.0%, marking fresh down-leg lows and nearing the bottom of this year's range. With oil prices now approaching pre-conflict levels, their recent influence on rates markets should begin to fade as inflation expectations remain largely anchored and second-round effects are reduced.

Large retracements from peak tightening expectations

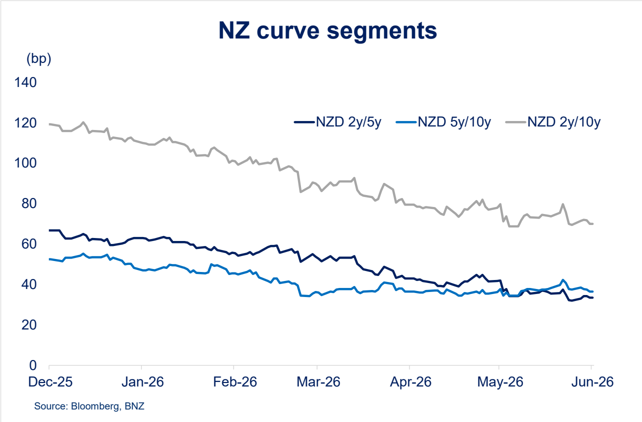


Although markets are pricing less global central bank tightening than a month ago, rates remain significantly higher in the US, Europe and the UK, where easing had been expected before the conflict. This contrasts with NZ, where a RBNZ tightening cycle was already priced. Outside the US Federal Reserve, 2026 tightening expectations for major central banks have generally receded, providing a more supportive backdrop for global fixed income. Rebalancing-related demand may also support bonds into quarter end, given the strong outperformance of equity markets during this period.

Market pricing for the RBNZ July meeting has edged lower in recent sessions. A week ago, pricing implied more than an 80% chance of a 25bp hike. That probability has since retraced to around 60%. All key economic data ahead of the meeting have now been released and were broadly consistent with the RBNZ's May projections, clearing the way for the expected start of the tightening cycle. We think the balance of risks around the 55bp of hikes priced for this year is to the topside. Separately, the market implies a smaller chance of an October hike than at neighbouring meetings. This may reflect the timing of the general election, but we think the impact is being overstated.

The NZ 2y/10y curve has retained its flatter profile through the June rally, which has largely been a parallel shift across maturities. We estimate it is around 10bp too flat relative to its historical relationship with front-end rates. The move over the past three months has been led by the belly, while the curve beyond five years has been little changed. We expect the longer end to retain some premium as the market looks ahead to the upcoming NZGB syndication. Cross-market spreads to Australia, where some hedging-related flow is likely to be warehoused, are already tight.

Curve flattening driven by the belly in recent months



The monthly tender schedule provided no further guidance on the timing of the new May-2038 nominal bond syndication. We had expected an indication of the transaction, but still think July is possible, with several potential execution windows. NZ Debt Management will likely want to avoid the peak Northern Hemisphere summer period in August, given non-residents have typically been important sponsors of longer-dated NZGB syndications. Ten-year swap spreads have remained confined to the well-established -40 to -30bp range, which we expect to hold for now.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.69	2.55 - 2.72
NZ 2yr swap (%)	3.32	3.26 - 3.57
NZ 5yr swap (%)	3.65	3.62 - 3.94
NZ 10yr swap (%)	4.02	3.98 - 4.30
2s10s swap curve (bps)	70	70 - 80
NZ 10yr swap-govt (bps)	-35	-37 - -31
NZ 10yr govt (%)	4.36	4.36 - 4.55
US 10yr govt (%)	4.37	4.36 - 4.58
NZ-US 10yr (bps)	-1	-12 - 11
NZ-AU 2yr swap (bps)	-110	-122 - -99
NZ-AU 10yr govt (bps)	-36	-39 - -31

*Indicative range over last 4 weeks

Stuart_Ritson@bnz.co.nz

Foreign Exchange Market

Reuters pg BNZWFWDS Bloomberg pg BNZ

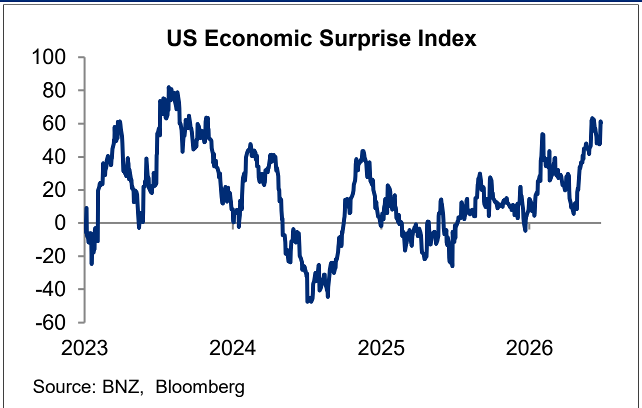
For a second week, the USD was broadly stronger, with further spillover from the Fed's recent hawkish pivot. Major currencies fell to fresh multi-month or annual lows against the USD. The NZD and AUD underperformed, both falling more than 1.5%, to 0.5640 and just under 0.6900 respectively. While NZD/AUD was flat near 0.8180, the NZD was weaker on the other key crosses by around 1-1.5%.

Two major themes have been in play of late: the Middle East conflict and the outlook for US monetary policy. Oil prices plunged for a third consecutive week as oil flows through the Strait of Hormuz increased substantially. However, the Middle East ceasefire remains on shaky ground, with Iran trying to exert control over the Strait and ongoing skirmishes between Israel and Hizbollah. Over the weekend, the US and Iran traded blows in the Strait, which we see more as muscle flexing than a reignition of major military action. Meanwhile, there were conflicting messages from the US and Iranian sides regarding negotiations.

We don't see the Middle East situation as a key driver of currency markets over the near term. That said, one-sided risk still overhangs the market, with more NZD downside than upside risk until we can safely say the conflict has ended. That could be some time away.

In the US, the flow of economic data remained positive, reflected in Citigroup's US economic surprise index being near its highest level since 2023. PMI data continued to show the US economy outperforming other major economies. Annual core PCE inflation rose to 3.4%, its highest level since 2023 and further away from the Fed's 2% target. Even though US rate hike expectations were pared, the market still prices 37bps of hikes by March.

US economic surprise index near levels not seen since 2023

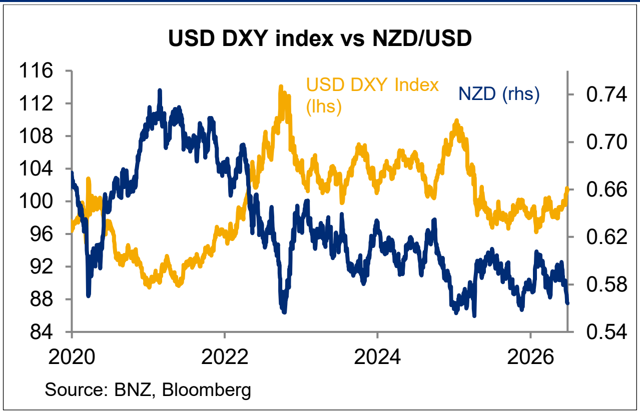


US economic exceptionalism and the chance of the Fed needing to tap the brakes to bring inflation down have driven the USD DXY index to its highest level in more than a year. Technically, the NZD's 14-day RSI has moved below 30, providing a possible short-term oversold signal. Likewise, the DXY Index has moved above 70, providing a short-term USD-overbought signal. Technical analysis can be useful at times, but less so when there are identifiable macro drivers that appear justified, such as the case recently. We see the NZD's November low around 0.5580 as the next support level, while the multi-year support level of 0.55 remains crucial.

Following the recent depreciation of the NZD, the run of positive US economic data, and the Fed's hawkish pivot, we no longer see our NZD projections as fairly representing a central forecast. Later this week, we will revise them lower, consistent with the downside risk we have been noting over recent weeks. We are not bearish, but a sustained recovery beyond 0.60 looks increasingly challenging.

In the week ahead, the ECB holds its annual conference in Portugal, with the heads of major central banks attending and speaking. The key global economic release will be the US employment report, which is due a day earlier than usual because of the US holiday at the end of the week. It will be preceded by the ISM manufacturing survey and other labour market surveys. Euro area CPI inflation and China PMI data will also be of some interest. Domestically, ANZ releases its business and consumer confidence surveys.

NZD struggles as USD index reaches strongest level this year



Cross Rates and Recent Ranges

	Current	Last wk %chg	Last 3-wks range*
NZD/USD	0.5647	-1.8%	0.5630 - 0.5860
NZD/AUD	0.8194	-0.1%	0.8160 - 0.8310
NZD/CAD	0.8014	-1.6%	0.7990 - 0.8190
NZD/GBP	0.4276	-1.5%	0.4270 - 0.4370
NZD/EUR	0.4956	-1.0%	0.4950 - 0.5060
NZD/JPY	91.32	-1.5%	91.00 - 93.80

*Indicative range over last 3 w eeks, rounded

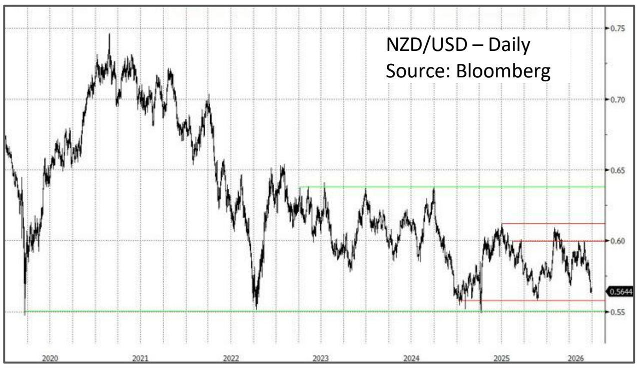
Jason.K.Wong@bnz.co.nz

Technicals

NZD/USD

Outlook: Trading range
ST Resistance: 0.60 (ahead of 61)
ST Support: 0.5580 (ahead of 0.55)

Ongoing weakness now sees the November low near 0.5580 as the next short-term support level, ahead of the crucial long-standing 0.55 support level.

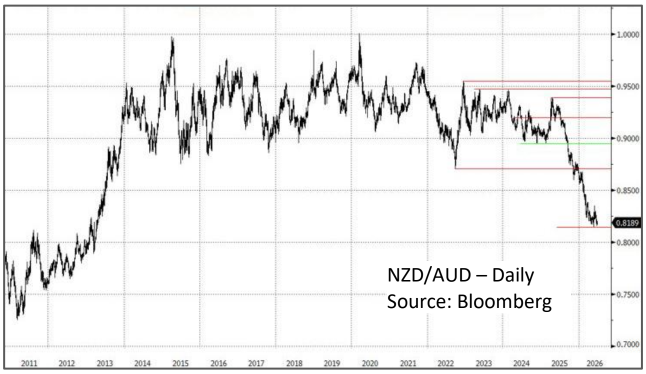


NZD/AUD

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

The cross rate remains vulnerable to further downside risk, 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
ST Resistance: 3.82
ST Support: 3.48

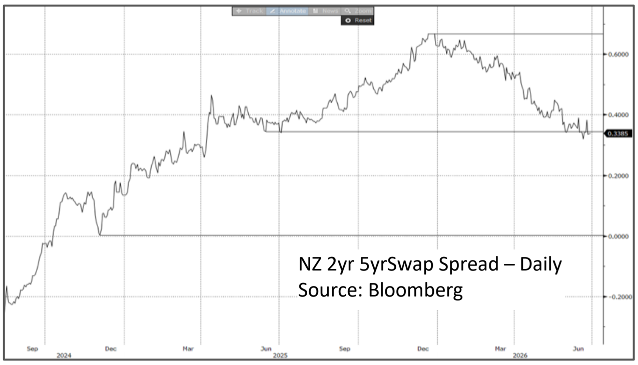
5-year swap continues to hover in the middle of our trading range after moving slightly lower last week. We remain neutral.

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

Outlook: Lower
MT Resistance: 0.34
MT Support: 0

2s5s curve tried to steepen back above our resistance but was sharply rejected. We retain our outlook for a flatter curve.

Matthew.Herbert@bnz.co.nz



Quarterly Forecasts

Forecasts as at 29 June 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified — Forecasts (Jun-26 to Sept-27)

	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	-4.5	-4.3	-4.0
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			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	0.56	0.69	1.14	1.32	162	0.56	0.82	0.50	0.43	91.3	65.0
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 29 June 2026	March Years Actuals			Forecasts		December Years Actuals			Forecasts	
	2024	2025	2026	2027	2028	2023	2024	2025	2026	2027
GDP - annual average % change										
Private Consumption	1.1	0.0	1.4	1.3	2.4	1.1	-0.2	1.4	1.1	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	4.2	3.7	-0.3	-4.8	-1.3	3.2	4.1
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	6.5	3.4	11.5	4.7	2.8	6.9	3.5
Imports	-1.4	1.5	5.4	7.9	2.6	-0.7	1.6	3.3	8.9	3.1
Real Expenditure GDP	1.5	-0.7	1.3	1.9	2.5	2.1	-0.3	0.7	2.2	2.2
GDP (production)	**1.8**	**-0.9**	**0.8**	**1.5**	**2.6**	**2.2**	**-0.3**	**0.3**	**1.6**	**2.2**
GDP - annual % change (q/q)	*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	1.2	0.3	0.6	-0.8	0.1	1.2	0.6	0.3
Unit Labour Costs (ann av %)	6.6	4.4	2.5	2.8	2.6	7.1	4.7	2.9	2.4	2.9
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	-21.0	-17.6	-25.8	-20.0	-16.0	-21.1	-18.4
Current Account - % of GDP	-5.7	-4.2	-3.6	-4.5	-3.6	-6.3	-4.7	-3.6	-4.5	-3.8
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			
NZ	Filled Jobs SA MoM May			0.2
AU	RBA's Kent-Speech			
EC	Economic Confidence Jun	94.3		93.5
	Tuesday			
EC	ECB's Lagarde Speaks in Sintra			
NZ	ANZ Activity Outlook Jun			25.6
CH	Manufacturing PMI Jun	50.1		50
CH	Non-manufacturing PMI Jun	49.9		50.1
GE	Unemployment Claims Rate SA Jun	6.3		6.3
	Wednesday			
GE	CPI EU Harmonized YoY Jun P	2.5		2.7
CA	GDP MoM Apr	0.4		
US	MNI Chicago PMI Jun	55.4		62.7
US	Conf. Board Consumer Confidence Jun	94.55		93.1
US	JOLTS Job Openings May	7287.5		7618
JN	Tankan Large Mfg Index 2Q	16		17
CH	RatingDog China PMI Mfg Jun	52		51.8
EC	CPI Estimate YoY Jun P	3		3.2
EC	CPI Core YoY Jun P	2.5		2.6
	Thursday			
US	ADP Employment Change Jun	119		122
EC	ECB's Lagarde, Fed's Warsh, BOE's Bailey, BOC's Macklem			
US	ISM Manufacturing Jun	53.9		54
NZ	Building Permits MoM May			10.9
AU	Trade Balance May	2175		1791
EC	Unemployment Rate May	6.3		6.3
	Friday			
US	Change in Nonfarm Payrolls Jun	115		172
US	Average Hourly Earnings MoM Jun	0.3		0.3
US	Average Hourly Earnings YoY Jun	3.5		3.4
US	Unemployment Rate Jun	4.3		4.3
US	Initial Jobless Claims	220		215
NZ	ANZ Consumer Confidence Index Jun			86.5

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS				
Call	2.25	2.25	2.25	3.25
1mth	2.54	2.51	2.43	3.33
2mth	2.61	2.61	2.53	3.31
3mth	2.70	2.71	2.62	3.29
6mth	2.88	2.93	2.86	3.27
GOVERNMENT STOCK				
05/28	3.30	3.39	3.52	3.51
05/31	3.84	3.91	4.05	4.06
04/33	4.08	4.15	4.27	4.33
05/36	4.36	4.45	4.52	4.63
05/41	4.73	4.81	4.89	4.97
05/54	5.00	5.07	5.11	5.21
GLOBAL CREDIT INDICES (ITRXX)				
Nth America 5Y	51	50	51	51
Europe 5Y	52	51	54	55

	Today	Week Ago	Month Ago	Year Ago
SWAP RATES				
2 years	3.32	3.38	3.51	3.19
3 years	3.45	3.51	3.67	3.31
4 years	3.56	3.62	3.77	3.44
5 years	3.65	3.71	3.86	3.57
10 years	4.02	4.09	4.20	4.08
FOREIGN EXCHANGE				
NZD/USD	0.5640	0.5714	0.5933	0.6096
NZD/AUD	0.8180	0.8161	0.8287	0.9263
NZD/JPY	91.24	92.30	94.70	87.80
NZD/EUR	0.4955	0.5000	0.5100	0.5172
NZD/GBP	0.4274	0.4312	0.4410	0.4439
NZD/CAD	0.8004	0.8089	0.8211	0.8296
TWI	65.0	65.7	67.6	69.7

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