

Research Markets Today

2 July 2026

Events round-up

JN: Tankan Large Mfg Index, 2Q: 22 vs. 16 exp.
 CH: RatingDog China PMI Mfg, Jun: 517. vs. 52 exp.
 EC: CPI Estimate (y/y%), Jun P: 2.8 vs. 3 exp.
 EC: CPI Core (y/y%), Jun P: 2.4 vs. 2.5 exp.
 US: ADP Employment Change, Jun: 98 vs. 120 exp.
 US: ISM Manufacturing, Jun: 53.3 vs. 53.8 exp.

Good morning

Global markets are little changed as investors looked for guidance from major central bankers gathered at the ECB's annual Sintra forum. US equities have rebounded from earlier losses and are close to flat in afternoon trading. US economic data pointed to ongoing resilience in manufacturing and the labour market. Global bonds are generally steady and net moves in G10 currencies have been small. Brent crude slipped towards US\$71 per barrel as the US said indirect talks with Iran were positive, while gold continues to hold near the psychological US\$4,000 level after trending lower in recent months.

Appearing on a panel at the ECB forum, Fed Chair Kevin Warsh said inflation expectations and risks had eased over recent weeks. He repeated the message from last month's post-FOMC press conference that the central bank remains committed to price stability. Warsh also reiterated that he would not provide "forward guidance" on upcoming interest-rate decisions, marking a notable shift in the Fed's communications approach.

The US manufacturing ISM edged down to 53.3 in June but remained close to a four-year high. New orders growth moderated but stayed solid, while the prices paid index fell sharply to a still elevated 73.0 from 82.1 - its largest monthly decline in nearly four years. Separately, ADP reported a 98k rise in US private payrolls, below the 120k consensus ahead of the official labour market data tonight.

An initial rise in US Treasury yields as Warsh spoke quickly reversed. The 2-year yield briefly reached 4.20% before falling back to around 4.15%, with limited reaction to the economic data. The 10-year yield is steady near 4.46%.

Euro-area inflation eased more than expected as lower oil prices fed through to headline CPI. Annual inflation slowed

to 2.8% in June from 3.2% in May, below the 3.0% consensus forecast. Core inflation also surprised to the downside, weakening the case for further ECB tightening. Markets now price around 20bp of additional hikes by year-end, down about 5bp on the day.

Currency moves were modest, although the euro slipped against the US dollar after the CPI data and was the weakest G10 currency in offshore trading. A Japanese official said intervention had been effective and noted close communication with the US on foreign exchange, with the yen still near a four-decade low. The NZD had a quiet session, holding near 0.5675 against the USD, while moves on the key crosses were small.

The Bank of Japan's second-quarter Tankan was unexpectedly strong despite higher energy costs. Strong AI-related demand likely boosted confidence among large manufacturers, particularly in the technology sectors, while the weaker yen should support exporter earnings. The report's strength should give the BOJ greater confidence to keep withdrawing stimulus. The market continues to largely discount a 25bp hike by year end.

After the curve flattening into month-end, the move fully reversed in the local fixed income session yesterday. Swap yields were 2-6bp higher across the curve with a steepening bias. 2-year rates have continued to edge higher in recent sessions at closed at 3.36 %, 3bp higher. Meanwhile, 10-year rates saw a larger 6bp increase to 4.06%.

The weekly government bond auction will offer the May-2030 (\$250m), May-2036 (\$150m) and May-2054 (\$50m) lines. The steepening in the NZGB 10y/30y curve appears to have supported demand for the ultra-long sector, as reflected in the first consecutive tendering of the two longest lines since mid-May.

Building consents for May are released today, although recent strength has yet to translate into a commensurate lift in activity. The government's financial statements for the eleven months to May are also due. Offshore, the focus will be tonight's US labour market report, where consensus expects payrolls to rise by a solid 115k and the unemployment rate to hold at 4.3%.

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Coming up

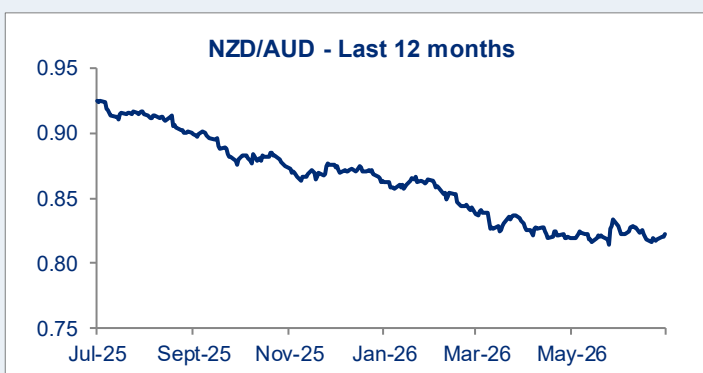
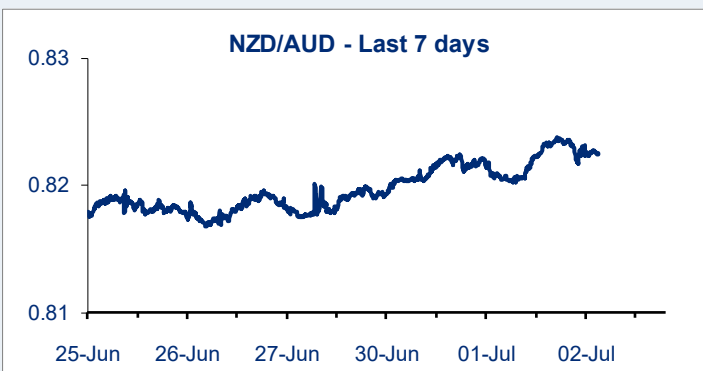
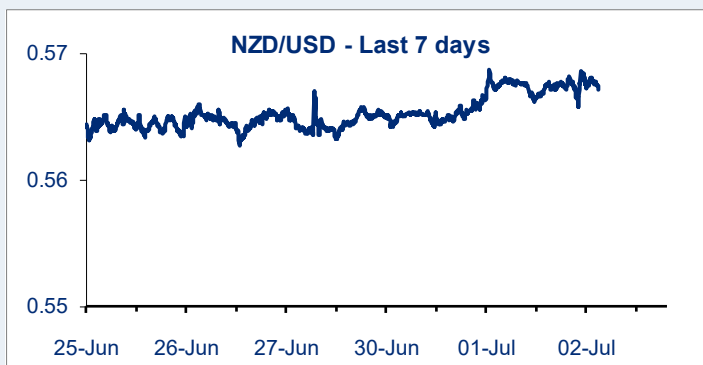
		Period	Cons.	Prev.	NZT
NZ	Building Permits (m/m%)	May	10.9	10:45	
AU	Trade Balance	May	2175	1791	13:30
EC	Unemployment Rate	May	6.3	6.3	21:00
US	Change in Nonfarm Payrolls	Jun	115	172	00:30
US	Average Hourly Earnings (m/m%)	Jun	0.3	0.3	00:30
US	Average Hourly Earnings (y/y%)	Jun	3.5	3.4	00:30
US	Unemployment Rate	Jun	4.3	4.3	00:30
US	Initial Jobless Claims	27-Jun	218	215	00:30

Source: Bloomberg

Currencies					Equities					Commodities				
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices			Price (Near futures, except CRB)				
	Last	% Day	Low	High		Last	% Day			Last	Net Day			
NZD	0.5671	-0.1	0.5658	0.5690	CHF	0.8093	+0.1	S&P 500	7,503	+0.1	21.1	Oil (Brent)	71.43	-2.1
AUD	0.6894	-0.4	0.6885	0.6916	SEK	9.732	+0.3	Dow	52,353	+0.1	17.7	Oil (WTI)	68.29	-1.7
EUR	1.1376	-0.4	1.1362	1.1412	NOK	9.914	+0.1	Nasdaq	26,112	-0.3	29.2	Gold	4082.1	+1.1
GBP	1.3272	+0.1	1.3219	1.3292	HKD	7.844	+0.0	Stoxx 50	6,283	-0.7	18.9	HRC steel	1159.0	+0.3
JPY	162.56	+0.0	162.30	162.77	CNY	6.793	+0.1	FTSE	10,478	-0.2	19.3	CRB	353.6	+0.7
CAD	1.4217	+0.2			SGD	1.296	+0.2	DAX	25,040	+0.2	5.8	Wheat Chic.	600.0	+1.8
NZD/AUD	0.8226	+0.3			IDR	17,952	+0.3	CAC 40	8,337	-0.8	8.8	Sugar	14.99	+1.1
NZD/EUR	0.4985	+0.3			THB	33.35	+0.4	Nikkei	70,475	+0.6	77.2	Cotton	72.22	+0.3
NZD/GBP	0.4273	-0.2			KRW	1,550	+0.1	Shanghai	4,112	+0.4	18.9	Coffee	309.9	+6.1
NZD/JPY	92.19	-0.1			TWD	31.89	+0.1	ASX 200	8,723	-0.6	1.5	WM powder	3510	-0.8
NZD/CAD	0.8062	+0.0			PHP	61.63	+0.5	NZX 50	13,611	-0.1	6.5	Australian Futures		
NZ TWI	65.40	+0.1						VIX Index	16.34	-0.7	-2.9	3 year bond	95.60	-0.06
												10 year bond	95.18	-0.03
Interest Rates														
Rates		Swap Yields			Benchmark 10 Yr Bonds		NZ Government Bonds			NZ BKBM and Swap Yields				
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg	
USD	3.75	4.85	4.01	4.05	USD	4.47	0.00	15-May-28	3.34	0.03	BKBM 1-mth	2.59	0.01	
AUD	4.35	4.47	4.44	4.88	AUD	4.79	0.06	20-Apr-29	3.54	0.04	BKBM 3-mth	2.73	0.01	
NZD	2.25	2.73	3.36	4.06	NZD	4.41	0.05	15-May-30	3.72	0.04	1 year	3.10	0.02	
EUR	2.25	2.32	2.70	2.93	GER	2.88	0.02	15-May-31	3.88	0.04	2 year	3.36	0.03	
GBP	3.75	3.87	3.99	4.35	GBP	4.76	-0.00	15-May-32	4.03	0.05	3 year	3.49	0.04	
JPY	0.98	-0.03	1.43	2.55	JPY	2.71	0.03	14-Apr-33	4.13	0.05	5 year	3.69	0.04	
CAD	2.25	4.97	2.65	3.13	CAD	3.38	0.01	15-May-34	4.23	0.05	7 year	3.86	0.05	
								15-May-35	4.32	0.05	10 year	4.06	0.06	
								15-May-36	4.41	0.05	15 year	4.30	0.06	
								15-May-37	4.51	0.05				
								15-May-41	4.79	0.05	NZ Inflation-Indexed Bonds			
								15-May-51	5.04	0.05	Sept-30	1.53	-0.00	
								15-May-54	5.06	0.05	Sept-35	2.33	-0.00	
											Sept-40	2.81	0.00	
Carbon Price					Policy Meeting Run									
	Level	% Day	% Year		NZD	AUD	USD							
NZU	54.50	-0.5	-6.0		1st	2.45	4.41	3.71						
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	2.63	4.43	3.83						
Rates are as of: NZT 06:19					3rd	2.70	4.48	3.89						
Source: Bloomberg					4th	2.86	4.49	3.99						
					5th	2.98	4.48	4.03						

NZD exchange rates

2/07/2026	6:20 am	Prev. NY close
USD	0.5671	0.5678
GBP	0.4273	0.4281
AUD	0.8226	0.8206
EUR	0.4985	0.4971
JPY	92.19	92.30
CAD	0.8062	0.8060
CHF	0.4590	0.4590
DKK	3.7258	3.7157
FJD	1.2658	1.2694
HKD	4.4484	4.4532
INR	54.01	53.75
NOK	5.6223	5.6226
PKR	157.75	157.95
PHP	34.95	34.84
PGK	2.4917	2.4969
SEK	5.5190	5.5085
SGD	0.7350	0.7346
CNY	3.8511	3.8537
THB	18.94	18.86
TOP	1.3366	1.3484
VUV	68.02	68.31
WST	1.5450	1.5498
XPF	59.36	59.31
ZAR	9.3112	9.3058



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.85	6.13
3 Months	17.14	17.87
6 Months	32.93	34.47
9 Months	46.28	48.81
1 Year	57.25	61.25

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.40	14.02
3 Months	38.71	40.36
6 Months	72.12	75.51
9 Months	100.38	105.87
1 Year	124.07	132.37

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