

Research Markets Today

2 June 2026

Events round-up

CH: Manufacturing PMI, May: 50.0 vs. 50.0 exp.
CH: Non-manufacturing PMI, May: 50.1 vs. 49.5 exp.
CH: RatingDog PMI manufacturing, May: 51.8 vs. 52.2 prev.
EC: Unemployment rate (%), Apr: 6.3 vs. 6.2 exp.
US: ISM Manufacturing, May: 54.0 vs. 53.0 exp.

Good morning

It has been a rollercoaster ride in markets since NZ's Friday close, not helped by newsflow on US-Iran developments, illustrated by Brent crude trading between USD91.50 and nearly USD98. US and Iran talks are apparently back on, but the backdrop remains tense and uncertain. After a strong run into month-end, the NZD is currently weaker at 0.5940. US and Australian yields are higher from where we left them Friday.

Market sentiment was positive into last week's close, with Trump saying Friday late morning NY time that he would be meeting in the Situation Room to make a final determination on the US-Iran peace deal. However, the meeting lasted a couple of hours and ended with no announcement on any deal.

Negotiations between the US and Iran continued through the weekend, attacks between Israel and Hezbollah intensified, US military forces fired a missile into a commercial ship in the Gulf of Oman that was attempting to evade the US navy blockade and there was an Iranian missile strike on a Kuwaiti airbase. Suffice to say there is no obvious imminent end to the conflict and the Strait of Hormuz remains effectively closed.

In overnight developments there was further incremental hostility, with Iran media reporting that the country would suspend negotiations with the US in protest for Israel's offensive in Lebanon and threatened a complete closure of the Strait of Hormuz. An NBC reporter said Trump told him he's not heard from Iran but if true, it's ok: "I think we've been talking too much...I think going silent would be very good, and that could be that could be for a long time...it doesn't mean we're going to go and start dropping bombs all over there...We'll just go silent. We'll keep the blockade".

Within the last hour and a half, Trump posted on his TruthSocial account that he talked to Netanyahu and representatives of Hezbollah and they agreed not to attack each other. Contradicting his remarks reported earlier in the day, Trump posted "talks are continuing, at a rapid pace, with the Islamic Republic of Iran".

Needless to say, oil prices have been volatile on the back of developments. After closing near USD92 last week, Brent crude rose to nearly USD98 overnight before falling back to USD95. The US 10-year rate traded up towards 4.52% before reversing course and it is currently 4.47%, up a few basis points from Friday's NZ close. The Australian 10-year bond future is up 6bps in yield terms from the last NZ close.

In economic news, the US ISM manufacturing PMI rose to a stronger than expected 54.0 in May, its highest level in four years. The prices paid index slipped modestly but remains high as 82.1. Growth in manufacturing is evident across almost all sectors with the head of the ISM survey committee suggesting that more of the lift in new orders and production is due to pent-up demand than companies seeking to boost inventories ahead of expected price hikes.

China PMI data released Sunday/Monday were mixed. Both the official manufacturing and the RatingDog manufacturing PMIs showed minor slippage in May to 50.0 and 51.8 respectively, while the official non-manufacturing PMI rose slightly to 50.1. The data are consistent with only moderate economic growth, with the economy struggling like most other Asian economies.

After Canadian GDP data released on Friday negatively surprised, with a second consecutive quarterly fall in GDP, Bank of Canada Senior Deputy Governor Rogers cautioned against concluding that the economy was in recession. She added that employment data and leading indicators should also be taken into consideration. After falling an annualised 1% in Q4, GDP fell an annualised 0.1% in Q1 while the flash estimate for the production measure of Q1 for April rose 0.4% m/m.

In currency markets, the NZD had a strong run into month end, adding to gains seen in the wake of Wednesday's RBNZ update, with positive month-end hedging flows adding to its support and seeing it close around 0.5990. The NZD opened the week on a soft note following the negative developments in the Middle East with more

selling pressure overnight to a low just above 0.5910. The NZD has since recovered to about 0.5940.

The AUD followed a similar path and currently trades at 0.7165. However, NZD crosses are all lower from the strong weekend close. This sees NZD/AUD at 0.8290 after trading as high as 0.8345 yesterday. Other NZD crosses are down ½-1% from last week's close.

US equities have been less prone to react to US-Iran headlines and continue to power on up to fresh record highs. The S&P500 is up for an eighth consecutive trading session, with another modest daily gain to a fresh record high. There will be plenty of new equity supply for the market to absorb, with Anthropic filing draft paperwork for a public listing, looking to beat OpenAI, while SpaceX's IPO is also imminent, making this one of the largest equity supply events ever.

NZ rates traded lower and flatter in the local session on Friday ahead of the long weekend. ANZ data showing a lift in consumer and business confidence and a fall in inflation expectations in response to a meaningful fall in petrol and diesel prices off their peaks didn't move the needle. Two-year swaps closed 5bps lower at 3.51%, while 10-year rates fell 10bps to 4.20%. A brief rise in rates after RBNZ's Silk said that all policy options remained on the table for July, including a 50bps hike, quickly reversed. The 2y/10y curve traded below 70bps, marking fresh cycle lows.

NZGBs matched the move in swaps, with the 10-year yield closing at 4.52% and maintaining the post-Budget widening in swap spreads. Spreads are at the top end of the -40 to -30bp range from recent months. The weekly tender saw reasonable demand, with NZ Debt Management receiving \$1.4bn in bids for the \$450m on offer. The small May-2054 line attracted relatively low cover and cleared above prevailing market levels.

On the economic calendar, there are no domestic releases, while current account data are released in Australia. In the euro area, May headline CPI inflation is expected to rise to 3.2% y/y from 3.0% in April, driven by firmer utility and travel services costs. Core inflation is expected to edge up to 2.4% from 2.2%. In the US, the May JOLTS release will help assess whether hiring is holding around April's 115k pace or slowing ahead of Friday night's non-farm payrolls.

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Coming up

		Period	Cons.	Prev.	NZT
AU	RBA Board Member Harper-Speech				12:30
AU	BoP Current Account Balance	Q1	-23	-21	13:30
EC	CPI Estimate (y/y%)	May	3.2	3.0	21:00
EC	CPI Core (y/y%)	May	2.4	2.2	21:00
US	JOLTS job openings (m)	Apr	6.9	6.9	02:00

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		% Year		Last	Net Day		
NZD	0.5937	-0.9	0.5911	0.5973	CHF	0.7863	+0.7	S&P 500	7,614	+0.4	28.8	Oil (Brent)	95.23	+4.5
AUD	0.7163	-0.3	0.7135	0.7186	SEK	9.304	+0.6	Dow	51,081	+0.1	20.8	Oil (WTI)	92.46	+5.8
EUR	1.1633	-0.2	1.1607	1.1665	NOK	9.280	+0.4	Nasdaq	27,152	+0.7	42.1	Gold	4475.2	-1.9
GBP	1.3460	+0.0	1.3407	1.3475	HKD	7.838	+0.0	Stoxx 50	6,035	-0.3	12.5	HRC steel	1124.0	+0.1
JPY	159.70	+0.3	159.41	159.76	CNY	6.767	+0.0	FTSE	10,339	-0.7	17.9	CRB	380.5	+0.0
CAD	1.3839	+0.3			SGD	1.279	+0.2	DAX	25,003	-0.4	4.2	Wheat Chic.	621.3	-0.4
NZD/AUD	0.8288	-0.6			IDR	17,805	-0.4	CAC 40	8,147	-0.4	5.1	Sugar	14.45	+2.8
NZD/EUR	0.5104	-0.6			THB	32.60	+0.3	Nikkei	66,934	+0.9	78.6	Cotton	76.64	+0.7
NZD/GBP	0.4411	-0.9			KRW	1,513	+0.6	Shanghai	4,058	-0.3	21.2	Coffee	260.6	-1.9
NZD/JPY	94.81	-0.6			TWD	31.37	+0.0	ASX 200	8,729	-0.0	3.7	WM powder	3675	-0.1
NZD/CAD	0.8216	-0.5			PHP	61.74	+0.2	NZX 50	13,245	+0.3	6.6	Australian Futures		
NZ TWI	67.44	+0.8						VIX Index	15.75	+2.8	-15.2	3 year bond	95.48	-0.05
												10 year bond	95.09	-0.05

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	3.91	4.07	USD	4.47	0.04	15-May-28	3.52	-0.04	BKBM 1-mth	2.43	0.00
AUD	4.35	4.46	4.56	4.99	AUD	4.88	0.05	20-Apr-29	3.71	-0.06	BKBM 3-mth	2.62	-0.00
NZD	2.25	2.62	3.51	4.20	NZD	4.52	-0.10	15-May-30	3.88	-0.07	1 year	3.16	-0.02
EUR	2.00	2.27	2.81	3.04	GER	3.00	0.07	15-May-31	4.05	-0.08	2 year	3.51	-0.05
GBP	3.75	3.87	4.20	4.48	GBP	4.90	0.09	15-May-32	4.18	-0.09	3 year	3.67	-0.07
JPY	0.73	-0.03	1.40	2.50	JPY	2.69	0.02	14-Apr-33	4.27	-0.09	5 year	3.86	-0.09
CAD	2.25	4.97	2.71	3.21	CAD	3.43	0.02	15-May-34	4.35	-0.09	7 year	4.01	-0.10
								15-May-35	4.43	-0.10	10 year	4.20	-0.10
								15-May-36	4.52	-0.10	15 year	4.43	-0.11
								15-May-37	4.62	-0.10			
								15-May-41	4.89	-0.10			
								15-May-51	5.10	-0.09			
								15-May-54	5.11	-0.09			

Carbon Price				Policy Meeting Run			
	Level	% Day	% Year		NZD	AUD	USD
NZU	52.30	+0.0	-5.9	1st	2.48	4.37	3.64
				2nd	2.70	4.48	3.66
				3rd	2.85	4.51	3.70
				4th	3.04	4.57	3.74
				5th	3.19	4.58	3.81

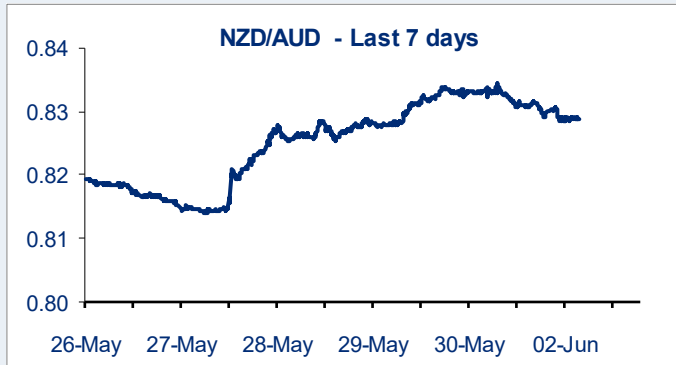
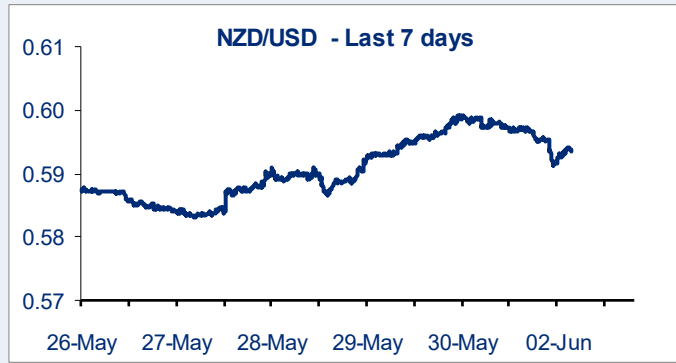
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:53

Source: Bloomberg

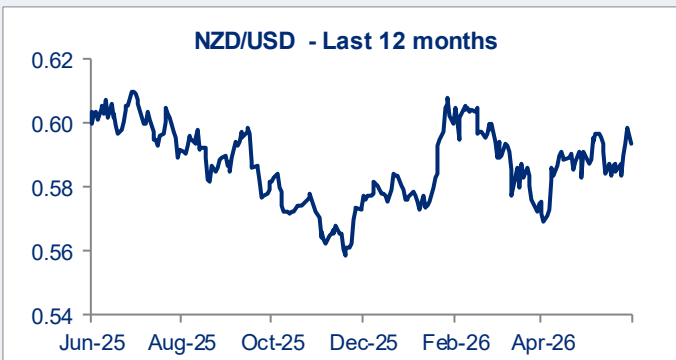
NZD exchange rates

2/06/2026	6:54 am	Prev. NY close
USD	0.5937	0.5988
GBP	0.4411	0.4450
AUD	0.8288	0.8334
EUR	0.5104	0.5136
JPY	94.81	95.37
CAD	0.8216	0.8259
CHF	0.4670	0.4677
DKK	3.8150	3.8377
FJD	1.3024	1.3132
HKD	4.6549	4.6926
INR	56.42	56.89
NOK	5.5120	5.5376
PKR	165.36	166.74
PHP	36.67	36.88
PGK	2.5901	2.6092
SEK	5.5234	5.5365
SGD	0.7592	0.7644
CNY	4.0189	4.0517
THB	19.33	19.58
TOP	1.3606	1.3791
VUV	70.04	70.81
WST	1.5852	1.6050
XPF	60.93	61.36
ZAR	9.6705	9.7161



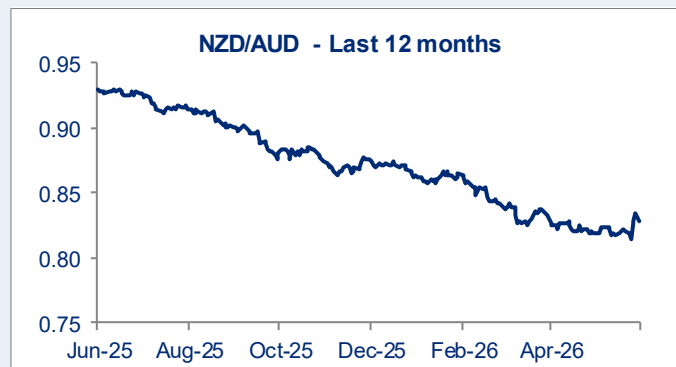
NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.89	6.18
3 Months	16.48	17.04
6 Months	28.29	29.65
9 Months	37.09	39.73
1 Year	42.79	46.94



NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.05	13.63
3 Months	38.68	39.80
6 Months	72.03	74.91
9 Months	100.05	105.51
1 Year	122.57	130.67



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