

# Research Markets Today

4 June 2026

## Events round-up

NZ: Terms of trade (q/q%), Q1: -2.0 vs. 3.7 prev.  
 NZ: Dwelling consents (m/m%), Apr: 10.9 vs. -0.8 prev.  
 AU: GDP (q/q%), Q1 0.3 vs. 0.4 exp.  
 AU: GDP (y/y%), Q1: 2.5 vs. 2.6 exp.  
 CH: RatingDog PMI services, May: 54.4 vs. 52.6 prev.  
 US: ADP employment change (k), May: 122 vs. 120 exp.  
 US: ISM services index, May: 54.5 vs. 53.8 exp.

## Good morning

Risk sentiment weakened following reports of increased military action in the Middle East. The US-Iran conflict continues to drag on, with no imminent sign of a peace deal. US economic data showed further positive momentum in growth and inflation. Oil prices and global rates are higher, US and European equities are weaker, and the USD is broadly stronger. The NZD has underperformed further, unwinding last week's rally.

During NZ trading hours, the US and Iran exchanged heavy fire in the Middle East. The conflict began with the US striking an empty oil tanker that was attempting to skirt the US Navy blockade, and Iran retaliated by firing missiles at US bases in Bahrain and Kuwait, along with drone attacks on vessels in the Strait of Hormuz. Overnight, there were no fresh developments, but 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.

Bloomberg reported a change in tactics, with the US quietly coordinating with ships crossing the Strait, advising them to switch off their transponders and stay close to the Omani coast. This is incrementally positive for global oil and gas supply, but negative headlines around military action have remained the dominant force driving oil prices, with Brent crude rising to USD98 per barrel.

Higher oil prices have been the key driver of higher global rates, while stronger US economic data have supported the rise in US Treasury yields. US economic data for May showed continued positive growth momentum and increased inflationary pressure. The US ISM services index came in higher than expected, rising to 54.5 with broadly based gains across industries, while the prices paid index

rose to a four-year high of 71.3. ADP private payrolls increased by 122k, the strongest gain in 16 months.

The market has now moved to price in an even chance of a 25bps Fed hike by the October meeting. Treasury yields are up 4-5bps across the curve for the day. The 10-year rate is at 4.49%, up 3bps from the NZ close.

In equity markets, the US S&P 500 is currently down 0.5% and, if that is sustained into the close, it would snap a nine-day winning streak. The Euro Stoxx 600 index closed down 0.7%.

In currency markets, the USD is broadly stronger, with the dollar index showing a modest 0.3% gain for the day. The NZD has notably underperformed, down 1% from this time yesterday to 0.5865. That takes the loss this week to 2%. However, in the context of the strong rally following the RBNZ's hawkish hold last week, it suggests that some positioning adjustment has driven the move more than a fundamental reassessment of the NZD's path. The RBNZ will need to deliver rate hikes to provide more fundamental support, and a reduction in the risk hanging over the Middle East conflict will also be required.

The AUD is weaker at 0.7130, while NZD underperformance has pushed NZD/AUD down to 0.8220. Australian GDP data did not move the needle. GDP rose a modest 0.3% q/q in Q1, consistent with fading growth momentum ahead of the US-Iran conflict.

Given its underperformance, all key NZD crosses are weaker. The JPY has outperformed other majors, but broad USD strength has still pushed USD/JPY above 160. BoJ Governor Ueda's anticipated speech did not explicitly indicate that he would vote for a mid-June rate hike, but nor did he appear to rule it out. There were plenty of "ifs and buts", but he also said that "based on the data and anecdotal information available so far, the upside risks to prices appear to be greater overall and are likely to emerge sooner". Pricing for a BoJ June hike edged up to 23bps.

Japan's cabinet approved a 3.1 trillion yen (USD19.4b) supplementary budget to cushion households from inflation. While this had been previously flagged, the extra stimulus comes early in the new fiscal year, keeping JGB investors on edge and doing nothing to allay fears of overly easy fiscal policy leading to higher debt. The combination of easy monetary and fiscal policy helped drive Japanese

equities to a fresh record high, while maintaining downward pressure on the yen.

In the domestic rates market, there was further unwinding of the post-RBNZ move in rates, with better receiving at the short end of the swaps curve. The 2-year rate fell 3bps to 3.49%, while the 5-year and 10-year rates were unchanged. NZGBs saw a similar move, with the 2-year rate down 2bps and no change in 10-year and longer rates. The OIS market still shows July almost fully priced for a 25bps hike, while three full rate hikes are priced in for the year.

NZ's terms of trade fell 2.0% q/q in Q1 from a record high. The data implied stronger export volumes than we had assumed, supporting Q1 growth estimates, although we will not finalise that view until further quarterly activity indicators are released over the next week. Residential building consents continue to skyrocket, with the near-11% surge in April taking them 53% higher than a year ago. The figures bode well for building activity over coming

quarters, although the non-residential sector remains a modest drag.

In the day ahead, NZ building work put-in-place data will be released, feeding into Q1 GDP estimates. In central bank speak, RBA Governor Bullock will appear before lawmakers later today, and ECB President Lagarde will speak tonight ahead of a widely expected rate hike next week.

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### Coming up

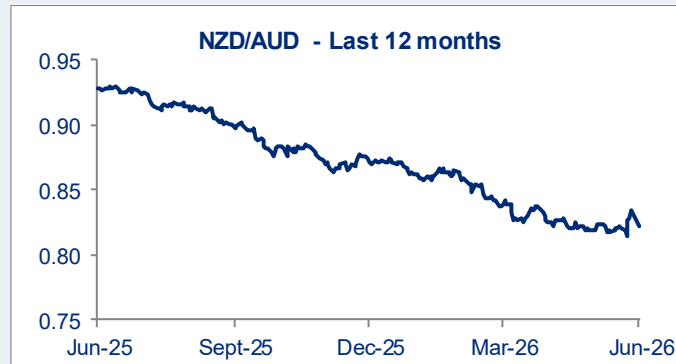
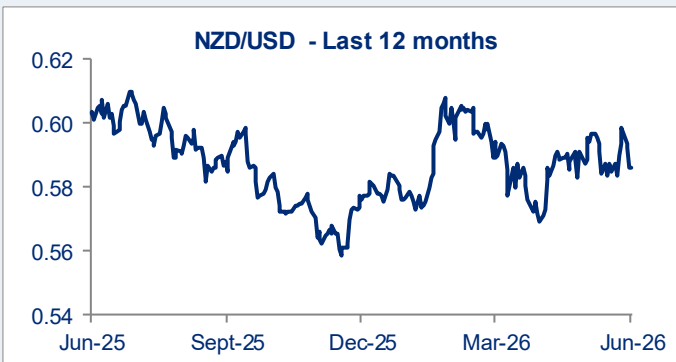
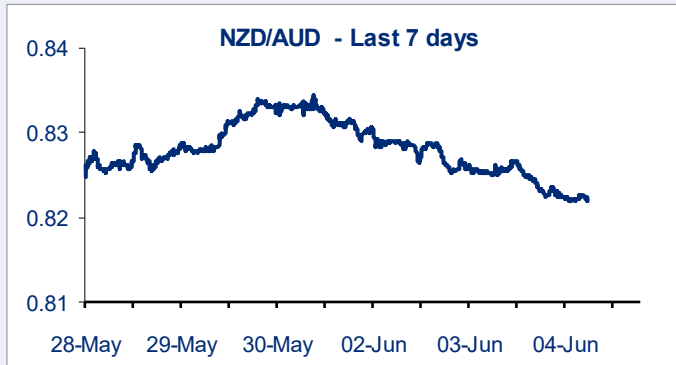
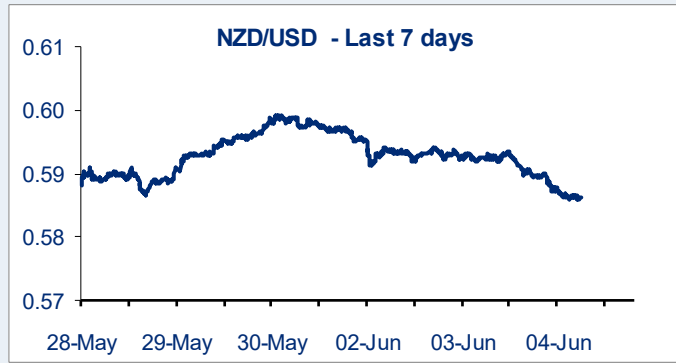
		Period	Cons.	Prev.	NZT
NZ	Volume of building work (q/q%)	1Q	1.5	-3.1	10:45
AU	Trade balance (\$b)	Apr	1.6	-1.8	13:30
AU	RBA's Bullock gives Senate testimony				17:00
EC	ECB's Lagarde speaks in Aix-en-Provence				20:00
US	Initial jobless claims (k)	30-May	215	215	00:30

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	% 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	<b>Australian Futures</b>			
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	
<b>Interest Rates</b>															
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	<b>NZ Inflation-Indexed Bonds</b>				
								15-May-41	4.89	-0.10	Sept-30	1.52	-0.06		
								15-May-51	5.10	-0.09	Sept-35	2.31	-0.06		
								15-May-54	5.11	-0.09	Sept-40	2.78	-0.06		
<b>Carbon Price</b>			<b>Policy Meeting Run</b>												
	Level	% Day	% Year		NZD	AUD	USD								
NZU	52.30	+0.0	-5.9		1st	2.48	4.37	3.64							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer					2nd	2.70	4.48	3.66							
Rates are as of: NZT 06:53					3rd	2.85	4.51	3.70							
Source: Bloomberg					4th	3.04	4.57	3.74							
					5th	3.19	4.58	3.81							

**NZD exchange rates**

4/06/2026	9:20 am	Prev. NY close
USD	0.5863	0.5861
GBP	0.4369	0.4368
AUD	0.8221	0.8221
EUR	0.5055	0.5054
JPY	93.84	93.82
CAD	0.8147	0.8145
CHF	0.4642	0.4642
DKK	3.7778	3.7768
FJD	1.2923	1.2881
HKD	4.5947	4.5933
INR	56.11	55.84
NOK	5.4566	5.4657
PKR	163.24	163.18
PHP	36.20	36.15
PGK	2.5569	2.5560
SEK	5.5253	5.5180
SGD	0.7521	0.7522
CNY	3.9742	3.9643
THB	19.09	19.07
TOP	1.3705	1.3700
VUV	69.26	69.24
WST	1.5629	1.5620
XPF	60.25	60.23
ZAR	9.5852	9.5863



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	5.99	6.31
3 Months	16.22	16.82
6 Months	28.21	29.33
9 Months	37.32	39.49
1 Year	43.95	46.85

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	13.33	13.97
3 Months	38.80	39.98
6 Months	72.80	75.28
9 Months	101.04	105.49
1 Year	124.75	131.09

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