

# Research Markets Today

5 May 2026

## Events Round-Up

AU: Building approvals (m/m%), Mar: -10.5 vs. -10.0 exp.

## Good Morning

Risk appetite soured overnight after reports of missile attacks in the Middle East, following Trump's "Project Freedom" to help ships stuck in the region. Brent crude peaked over US\$115 per barrel, US and European equity markets are lower, global rates are higher, and the USD is broadly stronger. The NZD is trading down at 0.5870.

Yesterday morning, President Trump said the US would start guiding commercial ships stuck in the Strait of Hormuz on humanitarian grounds in a mission called Project Freedom. He warned that any interference in this process would be dealt with forcefully. Analysts doubted the plan, given the mining of the Strait, while shipowners said more details would be needed for the plan to be successful. Iran warned any US interference in the Strait would constitute a violation of the ceasefire.

Since that announcement, tensions in the region have intensified. There were reports of an oil tanker being hit by projectiles and other reported attacks on commercial vessels near the Strait highlighted the dangers in the area.

Overnight, a wave of strikes from Iran into UAE has followed. While missiles were intercepted across the country, a fire broke out from a drone attack in the port city of Fujairah, a major hub for its oil industry. This represents the first notable attacks on infrastructure in almost a month.

The US military helped two American-flagged ships transit the Strait of Hormuz in its effort to open a lane through the passageway. A US admiral said Iran has been firing missiles and other projectiles at vessels in the area and that US helicopters have destroyed small boats going after commercial vessels. Iran media claimed two missiles hit a US warship, but this was denied by the US.

The outbreak of hostilities has soured the mood of the market. Oil prices surged, with Brent crude up more 6% to above US\$115 at their peak and the move has faded only a little as we go to print.

US equities currently show modest falls, with the S&P500 down 0.5%. The Euro Stoxx 600 index closed down 1%,

although that index includes UK stocks and the UK market is closed for a public holiday. The narrower Euro Stoxx 50 index fell 2%.

Global rates are higher across the board with Germany's 2-year rate up 9bps against a 5bps lift in the 10-year rate. US Treasury yields are up 6-9bps across the curve from Friday's close, with the 30-year rate back over 5%. The 10-year rate is currently 4.45%, after trading as high as 4.46%, just shy of the March peak.

Central bankers are now free to speak following the policy updates last week. The ECB's Nagel, the Bundesbank Governor, said that "if the inflation outlook does not improve markedly [in updated June projections], this would argue for an interest rate hike". The ECB's "vigilant wait-and-see approach should not be confused with hesitation". Slovakia's Kazimir argued that a June rate increase is "all but inevitable". The market agrees, with a 25bps hike fully priced for June.

NY Fed President Williams gave a balanced speech, arguing that the current stance of policy is well positioned to balance the risks against the backdrop of elevated levels of inflation, mixed signals from the labour market, and heightened uncertainty from the Middle East conflict.

The USD is broadly stronger against the backdrop of weaker risk appetite. The NZD showed further resistance in the 0.5920-0.5930 zone yesterday before falling overnight, to currently sit around 0.5870. NZD/AUD is back below 0.82 and the NZD shows small falls on other key crosses.

Traders suspect Japan intervened in markets again yesterday, taking advantage of thin liquidity on a Japanese public holiday. USD/JPY plunged from 157.30 to 155.75 but quickly reversed course to be back near the pre-intervention level. This highlights the futility of official intervention against fundamental forces (super easy BoJ policy and higher oil prices) which are apt to weaken the yen. NZD/JPY has traded a wide range and currently sits at 92.3.

In the domestic rates market, global forces resulted in NZGBs falling 1-3bps across the curve. The 2-year swap rate fell 2bps to 3.52% while the 10-year rate also fell 2bps to 4.29%. The speech by RBNZ MPC member Gai was academic in nature but had hawkish undertones. He noted the Strait of Hormuz situation is an example of a shock which lifts the neutral rate, and waiting for inflation

expectations surveys to confirm second-round effects are underway is likely to mean waiting too long.

In the day ahead, the RBA is widely expected to hike its cash rate by 25bps for a third consecutive meeting, but following the close vote at the previous meeting, this isn't priced as a done deal. The market attributes a 75% chance of a 25bps hike.

Tonight sees the release of US trade, ISM services, and new home sales data and the JOLTs report on the labour market.

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### Coming Up

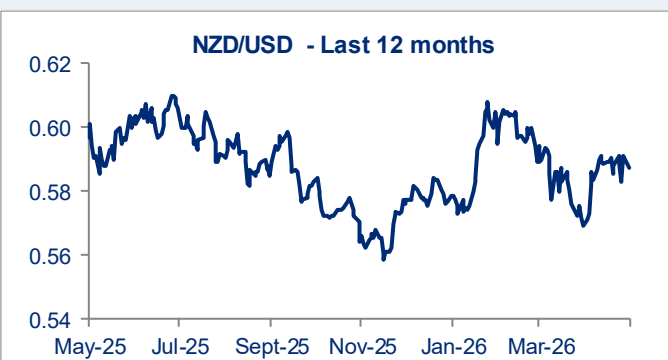
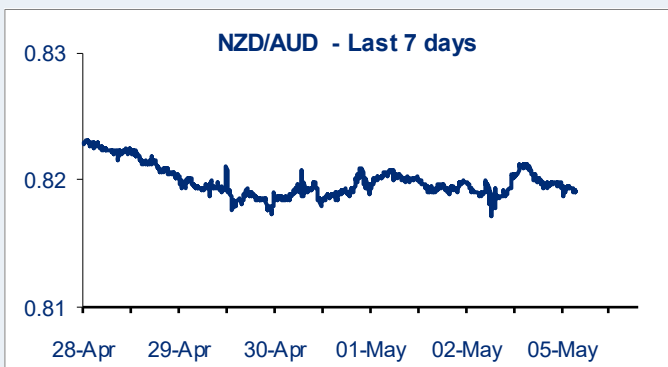
		Period	Cons.	Prev.	NZT
AU	Household spending (m/m%)	Mar	1.5	0.3	13:30
AU	RBA cash rate target (%)	May	4.35	4.1	16:30
US	Trade balance (\$b)	Mar	-60.6	-57.3	00:30
US	ISM services index	Apr	53.7	54.0	02:00
US	New home sales (k)	Mar	660	587	02:00
US	JOLTS job openings (k)	Mar	6850	6882	02:00

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	Last	% Day	% Year	Last	Net Day				
NZD	0.5872	-0.5	0.5861	0.5908	CHF	0.7836	+0.2	S&P 500	7,199	-0.4	26.6	Oil (Brent)	114.28	+5.6	
AUD	0.7169	-0.5	0.7154	0.7200	SEK	9.288	+0.8	Dow	48,951	-1.1	18.5	Oil (WTI)	105.95	+3.9	
EUR	1.1692	-0.2	1.1681	1.1729	NOK	9.273	-0.2	Nasdaq	25,044	-0.3	39.3	Gold	4524.3	-2.6	
GBP	1.3531	-0.4	1.3512	1.3581	HKD	7.834	-0.0	Stoxx 50	5,764	-2.0	9.1	HRC steel	1084.0	+0.0	
JPY	157.17	+0.1	156.82	157.30	CNY	6.829	-0.2	FTSE	10,364	-0.1	20.6	CRB	393.4	+0.0	
CAD	1.3609	+0.1			SGD	1.277	+0.3	DAX	23,991	-1.2	3.9	Wheat Chic.	641.3	+0.5	
NZD/AUD	0.8191	+0.0			IDR	17,394	+0.3	CAC 40	7,976	-1.7	2.6	Sugar	15.29	+2.3	
NZD/EUR	0.5022	-0.2			THB	32.75	+1.1	Nikkei	59,513	+0.4	61.8	Cotton	80.58	+2.5	
NZD/GBP	0.4340	-0.1			KRW	1,479	+0.5	Shanghai	4,112	+0.1	24.0	Coffee	285.5	-0.3	
NZD/JPY	92.29	-0.3			TWD	31.63	-0.1	ASX 200	8,697	-0.4	6.6	WM powder	3820	-0.4	
NZD/CAD	0.7991	-0.3			PHP	61.60	+0.2	NZX 50	13,098	+0.4	5.4	<b>Australian Futures</b>			
NZ TWI	66.64	-0.2						VIX Index	18.39	+8.2	-18.9	3 year bond	95.32	0.04	
												10 year bond	94.95	-0.02	
<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	3.80	4.01	USD	4.45	0.08	15-May-28	3.60	-0.02	BKBM 1-mth	2.43	0.01		
AUD	4.10	4.37	4.72	5.11	AUD	4.98	-0.04	20-Apr-29	3.79	-0.02	BKBM 3-mth	2.60	-0.01		
NZD	2.25	2.60	3.52	4.29	NZD	4.66	-0.03	15-May-30	3.96	-0.03	1 year	3.14	0.00		
EUR	2.00	2.20	2.94	3.13	GER	3.09	0.05	15-May-31	4.14	-0.03	2 year	3.52	-0.02		
GBP	3.75	3.86	4.29	4.50	GBP	4.96	0.00	15-May-32	4.29	-0.03	3 year	3.70	-0.03		
JPY	0.73	-0.03	1.36	2.29	JPY	2.52	0.00	14-Apr-33	4.39	-0.03	5 year	3.92	-0.03		
CAD	2.25	4.97	2.93	3.37	CAD	3.63	0.10	15-May-34	4.49	-0.03	7 year	4.10	-0.03		
								15-May-35	4.57	-0.03	10 year	4.29	-0.02		
								15-May-36	4.66	-0.03	15 year	4.53	-0.03		
								15-May-37	4.75	-0.02	<b>NZ Inflation-Indexed Bonds</b>				
								15-May-41	5.00	-0.01	Sept-30	1.54	-0.01		
								15-May-51	5.22	-0.02	Sept-35	2.33	-0.01		
								15-May-54	5.22	-0.01	Sept-40	2.79	-0.00		
<b>Carbon Price</b>					<b>Policy Meeting Run</b>										
	Level	% Day	% Year			NZD	AUD	USD							
NZU	54.75	+3.8	+9.3		1st	2.33	4.30	3.63							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer															
Rates are as of: NZT 06:50															
Source: Bloomberg															

**NZD exchange rates**

<b>5/05/2026</b>	<b>6:50 am</b>	<b>Prev. NY close</b>
USD	0.5872	0.5899
GBP	0.4340	0.4343
AUD	0.8191	0.8191
EUR	0.5022	0.5033
JPY	92.29	92.62
CAD	0.7991	0.8016
CHF	0.4602	0.4614
DKK	3.7532	3.7611
FJD	1.2856	1.2942
HKD	4.6015	4.6217
INR	55.86	55.99
NOK	5.4461	5.4831
PKR	163.75	164.77
PHP	36.17	36.27
PGK	2.5550	2.5637
SEK	5.4549	5.4349
SGD	0.7501	0.7508
CNY	4.0108	4.0352
THB	19.15	19.28
TOP	1.3597	1.3508
VUV	69.54	69.96
WST	1.5656	1.5773
XPF	59.94	60.13
ZAR	9.8772	9.8198



**NZD/USD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	6.45	6.65
3 Months	16.80	17.40
6 Months	29.29	30.77
9 Months	37.67	40.84
1 Year	41.92	46.08

**NZD/AUD Forward Points**

	<b>BNZ buys NZD</b>	<b>BNZ sells NZD</b>
1 Month	14.11	14.86
3 Months	37.61	39.45
6 Months	74.33	78.09
9 Months	108.77	114.98
1 Year	132.40	141.90

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