Research

Markets Today

13 May 2026

Events Round-Up

AU: NAB business conditions, Apr: 3 vs. 6 prev.

US: NFIB small business optimism, Apr: 95.9 vs. 96.1 exp.

US: CPI (m/m%), Apr: 0.6 vs. 0.6 exp.

US: Core CPI (m/m%), Apr: 0.4 vs. 0.3 exp.

US: CPI (y/y), Apr: 3.8 vs. 3.7 exp.

US: Core CPI (y/y%), Apr: 2.8 vs. 2.7 exp.

Good Morning

Risk sentiment is weaker, with hope fading for a US-Iran peace deal, higher US CPI inflation, bubbling political risk in the UK and a chunky fall in semiconductor stocks all weighing. US and European equity markets are lower, global rates are higher, oil prices are higher and the USD is broadly stronger.

There have been no fresh developments in the Middle East conflict, with no sign of any progress on a peace deal and the Strait of Hormuz remaining effectively closed. Brent crude is up for a third consecutive day, trading above USD108 overnight.

US CPI inflation picked up in April, with figures coming in at the higher end of expectations. Annual headline inflation rose to a three-year high of 3.8% y/y, with higher gasoline prices contributing about 40% of the 0.6% m/m increase and higher food prices also evident. The core measure which excludes food and energy rose 0.4% m/m and 2.8% y/y. Higher rents made a significant contribution, but this was technical in nature, capturing a "catch-up" impact after the BLS had assumed zero increases during the federal government shutdown late last year. Still, even excluding this impact, core services inflation showed a notable 0.5% m/m increase.

Chicago Fed President Goolsbee, speaking after the release, said if high services inflation indicated that the underlying economy is overheating "then the Fed has got to be thinking about how do we break the chain of escalating inflation…we've got an inflation problem in this country and we've got to get it back down". Clearly, we can add Goolsbee to the list of Fed Presidents who are sceptical of the Fed's implicit easing bias.

The higher inflation print added to the prevailing upside pressure in US Treasury yields. The 2-year rate is up 4bps to 4.00% and the 10-year rate is up 5bps to 4.46%, both approaching the late-March highs.

European rates are also higher across the board while UK Gilts continue to underperform, with the 10-year rate up 10bps to 5.10%. The 30-year rate traded as high as 5.81%, a level not seen since 1998, due to rising UK political risk. PM Starmer vowed to fight on as PM in the face of mounting pressure for him to resign. Prediction markets give an 83% chance that Starmer won't be PM before the end of the year. A leading contender to replace him, current Manchester Mayor Andy Burnham, needs a Labor MP to resign to force a by-election for him to be in a position to seek the PM position. All this will take time.

Risk sentiment has driven a broadly stronger USD. While most FX movements have been modest, a rising political risk premium has seen GBP notably underperform, down 0.7% from this time yesterday to 1.3530. NZD/GBP reached a two-month high just above 0.44 overnight. NZD/USD shows only a small fall to 0.5950 and apart from the noted gain against GBP, other cross rate movements are small.

There was some JPY volatility on a suspected "rate check" just after the NZ close but the move wasn't sustained. US Treasury secretary Bessent met with Japan's PM and Finance Minister. FM Katayama said, "we agreed that we are co-ordinating extremely well on recent market moves, including exchange rates". Bessent told reporters he had not made a request to PM Takaichi on monetary policy. Last year, Bessent indicated a preference for higher rates rather than currency intervention.

Australia's "anti-Boomer" Budget didn't elicit any notable market response, with most of the key policy measures having been pre-released. This included the increase in capital gains tax, making it one of the highest in the world with a minimum rate of 30%, higher taxes for discretionary trusts and the clampdown on the use of negative gearing for property investment.

In the domestic rates market, global forces put upside pressure on yields across the curve, alongside lingering payside pressure in short-end swaps. The 2-year swap rate rose 6bps to 3.63%, a fresh closing high for the cycle, while the 10-year rate rose 4bps to 4.37%. NZGBs showed similar moves. The OIS market now sees the May meeting as an even bet for a 25bps rate hike, and with two rate hikes fully priced by September. The Australian 10-year bond future is up over 5bps in yield terms since the NZ close.

In the day ahead, Australian wages data and the RBNZ survey of expectations are released. The latter could show rising inflation expectations across all measures, the question being whether they lift enough to spook the RBNZ. Tonight sees the release of US PPI inflation data, expected to show a further lift, with an annual headline rate of 4.8% and core rate of 4.3%.

jason.k.wong@bnz.co.nz

Coming Up

		Period	Cons.	Prev.	NZT
AU	Wage price index (q/q%)	Q1	0.8	0.8	13:30
AU	Wage price index (y/y%)	Q1	3.3	3.4	13:30
NZ	RBNZ 2yr inflation expectations	Q2		2.37	15:00
EC	Industrial production (m/m%)	Mar	0.2	0.4	21:00
US	PPI ex food, energy (m/m%)	Apr	0.3	0.1	00:30
US	PPI ex food, energy (y/y%)	Apr	4.3	3.8	00:30

Source: Bloomberg

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5952	-0.2	0.5934	0.5959
AUD	0.7236	-0.2	0.7209	0.7236
EUR	1.1739	-0.4	1.1722	1.1753
GBP	1.3531	-0.6	1.3501	1.3553
JPY	157.62	+0.3	157.40	157.76
CAD	1.3702	+0.2		
NZD/AUD	0.8226	-0.0		
NZD/EUR	0.5070	+0.2		
NZD/GBP	0.4399	+0.4		
NZD/JPY	93.82	+0.1		
NZD/CAD	0.8155	+0.0		
NZ TWI	67.31	-0.1		

Other FX

	Last	% Day
CHF	0.7809	+0.4
SEK	9.293	+0.8
NOK	9.185	+0.0
HKD	7.829	-0.0
CNY	6.797	+0.0
SGD	1.272	+0.3
IDR	17,529	+0.7
THB	32.38	+0.3
KRW	1,494	+1.5
TWD	31.50	+0.3
PHP	61.48	+0.6

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,383	-0.4	26.3
Dow	49,771	+0.1	17.4
Nasdaq	25,951	-1.2	38.7
Stoxx 50	5,808	-1.5	7.7
FTSE	10,265	-0.0	19.3
DAX	23,955	-1.6	1.6
CAC 40	7,980	-0.9	1.7
Nikkei	62,743	+0.5	64.3
Shanghai	4,214	-0.2	25.1
ASX 200	8,671	-0.4	4.9
NZX 50	13,080	-1.0	2.3
VIX Index	18.10	-1.5	-1.6

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	108.01	+3.7
Oil (WTI)	102.42	+4.5
Gold	4702.7	-0.5
HRC steel	1082.0	+0.4
CRB	399.3	+0.0
Wheat Chic.	679.0	+7.1
Sugar	15.01	+0.7
Cotton	86.32	-1.8
Coffee	280.2	-0.8
WM powder	3830	-1.2

Australian Futures

	Last	Net Day
3 year bond	95.28	-0.04
10 year bond	94.91	-0.05

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	3.83	4.05
AUD	4.35	4.44	4.76	5.16
NZD	2.25	2.66	3.63	4.37
EUR	2.00	2.25	2.89	3.13
GBP	3.75	3.86	4.42	4.66
JPY	0.73	-0.03	1.40	2.36
CAD	2.25	4.97	2.86	3.36

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.46	0.05
AUD	5.03	0.04
NZD	4.71	0.04
GER	3.10	0.06
GBP	5.10	0.10
JPY	2.56	0.04
CAD	3.59	0.06

NZ Government Bonds

	Last	Chg
15-May-28	3.70	0.07
20-Apr-29	3.89	0.07
15-May-30	4.06	0.06
15-May-31	4.23	0.06
15-May-32	4.37	0.05
14-Apr-33	4.45	0.05
15-May-34	4.55	0.05
15-May-35	4.63	0.04
15-May-36	4.71	0.04
15-May-37	4.81	0.04
15-May-41	5.07	0.04
15-May-51	5.28	0.05
15-May-54	5.28	0.05

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.48	0.02
BKBM 3-mth	2.66	0.03
1 year	3.23	0.06
2 year	3.63	0.06
3 year	3.81	0.06
5 year	4.02	0.05
7 year	4.18	0.05
10 year	4.37	0.04
15 year	4.60	0.04

Carbon Price

	Level	% Day	% Year
NZU	50.20	-1.6	-6.2

Policy Meeting Run

	NZD	AUD	USD
1st	2.37	4.42	3.64
2nd	2.56	4.58	3.63
3rd	2.78	4.67	3.65
4th	2.94	4.76	3.69
5th	3.16	4.76	3.74

NZ Inflation-Indexed Bonds

	Last	Chg
Sept-30	1.55	0.03
Sept-35	2.33	0.02
Sept-40	2.79	0.03

* 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

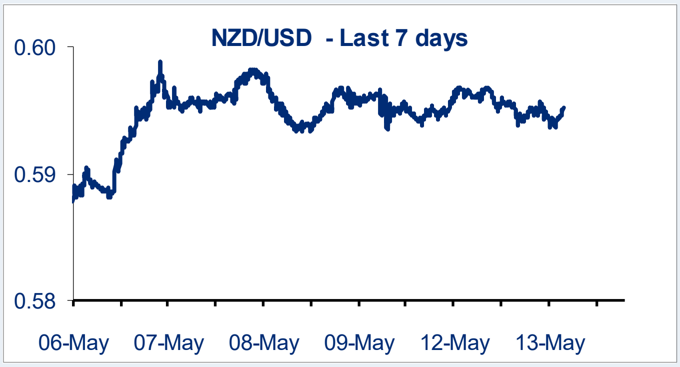
13/05/2026	6:53 am	Prev. NY close
USD	0.5952	0.5965
GBP	0.4399	0.4383
AUD	0.8226	0.8229
EUR	0.5070	0.5062
JPY	93.82	93.76
CAD	0.8155	0.8159
CHF	0.4646	0.4641
DKK	3.7857	3.7829
FJD	1.3018	1.3113
HKD	4.6535	4.6698
INR	56.84	56.85
NOK	5.4632	5.4771
PKR	165.64	166.28
PHP	36.54	36.47
PGK	2.5889	2.5924
SEK	5.5293	5.5001
SGD	0.7565	0.7566
CNY	4.0401	4.0535
THB	19.27	19.34
TOP	1.3775	1.3934
VUV	69.87	70.28
WST	1.5800	1.6083
XPF	60.56	60.61
ZAR	9.8363	9.8016

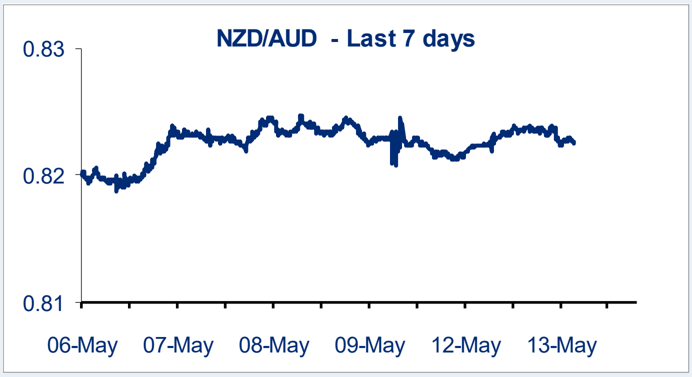
NZD/USD Forward Points

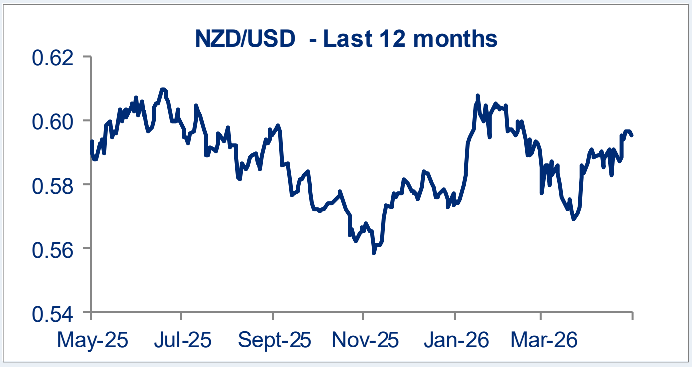
	BNZ buys NZD	BNZ sells NZD
1 Month	6.10	6.30
3 Months	15.90	16.38
6 Months	27.31	28.50
9 Months	34.64	36.76
1 Year	38.04	40.90

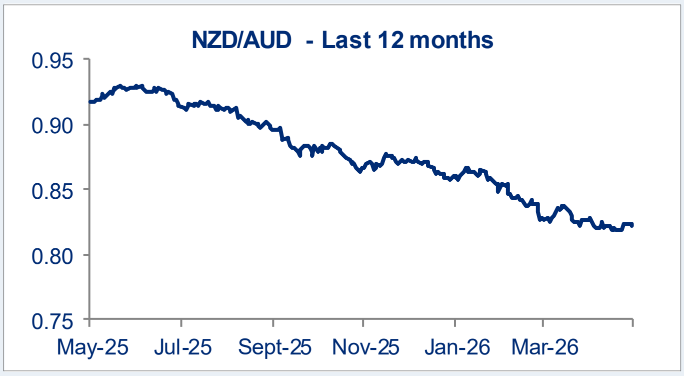
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.43	13.84
3 Months	37.73	38.71
6 Months	74.59	77.12
9 Months	106.55	110.80
1 Year	130.61	136.86









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 Street
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

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.