Research

Markets Today

16 June 2026

Events round-up

NZ: Performance of services index, May: 47.5 vs. 48.7 prev.

NZ: Card spending total (m/m%), May: 2.2 vs. -1.9 prev.

EC: Industrial production (m/m%), Apr: 0.1 vs. 0.1 exp.

US: Empire manufacturing, Jun: 5.7 vs. 12.5 exp.

US: Industrial production (m/m%), May: 0.1 vs. 0.3 exp.

US: NAHB housing market index, Jun: 35 vs. 37 exp.

Good morning

Oil prices fell and global equities rebounded following confirmation of a US-Iran agreement that will extend the ceasefire and allow the Strait of Hormuz to reopen for shipping. Bonds and currencies show more limited movement. Indeed, the US 10-year rate has increased since the NZ close while the NZD has reversed all of yesterday's gain to trade flat relative to the weekend close of 0.5830.

The new week began with Pakistan's Prime Minister announcing that a US-Iran peace deal had been reached. This was soon confirmed by President Trump, who said the deal was now complete and he authorised the "toll free" reopening of the Strait of Hormuz, along with the "simultaneous" immediate removal of the US naval blockade. All of this was said to take effect from Friday, upon signing of the deal.

While the broad contours of the deal are known, the details have yet to be revealed. Suffice it to say, the easy part has been done – negotiating the reopening of the Strait of Hormuz, which will slowly allow oil to flow freely again – while the hard part, namely nuclear negotiations, has been kicked down the road.

In overnight news, it has been revealed that an electronic version of the so-called Memorandum of Understanding has already been signed by Trump, Vance and Iranian Parliament speaker Ghalibaf. Text of the MoU will be revealed within 24-48 hours of its official signing in Switzerland on Friday. Israel is not in favour of the agreement, and its defence minister said the military would hold its security zone on Lebanon indefinitely.

Once signed, the MoU extends the US-Iran ceasefire by 60 days and kicks off negotiations about restricting Iran's enrichment of uranium for about 15 years. The truce can be extended further if need be. Iran media reported Iran and Oman will regulate ships passing through the Strait of Hormuz. They will allow transit of vessels free of charge for only 60 days and plan to charge for safety, navigation, environmental and insurance services after that period. That point will be up to negotiation as part of further discussions.

Thus, already the MoU remains on shaky ground. Many are sceptical that any nuclear agreement can be made within 60-days. It wouldn't surprise if negotiations drag on into next year. However, for markets and the global economy, the key point is that tail risk around oil shortages and severe negative impacts has been significantly reduced.

Brent crude is currently trading at USD83 per barrel, down nearly 5% from last week's close and with no further fall overnight. With the Strait of Hormuz needing to be de-mined and insurers needing more certainty of safety before diving back in, it is well acknowledged that it will take a long time for oil markets to return to normal, while replenishing inventories will add some ongoing solid support to demand. This will limit the scope for oil prices to fall much further over the short-term.

Global equities have increased, with outperformance in some Asian markets which have been more impacted than others from the conflict. Japan's Nikkei closed up 5% to a fresh record high. European equities have shown more modest gains and UK's FTSE 100 fell 0.4%, meaning UK stocks were a drag on the Euro Stoxx 600, which closed up just 0.2%. A strong rebound in the IT sector propelled the US S&P500 up 1.7% by late afternoon trading, with the Nasdaq index up 3%.

US Treasuries were strong on the Asian open, seeing the 10-year fall to a low of 4.42%. Since then, the rates have grinded higher and the 10-year rate sits at 4.47%, down just 1bp from the weekend close and up 4bps from yesterday's NZ close.

Second-tier US economic data didn't impact the market but were softer than expected. The Empire State manufacturing index, the first of the Fed's regional manufacturing surveys for June, dropped to 5.7 from 19.6, industrial production rose by only 0.1% m/m in May, although net revisions were positive, while the NAHB housing market index of homebuilder sentiment edged down to 35.

Currency market reaction has been well contained. The AUD has outperformed, albeit with only a modest gain to 0.7075. The NZD hasn't sustained the initial positive reaction, which saw it trade to a high of 0.5864 in early trading, and overnight it has fallen back down to 0.5830, leaving it little changed from last week's close. NZD/AUD has fallen to 0.8235. The NZD is slightly weaker on EUR and GBP crosses.

Global forces sent NZ rates lower yesterday, with a little bit of local market outperformance added to the mix, sending NZ-global rates spreads even lower. NZGB yields fell 6-8bps across the curve, with a modest steepening bias. This left the 10-year rate at 4.41%, just below the US 10-year rate at the time, adding to the significant NZ-US rate compression seen over the past couple of months. Swap rates showed a similar move, down 5-7bps, taking the 2-year rate to 3.33%, its lowest close in three months.

NZ economic data were mixed, with another disappointing fall in the performance of services index while electronic card transactions rebounded strongly in May, after the significant fall in April.

In the day ahead, NZ's monthly CPI indicators for May will feed into views on how high inflation reached in Q2. China's monthly activity indicators, along with RBA and BoJ policy updates, are scheduled for this afternoon. The market is pricing next to no chance of a fourth consecutive rate hike by the RBA at this meeting, although the central bank is unlikely to abandon its tightening bias so soon. The BoJ is widely expected to hike by 25bps to 1.0%, which would be its first increase since December, and this outcome is already well priced by the market. The Bank will need to guide towards further tightening otherwise the yen will be vulnerable to downside pressure. Only second-tier US housing data are due for release tonight.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	Monthly CPI indicators	May			10:45
CH	Retail sales (y/y%0	May	-0.2	0.2	14:00
CH	Industrial production (y/y%)	May	4.3	4.1	14:00
CH	Fixed investment (YTD y/y%)	May	-2.3	-1.6	14:00
AU	RBA cash rate target (%)	Jun	4.35	4.35	16:30
JN	BOJ Target Rate	Jun	1.0	0.75	
US	Housing starts (k)	May	1430	1465	00:30
US	Building permits (k)	May	1419	1423	00:30

Source: Bloomberg

Currencies

FX Majors — Indicative overnight ranges (*)

	Last	% Day	Low	High
NZD	0.5827	-0.1	0.5825	0.5851
AUD	0.7075	+0.4	0.7065	0.7088
EUR	1.1596	+0.2	1.1595	1.1621
GBP	1.3421	+0.1	1.3417	1.3445
JPY	160.30	+0.0	160.03	160.31
CAD	1.3987	-0.0		
NZD/AUD	0.8236	-0.5		
NZD/EUR	0.5025	-0.4		
NZD/GBP	0.4342	-0.2		
NZD/JPY	93.41	-0.1		
NZD/CAD	0.8150	-0.1		
NZ TWI	66.38	-0.3		

Other FX

	Last	% Day
CHF	0.7939	-0.4
SEK	9.388	-0.9
NOK	9.535	+0.2
HKD	7.835	-0.0
CNY	6.758	-0.1
SGD	1.283	-0.1
IDR	17,709	-0.8
THB	32.55	-0.6
KRW	1,515	-0.2
TWD	31.55	-0.2
PHP	60.47	-0.5

Equities

Major Indices

	Last	% Day	% Year
S&P 500	7,563	+1.8	26.5
Dow	51,790	+1.1	22.7
Nasdaq	26,668	+3.0	37.4
Stoxx 50	6,229	+0.7	17.7
FTSE	10,431	-0.4	17.9
DAX	24,894	+1.1	5.9
CAC 40	8,384	+0.4	9.1
Nikkei	69,318	+5.0	80.9
Shanghai	4,096	+1.6	21.3
ASX 200	8,914	+1.2	4.3
NZX 50	13,361	-0.2	5.3
VIX Index	16.19	-8.4	-22.2

Commodities

Price (Near futures, except CRB)

	Last	Net Day
Oil (Brent)	83.28	-4.5
Oil (WTI)	80.90	-4.6
Gold	4321.6	+2.5
HRC steel	1120.0	-0.3
CRB	368.9	+0.0
Wheat Chic.	600.3	+0.8
Sugar	13.68	-0.1
Cotton	73.43	+0.7
Coffee	259.2	+2.3
WM powder	3535	-0.7

Australian Futures

3 year bond	95.62	0.05
10 year bond	95.17	0.02

Interest Rates

Rates / **Swap Yields**

	Cash	3Mth	2 Yr	10 Yr
USD	3.75	4.85	3.92	4.07
AUD	4.35	4.47	4.50	4.95
NZD	2.25	2.68	3.33	4.09
EUR	2.00	2.38	2.77	3.01
GBP	3.75	3.87	4.07	4.42
JPY	0.74	-0.03	1.39	2.41
CAD	2.25	4.97	2.66	3.18

Benchmark 10 Yr Bonds

	Last	Net Day
USD	4.47	-0.01
AUD	4.81	-0.01
NZD	4.41	-0.06
GER	2.95	-0.04
GBP	4.81	-0.02
JPY	2.58	-0.04
CAD	3.41	0.01

NZ Government Bonds

	Last	Chg
15-May-28	3.34	-0.08
20-Apr-29	3.53	-0.07
15-May-30	3.71	-0.07
15-May-31	3.89	-0.07
15-May-32	4.03	-0.07
14-Apr-33	4.12	-0.06
15-May-34	4.22	-0.06
15-May-35	4.32	-0.06
15-May-36	4.41	-0.06
15-May-37	4.51	-0.06
15-May-41	4.79	-0.06
15-May-51	5.00	-0.06
15-May-54	5.01	-0.06

NZ BKBM and Swap Yields

	Last	Chg
BKBM 1-mth	2.48	0.01
BKBM 3-mth	2.68	0.00
1 year	3.07	-0.05
2 year	3.33	-0.07
3 year	3.47	-0.07
5 year	3.69	-0.07
7 year	3.87	-0.06
10 year	4.09	-0.05
15 year	4.33	-0.05

NZ Inflation-Indexed Bonds

Sept-30	1.48	-0.02
Sept-35	2.27	-0.02
Sept-40	2.73	-0.02

Carbon Price

	Level	% Day	% Year
NZU	53.90	-0.2	-6.3

Policy Meeting Run

	NZD	AUD	USD
1st	2.44	4.37	3.63
2nd	2.62	4.44	3.65
3rd	2.72	4.46	3.71
4th	2.86	4.51	3.74
5th	2.98	4.52	3.82

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

Rates are as of: NZT 06:54

Source: Bloomberg

NZD exchange rates

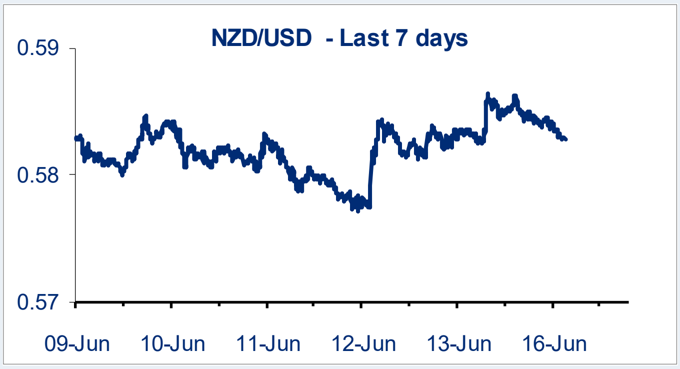
16/06/2026	6:55 am	Prev. NY close
USD	0.5827	0.5833
GBP	0.4342	0.4351
AUD	0.8236	0.8277
EUR	0.5025	0.5042
JPY	93.41	93.47
CAD	0.8150	0.8159
CHF	0.4626	0.4649
DKK	3.7558	3.7685
FJD	1.2870	1.2879
HKD	4.5668	4.5704
INR	55.21	55.48
NOK	5.5577	5.5500
PKR	162.20	162.34
PHP	35.26	35.79
PGK	2.5476	2.5494
SEK	5.4708	5.5232
SGD	0.7476	0.7491
CNY	3.9387	3.9447
THB	18.98	19.05
TOP	1.3638	1.3462
VUV	69.27	69.50
WST	1.5748	1.5715
XPF	60.16	60.29
ZAR	9.4426	9.5026

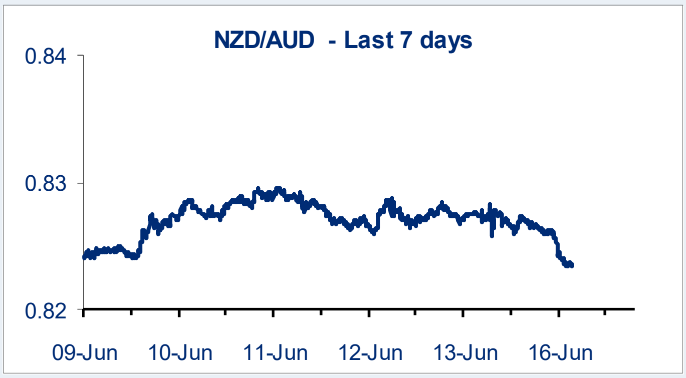
NZD/USD Forward Points

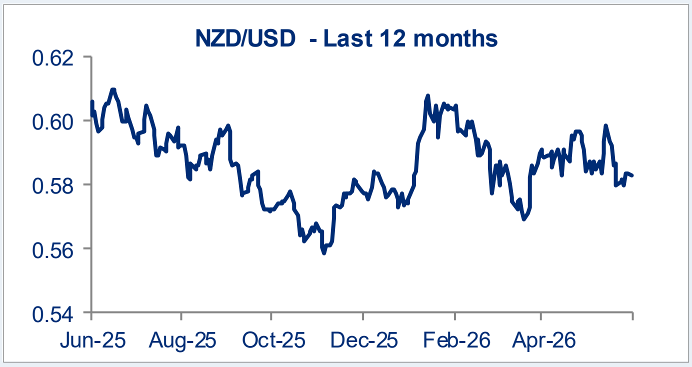
	BNZ buys NZD	BNZ sells NZD
1 Month	5.77	6.01
3 Months	15.90	16.50
6 Months	29.15	30.35
9 Months	40.58	42.55
1 Year	49.72	53.50

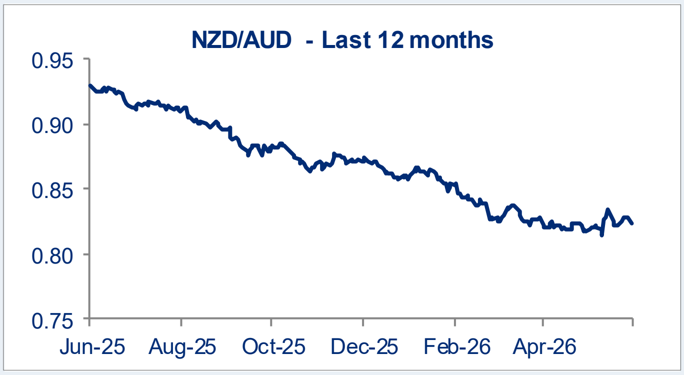
NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.92	13.48
3 Months	37.83	39.00
6 Months	71.97	74.77
9 Months	102.15	106.40
1 Year	127.74	135.46









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