

Research Markets Today

17 June 2026

Events round-up

NZ: Monthly CPI indicator (y/y%), May: 5.2 vs. 4.7 prev.

CH: Retail sales (y/y%, May: -0.6 vs. -0.2 exp.

CH: Industrial production (y/y%), May: 4.5 vs. 4.4 exp.

CH: Fixed investment (YTD y/y%), May: -4.1 vs. -2.3 exp.

AU: RBA cash rate target (%), Jun: 4.35 vs. 4.35 exp.

JN: BoJ target rate (%), Jun: 1.0 vs. 1.0 exp.

US: Housing starts (k), May: 1177 vs. 1430 exp.

US: Building permits (k), May: 1413 vs. 1419 exp.

Good morning

Oil prices continue to tumble, ahead of the official signing of a US-Iran peace deal, seeing Brent crude trade down to USD79 per barrel. Falling oil prices continue to impart a downside bias to global rates. RBA and BoJ policy updates didn't surprise, and currency market movements have been modest. The NZD has slightly outperformed, seeing it push up to 0.5840 and higher on the key crosses.

As we await the details of the 14-point agreement between the US and Iran that has yet to be released, some points of interest in addition to the broad contours we noted yesterday have been leaked. The WSJ reported the US will allow Iran to immediately begin selling oil and fuel alongside the lifting of sanctions on banking, transportation and services to facilitate this, offering Tehran an early financial incentive to wind down the conflict. The agreement provides for much greater financial relief if Iran goes along with American demands to destroy its stockpile of enriched uranium and dismantle its nuclear program.

Two Iranian supertankers with their transponders turned on have already transited the Strait of Hormuz and at least one looks to have crossed the US blockade, an early sign of increased oil supply. Bloomberg reports Qatar is planning to rapidly boost LNG production once the Strait of Hormuz reopens, aiming to restore about 80% of its export capacity within two months. The remaining 20% will take years to restore, due to the damage suffered.

Oil prices continue to fall steadily, down for a fourth consecutive day in anticipation of increased supply, seeing Brent crude trade below USD79 per barrel.

Lower oil prices have supported global bond markets, although moves have been modest ahead of the US Fed policy update in less than 24 hours. The 10-year Treasury yield is currently 4.42%, down 5bps from the NZ close while the 2-year rate is down only 2bps.

Yesterday the BoJ lifted its policy rate by 25bps to a 31-year high of 1.0%, as expected. The vote was 7-1, with PM Takaichi's recent Board appointee, Asada, dissenting in favour of keeping policy unchanged. Another of her appointees will soon join the Board, adding to the number of doves on the committee. The Bank's plan to stop tapering its bond purchases from April next year was also as expected. Deputy Governor Uchida said that the central bank will continue to raise its policy rate towards neutral levels but provided no indication as to the timing of future moves, which will be data dependent.

That message was enough to stave off another round of speculative selling pressure on the yen but at 160.45, USD/JPY has pushed up towards the end-April high and the risk for the yen remains clearly to the downside, given still significantly negative real short rates. The market sees a high chance of another 25bps hike by the end of the year, but this is not fully priced.

The RBA left its cash rate at 4.35%, following three successive rate hikes, but the tightening bias remained. RBA Governor Bullock said "I can't rule out that if inflation doesn't respond in the way we expect it to do, then we might have to do more... I'm just not ruling that out." Despite some lingering hawkish rhetoric, the market nudged Australian rates down a little, and the AUD was on the soft side. The market prices about an even chance of one more hike later this year.

While currency movements have been modest overall, the NZD has slightly outperformed, pushing up to 0.5840. The AUD trades this morning at 0.7070 and NZD/AUD is higher at 0.8255. The NZD is higher on the other key crosses, including a lift in NZD/JPY to 93.65.

Global equity markets show modest movements. Japan's Nikkei index briefly traded above 70,000 for the first time ever, after the BoJ update, before the gain was pared back. US equities are modestly weaker, with the IT sector a drag. SpaceX has risen strongly for a third consecutive session, taking its gain from the IPO price to 59%, and taking its market cap ahead of Amazon and Microsoft during the session.

China activity data for May showed the first annual fall in retail sales since the pandemic and a deeper fall in investment, driven by the slump in the property sector. There was little market reaction, with the fact that China's economy is only running on one engine – the export sector – already widely acknowledged.

In the domestic rates market, there was further downward pressure on short-term rates, leading to some notable curve steepening. Short end NZGBs fell 2bps against a 4-5bps lift in longer term rates. The 2-year swap rate fell 2bps to 3.31% against a 2bps lift in the 10-year rate. Monthly CPI inflation data were higher than we expected, namely food prices, leading us to nudge up our Q2 estimate to 1.5% q/q and 4.1% y/y, albeit still one-tenth below the RBNZ's May MPS estimate.

On the economic calendar, NZ consumer confidence and current account data are due today. UK CPI inflation and US retail sales data for May will be released tonight. The FOMC's policy announcement will be 6am tomorrow. This is the first Fed meeting chaired by Trump appointee Warsh. Recent speeches from FOMC members have

pushed back against the implicit easing bias of the previous meeting, so we expect the new economic and rate projections to reflect that. With a new chair and updated forecasts, there is plenty of scope for market reaction.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	Westpac consumer confid.	Q2	94.7	94.7	09:00
NZ	Current a/c bal. (ann %GDP)	Q1	-3.7	-3.7	10:45
UK	CPI (y/y%)	May	3.0	2.8	18:00
UK	CPI core (y/y%)	May	2.7	2.5	18:00
UK	CPI services (y/y%)	May	3.6	3.2	18:00
US	Retail sales (m/m%)	May	0.5	0.5	00:30
US	Retail sales ex auto, gas (m/m%)	May	0.3	0.5	00:30
US	Retail sales control grp (m/m%)	May	0.4	0.5	00:30
US	Pending home sales (m/m%)	May	1.0	1.4	02:00
US	Fed Funds rate (% upper bd)	Jun	3.75	3.75	06:00

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	0.5836	+0.2	0.5811	0.5843	CHF	0.7932	-0.2	7,531	-0.3	24.8	Oil (Brent)	79.29	-4.6	
AUD	0.7071	-0.0	0.7053	0.7080	SEK	9.366	-0.3	52,061	+0.8	22.5	Oil (WTI)	76.45	-5.3	
EUR	1.1608	+0.2	1.1585	1.1620	NOK	9.481	-0.6	26,510	-0.7	34.6	Gold	4330.9	-0.2	
GBP	1.3426	+0.1	1.3403	1.3443	HKD	7.834	-0.0	6,257	+0.4	17.2	HRC steel	1122.0	+0.2	
JPY	160.46	+0.1	160.20	160.46	CNY	6.757	-0.0	10,494	+0.6	18.2	CRB	364.9	-1.1	
CAD	1.3993	+0.0			SGD	1.282	-0.0	24,910	+0.1	5.1	Wheat Chic.	604.3	+0.6	
NZD/AUD	0.8253	+0.3			IDR	17,725	+0.1	8,447	+0.8	9.1	Sugar	13.82	+1.0	
NZD/EUR	0.5028	+0.1			THB	32.51	-0.2	69,405	+0.1	80.1	Cotton	75.01	+2.4	
NZD/GBP	0.4347	+0.1			KRW	1,508	-0.4	4,092	-0.1	20.8	Coffee	272.8	+5.6	
NZD/JPY	93.64	+0.3			TWD	31.57	+0.1	8,918	+0.0	4.4	WM powder	3585	+1.4	
NZD/CAD	0.8166	+0.2			PHP	60.32	-0.3	13,426	+0.5	6.2	Australian Futures			
NZ TWI	66.47	+0.2						15.83	-2.3	-17.2	3 year bond	95.58	0.00	
											10 year bond	95.18	0.08	
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	3.90	4.02	USD	4.42	-0.05	15-May-28	3.31	-0.02	BKBM 1-mth	2.49	0.01	
AUD	4.35	4.47	4.44	4.88	AUD	4.83	0.02	20-Apr-29	3.51	-0.02	BKBM 3-mth	2.68	-0.01	
NZD	2.25	2.68	3.31	4.11	NZD	4.45	0.03	15-May-30	3.70	-0.01	1 year	3.06	-0.01	
EUR	2.00	2.41	2.76	2.98	GER	2.93	-0.02	15-May-31	3.88	-0.00	2 year	3.31	-0.02	
GBP	3.75	3.87	4.06	4.38	GBP	4.79	-0.02	15-May-32	4.03	0.00	3 year	3.45	-0.02	
JPY	0.74	-0.03	1.40	2.46	JPY	2.64	0.06	14-Apr-33	4.14	0.02	5 year	3.69	-0.00	
CAD	2.25	4.97	2.65	3.16	CAD	3.38	-0.03	15-May-34	4.25	0.02	7 year	3.88	0.01	
								15-May-35	4.35	0.03	10 year	4.11	0.02	
								15-May-36	4.45	0.04	15 year	4.36	0.03	
								15-May-37	4.56	0.04				
								15-May-41	4.83	0.04	NZ Inflation-Indexed Bonds			
					1st	2.43	4.36	3.64	15-May-51	5.05	0.05	Sept-30	1.48	0.00
					2nd	2.61	4.43	3.66	15-May-54	5.06	0.05	Sept-35	2.28	0.00
					3rd	2.70	4.44	3.72			Sept-40	2.75	0.01	
					4th	2.84	4.46	3.75						
					5th	2.95	4.49	3.84						

Carbon Price

	Level	% Day	% Year
NZU	53.80	-0.2	-6.4

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

Rates are as of: NZT 06:54

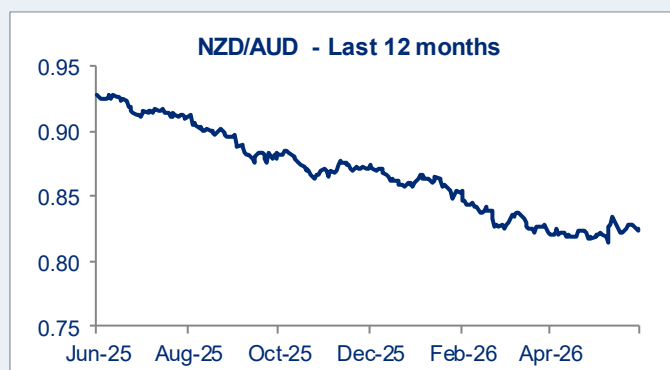
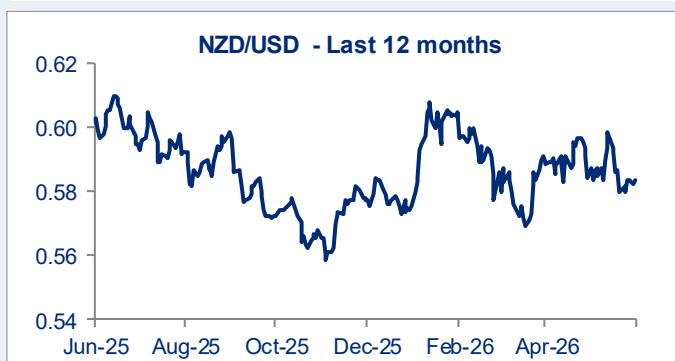
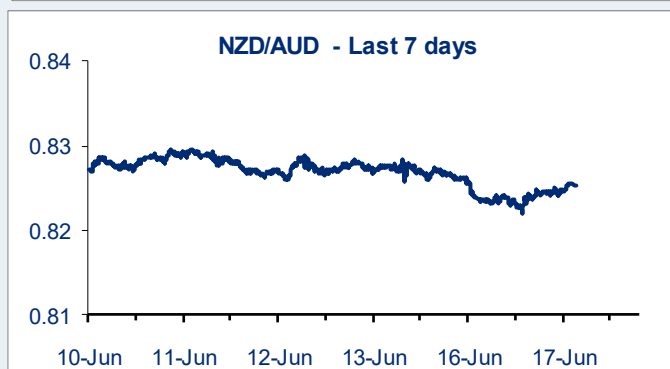
Source: Bloomberg

Policy Meeting Run

	NZD	AUD	USD
1st	2.43	4.36	3.64
2nd	2.61	4.43	3.66
3rd	2.70	4.44	3.72
4th	2.84	4.46	3.75
5th	2.95	4.49	3.84

NZD exchange rates

17/06/2026	6:55 am	Prev. NY close
USD	0.5836	0.5823
GBP	0.4347	0.4341
AUD	0.8253	0.8233
EUR	0.5028	0.5024
JPY	93.64	93.37
CAD	0.8166	0.8146
CHF	0.4628	0.4626
DKK	3.7575	3.7554
FJD	1.2880	1.2863
HKD	4.5725	4.5622
INR	55.20	55.15
NOK	5.5330	5.5527
PKR	162.42	162.06
PHP	35.22	35.23
PGK	2.5489	2.5406
SEK	5.4636	5.4723
SGD	0.7484	0.7469
CNY	3.9437	3.9350
THB	18.98	18.96
TOP	1.3587	1.3756
VUV	69.54	69.17
WST	1.5703	1.5728
XPF	60.32	60.18
ZAR	9.4521	9.4402



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.18	6.38
3 Months	16.05	16.65
6 Months	29.58	30.69
9 Months	41.59	43.36
1 Year	51.29	54.29

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.89	14.34
3 Months	38.10	39.35
6 Months	72.08	74.63
9 Months	102.50	106.48
1 Year	127.75	134.16

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