

Research Markets Today

18 June 2026

Events round-up

NZ: Westpac consumer confid., Q2: 80.4 vs. 94.7 prev.
 NZ: Current a/c bal. (ann %GDP), Q1: -3.6 vs. -3.7 exp.
 UK: CPI (y/y%), May: 2.8 vs. 3.0 exp.
 UK: CPI core (y/y%), May: 2.6 vs. 2.7 exp.
 UK: CPI services (y/y%), May: 3.7 vs. 3.6 exp.
 US: Retail sales (m/m%), May: 0.9 vs. 0.5 exp.
 US: Retail sales ex auto, gas (m/m%), May: 0.5 vs. 0.3 exp.
 US: Retail sales control grp (m/m%), May: 0.7 vs. 0.4 exp.
 US: Pending home sales (m/m%), May: 3.8 vs. 1 exp.
 US: Fed Funds rate (% upper bd), Jun: 3.75 vs. 3.75 exp.

Good morning

Financial markets were largely in a holding pattern overnight as investors awaited the Federal Reserve's first interest-rate decision under new Chair Kevin Warsh. Markets looked through solid US retail sales data, which pointed to continued consumer resilience. Major US equity indices and Treasuries were little changed, while the US dollar was marginally firmer against G10 currencies. Brent crude pared earlier gains above US\$81 per barrel and remained near its lowest level since the early days of the Iran war. The International Energy Agency noted that, even if the US-Iran deal holds, oil exports and production would take months to recover.

The FOMC voted unanimously to leave rates unchanged at 3.75%, as expected by economists and fully priced by markets. The decision marked the fourth consecutive hold, with officials continuing to shift their focus from the labour market to inflation risks, partly reflecting the impact of the Iran war on energy prices. The short accompanying statement removed references to additional rate adjustments, while officials reiterated that inflation remained elevated and reaffirmed their commitment to price stability.

The updated projections reflected a hawkish tilt with the dot plot suggesting the next move will be to raise interest rates. Nine officials expected at least one 25bp hike this year, including six who pencilled in two or more, while another nine expected no move or a cut. Only 18 of 19 officials submitted rate projections for the end of 2026,

suggesting new Chair Kevin Warsh, a critic of forward guidance, declined to provide a forecast. This was subsequently confirmed in the press conference. The median inflation forecast for this year rose to 3.6% from 2.7%, while the 2026 core PCE projection increased to 3.3% from 2.7%. Officials also lowered their median 2026 growth forecast to 2.2%, from 2.4% in March.

Treasury yields rose immediately after the decision, led by the front end of the curve. The 2-year yield increased to 4.14%, from 4.05% before the Fed announcement, as markets brought forward expectations of tightening. The long end was less impacted, with 10-year yields only marginally higher at 4.47%. The front-end move supported broad-based US dollar gains against G10 currencies. The NZD fell back below 0.5800, NZD/JPY declined, and the other NZD crosses were broadly stable.

Ahead of the FOMC decision, US retail sales were stronger than expected in May, with spending rising across a broad range of categories despite higher gasoline prices. Headline sales increased 0.9%, the fourth consecutive monthly gain, while control-group sales rose 0.7%, above the 0.4% consensus. Some of the strength may reflect temporary factors, including higher tax refunds.

UK inflation held steady in May, with headline CPI rising 2.8% y/y, unchanged from April and below consensus expectations. Lower food prices offset upward pressure from airfares, vehicle taxes and petrol. Core CPI was also softer than expected at 2.6%, while services inflation was firmer than forecast at 3.7%. The data support the meeting-by-meeting approach favoured by some Bank of England policymakers ahead of this evening's decision. The pound initially fell after the release before paring losses, while gilts closed 3–4bp lower across the curve.

There was another solid rally in NZ fixed income during the local session yesterday. The swap curve shifted 4–8bp lower, with a flattening bias. The two-year rate fell to 3.27%, its lowest level in three months, while the five-year rate closed at 3.62%. The 10-year NZGB yield declined 7bp to 4.38%. NZ Debt Management is offering two lines at this week's tender: May-2032 (\$250m) and May-2034 (\$200m).

Q1 GDP is released this morning. We forecast a 0.9% gain, close to the RBNZ's 1.0% projection in the May MPS. UK labour market data should show some stabilisation after the recent softening in jobs and wages. The Bank of

England is unanimously expected to hold rates steady at 3.75%, in line with market pricing. UK rate-hike expectations for this year have been steadily unwound, with markets now pricing only around 20bp of tightening by December.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	GDP SA (q/q%)	1Q	0.8	0.2	10:45
NZ	GDP (y/y%)	1Q	1	1.3	10:45
UK	Earnings ex Bonus (3m y/y%)	Apr	2.9	3	18:00
UK	ILO Unemployment Rate 3Mths	Apr	5	5	18:00
UK	Bank of England Bank Rate	Jun	3.75	3.75	23:00
US	Initial Jobless Claims	13-Jun	225	229	00:30
US	Philadelphia Fed Business Outlook	Jun	10	-0.4	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	0.5801	-0.5	0.5781	0.5823	CHF	0.7954	+0.3	S&P 500	7,470	-0.5	24.9	Oil (Brent)	79.41	+0.7
AUD	0.7056	-0.2	0.7032	0.7075	SEK	9.440	+0.8	Dow	52,021	+0.0	23.2	Oil (WTI)	76.60	+0.8
EUR	1.1560	-0.4	1.1536	1.1615	NOK	9.536	+0.6	Nasdaq	26,392	+0.0	35.2	Gold	4299.4	-0.7
GBP	1.3365	-0.5	1.3335	1.3421	HKD	7.836	+0.0	Stoxx 50	6,300	+0.7	19.1	HRC steel	1120.0	-0.2
JPY	160.38	-0.0	160.12	160.50	CNY	6.761	+0.1	FTSE	10,509	+0.1	19.0	CRB	362.5	-0.7
CAD	1.4052	+0.4			SGD	1.285	+0.2	DAX	24,935	+0.1	6.4	Wheat Chic.	621.5	+2.9
NZD/AUD	0.8221	-0.4			IDR	17,762	+0.2	CAC 40	8,431	-0.2	9.7	Sugar	13.85	+0.2
NZD/EUR	0.5018	-0.1			THB	32.64	+0.3	Nikkei	69,902	+0.7	79.8	Cotton	76.90	+2.5
NZD/GBP	0.4340	-0.1			KRW	1,515	+0.4	Shanghai	4,108	+0.4	21.3	Coffee	271.9	-0.2
NZD/JPY	93.04	-0.5			TWD	31.58	+0.0	ASX 200	8,966	+0.5	5.1	WM powder	3490	-2.0
NZD/CAD	0.8152	-0.1			PHP	60.39	+0.1	NZX 50	13,393	-0.2	6.1	Australian Futures		
NZ TWI	66.19	-0.4						VIX Index	17.76	+8.2	-17.8	3 year bond	95.63	0.05
												10 year bond	95.19	0.02

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	3.99	4.02	USD	4.44	-0.00	15-May-28	3.28	-0.04	BKBM 1-mth	2.49	0.00
AUD	4.35	4.47	4.45	4.87	AUD	4.77	-0.06	20-Apr-29	3.47	-0.04	BKBM 3-mth	2.67	-0.00
NZD	2.25	2.67	3.27	4.03	NZD	4.38	-0.07	15-May-30	3.65	-0.05	1 year	3.04	-0.02
EUR	2.25	2.41	2.78	2.98	GER	2.93	-0.00	15-May-31	3.82	-0.06	2 year	3.27	-0.04
GBP	3.75	3.87	4.04	4.34	GBP	4.75	-0.04	15-May-32	3.97	-0.06	3 year	3.40	-0.05
JPY	0.98	-0.03	1.39	2.44	JPY	2.60	-0.04	14-Apr-33	4.08	-0.06	5 year	3.62	-0.06
CAD	2.25	4.97	2.69	3.15	CAD	3.37	-0.02	15-May-34	4.18	-0.07	7 year	3.81	-0.07
								15-May-35	4.29	-0.07	10 year	4.03	-0.08
								15-May-36	4.38	-0.07	15 year	4.28	-0.08
								15-May-37	4.49	-0.07			
								15-May-41	4.74	-0.09	NZ Inflation-Indexed Bonds		
					1st	2.43	4.43	3.64	4.98	-0.07	Sept-30	1.44	-0.04
					2nd	2.60	4.45	3.71	4.99	-0.07	Sept-35	2.24	-0.04
					3rd	2.68	4.49	3.79			Sept-40	2.71	-0.04
					4th	2.82	4.51	3.84					
					5th	2.92	4.48	3.94					

Carbon Price				Policy Meeting Run			
	Level	% Day	% Year		NZD	AUD	USD
NZU	54.45	+1.2	-7.7	1st	2.43	4.43	3.64
				2nd	2.60	4.45	3.71
				3rd	2.68	4.49	3.79
				4th	2.82	4.51	3.84
				5th	2.92	4.48	3.94

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

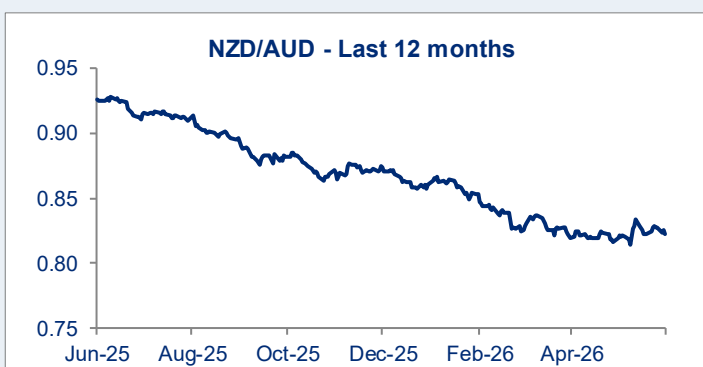
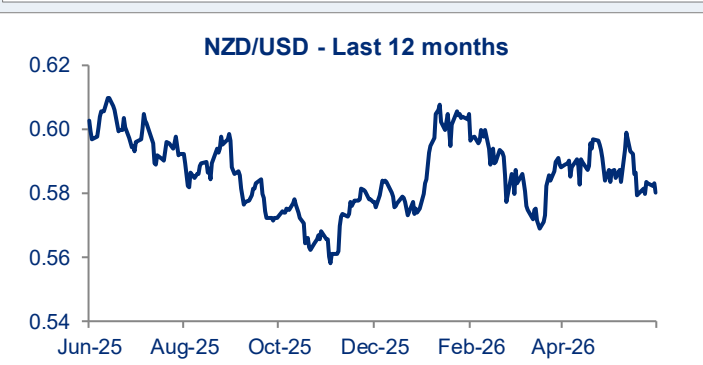
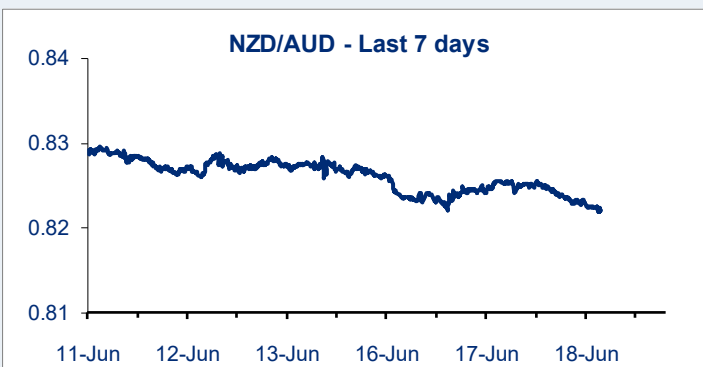
Rates are as of: NZT 06:50

Source: Bloomberg

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NZD exchange rates

18/06/2026	6:51 am	Prev. NY close
USD	0.5801	0.5832
GBP	0.4340	0.4344
AUD	0.8221	0.8251
EUR	0.5018	0.5024
JPY	93.04	93.56
CAD	0.8152	0.8162
CHF	0.4615	0.4626
DKK	3.7509	3.7553
FJD	1.2809	1.2886
HKD	4.5454	4.5687
INR	54.84	55.15
NOK	5.5321	5.5298
PKR	161.42	162.31
PHP	35.03	35.19
PGK	2.5354	2.5456
SEK	5.4763	5.4637
SGD	0.7455	0.7477
CNY	3.9219	3.9405
THB	18.90	18.97
TOP	1.3382	1.3703
VUV	68.89	69.26
WST	1.5622	1.5687
XPF	59.98	60.27
ZAR	9.4310	9.4454



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.73	6.02
3 Months	16.42	16.98
6 Months	31.21	32.77
9 Months	44.03	46.72
1 Year	57.14	60.41

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.96	13.61
3 Months	38.54	39.98
6 Months	73.19	77.27
9 Months	102.08	107.66
1 Year	129.34	137.13

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