

Research Markets Today

20 May 2026

Events Round-Up

NZ: PPI output (q/q%), Q1: 0.8 vs. 0.1 prev.
 NZ: Card spending total (m/m%), Apr: -1.6 vs. 1.1 prev.
 JN: GDP (q/q%), Q1: 0.5 vs. 0.4 exp.
 AU: Westpac consumer confidence, May: 83.0 vs. 80.1
 UK: Pkte earnings x bonus (3m/yoy%), Mar: 3.0 vs. 3.1 exp.
 UK: Unemployment rate (%), Mar: 5.0 vs. 4.9 exp.
 UK Payrolled employees chg. (k), Apr: -100 vs. -10k exp.
 CA: CPI (y/y%), Apr: 2.8 vs. 3.1 exp.
 CA: CPI core (avg med/trim y/y%), Apr: 2.05 vs. 2.25 exp.
 US: Pending home sales (m/m%), Apr: 1.4 vs. 1.0 exp.

Good Morning

Risk sentiment is weaker with concerns about the inflation and fiscal outlook returning, pushing up global rates. US equities show a modest fall. Net currency moves have been small. The NZD and AUD are slightly weaker, with the NZD pushing below 0.5840. Brent crude is trading with a USD111 handle.

Minutes after we hit send yesterday, President Trump posted on social media that he had held off an imminent military attack against Iran, by request of the leaders of Qatar, Saudi Arabia and UAE, given that “serious negotiations” are now taking place. This resulted in a \$4 drop in Brent crude to USD108. Trump has clarified to reporters overnight that he could wait a few days or until maybe early next week before he “gives them another big hit”. We see this as just a continuation of his playbook of buying time, with ongoing threats of further military action but not delivering on that because he really doesn’t want to go down that path.

The WSJ reported Iran’s position in talks with the US to end the war hasn’t changed much from earlier iterations that failed to yield progress toward a deal according to regional mediators and US officials familiar with the terms, raising questions about whether an offramp to the conflict can be found.

Bloomberg reported NATO is discussing the possibility of helping ships pass through the Strait of Hormuz if the waterway isn’t reopened by early July. The idea reportedly has the support of several members but not yet

unanimous. Following the noted fall in oil prices, Brent crude has recovered and has settled around the USD111 mark.

After a pause yesterday, the global bond selloff theme has returned. US Treasuries are higher across the curve. The 30-year rate rose as much as 7bps to 5.195%, its highest level since 2007 before retracing a few basis points. The 10-year rate traded at 4.685%, its highest level since early-2025 and currently trades at 4.66%, up 6bps from the NZ close. The market prices tighter Fed monetary policy, with 20bps priced by year-end and a 50% chance of two hikes by the middle of next year.

It seems the market’s patience with the Fed ignoring its inflation target, and with the government making no attempt to address an unsustainable fiscal position, is wearing thin. Other countries face similar issues, with long-term rates for Germany, the UK and Japan also trading at multi-decade highs.

Speaking overnight at the G7 gathering in Paris, BoJ Governor Ueda said yesterday’s Japan GDP report (up 0.5% q/q in Q1) was roughly in line with the central bank’s view. He added that businesses are passing their costs onto customers somewhat quickly. He acknowledged long-term bond yields have risen rapidly and that the BoJ will coordinate with the government to watch the bond market. Finance Minister Katayama said Japan will take bold action on FX when needed. Yen price action overnight showed yet another suspicious dive in USD/JPY linked to either intervention or “rate checks” that quickly reversed. The noted comments, which came afterwards, resulted in some mild yen strength, but that has almost fully reversed.

Net currency movements overnight have been small. The NZD is a little weaker, trading below 0.5840 while the AUD fell to 0.7080 before lifting back over 0.71. NZD/AUD has settled just over 0.82. The NZD has underperformed modestly on the other key crosses.

Regarding economic data releases, in the UK, attention was on the significant slashing of 100k in payrolled employees in April based on tax data. The figures were given a health warning and could be subject to significant revision, but the data played to a much weaker UK labour market. Private sector wage inflation continued to trend lower, with the key measure falling to a 5½-year low of 3.0% y/y in the March quarter. The unemployment rate ticked up to 5.0%.

Despite the data, market pricing for two BoE rate hikes this year and the chance of a third barely moved.

Canadian CPI inflation data were much weaker than expected, with annual headline inflation rising to “only” 2.8% in April, from 2.4% and the average of two key core measures falling two-tenths to 2.05% against expectations of a steady rate. While the impact of the data on the CAD was fleeting, Canada’s 2-year bond yield is down a couple of basis points against the global trend of higher rates.

Domestic rates fell alongside Australian rates yesterday, with NZGBs down 7-8bps across the curve. A feature of the global bond market selloff through May has been NZ rates not keeping pace with the US, resulting in a notable fall in the NZ-US 10-year bond spread to just 14bps at yesterday’s close. In the swaps market there was a more notable flattening of the curve, with the 2-year rate down 6bps to 3.61% and the 10-year rate down 9bps to 4.40%. Some of this could reverse today, with the Australian 10-year bond future up 5bps in yield terms since the NZ close.

NZ electronic card transactions fell 1.6% m/m in April, after rising 1.1% in March, as weak as expected, with declines

across all categories. The data supports the narrative of spending significantly weakening as Q2 got underway, following the front-loading of purchases (including fuel) in March.

On the economic calendar, UK CPI data will be released tonight, where the market sees lower figures across the main indicators, helped by Budget measures that impact the April figures and base effects (strong contributions last year dropping out).

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Coming Up

	Period	Cons.	Prev.	NZT
UK CPI (y/y%)	Apr	3.0	3.3	18:00
UK CPI core (y/y%)	Apr	2.6	3.1	18:00
UK CPI services (y/y%)	Apr	3.5	4.5	18:00
US FOMC meeting minutes	Apr			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	Net Day			
NZD	0.5835	-0.7	0.5818	0.5857	CHF	0.7892	+0.6	S&P 500	7,377	-0.4	23.7	Oil (Brent)	111.50	-0.5
AUD	0.7108	-0.8	0.7080	0.7136	SEK	9.404	+0.2	Dow	49,443	-0.5	15.5	Oil (WTI)	107.77	-0.8
EUR	1.1604	-0.4	1.1592	1.1638	NOK	9.272	+0.1	Nasdaq	25,905	-0.7	34.8	Gold	4502.7	-1.2
GBP	1.3400	-0.3	1.3379	1.3420	HKD	7.833	+0.0	Stoxx 50	5,851	+0.0	7.8	HRC steel	1080.0	+0.0
JPY	159.06	+0.1	158.67	159.25	CNY	6.814	+0.2	FTSE	10,331	+0.1	18.8	CRB	405.8	+1.6
CAD	1.3749	+0.1			SGD	1.282	+0.3	DAX	24,401	+0.4	1.9	Wheat Chic.	681.0	+0.5
NZD/AUD	0.8209	+0.2			IDR	17,706	+0.2	CAC 40	7,982	-0.1	1.2	Sugar	15.01	+1.9
NZD/EUR	0.5028	-0.3			THB	32.68	+0.4	Nikkei	60,551	-0.4	61.3	Cotton	82.33	-1.7
NZD/GBP	0.4354	-0.4			KRW	1,507	+0.9	Shanghai	4,170	+0.9	23.8	Coffee	270.2	+2.3
NZD/JPY	92.81	-0.5			TWD	31.66	+0.3	ASX 200	8,605	+1.2	3.1	WM powder	3885	-0.1
NZD/CAD	0.8023	-0.6			PHP	61.75	+0.0	NZX 50	12,974	+1.7	2.6	Australian Futures		
NZ TWI	66.49	-0.3						VIX Index	18.03	+1.2	-0.6	3 year bond	95.32	0.06
												10 year bond	94.88	-0.04
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	3.98	4.24	USD	4.67	0.08	15-May-28	3.66	-0.07	BKBM 1-mth	2.47	0.00	
AUD	4.35	4.45	4.72	5.19	AUD	5.06	-0.05	20-Apr-29	3.88	-0.07	BKBM 3-mth	2.65	-0.00	
NZD	2.25	2.65	3.61	4.40	NZD	4.74	-0.08	15-May-30	4.07	-0.07	1 year	3.17	-0.04	
EUR	2.00	2.22	2.96	3.22	GER	3.19	0.05	15-May-31	4.25	-0.08	2 year	3.61	-0.06	
GBP	3.75	3.87	4.40	4.69	GBP	5.13	0.03	15-May-32	4.40	-0.08	3 year	3.81	-0.07	
JPY	0.74	-0.03	1.44	2.58	JPY	2.79	0.06	14-Apr-33	4.48	-0.08	5 year	4.05	-0.08	
CAD	2.25	4.97	2.92	3.48	CAD	3.71	0.02	15-May-34	4.57	-0.08	7 year	4.21	-0.08	
								15-May-35	4.66	-0.08	10 year	4.40	-0.09	
								15-May-36	4.74	-0.08	15 year	4.64	-0.09	
								15-May-37	4.83	-0.08	NZ Inflation-Indexed Bonds			
								15-May-41	5.10	-0.08	Sept-30	1.59	-0.04	
								15-May-51	5.30	-0.08	Sept-35	2.39	-0.05	
								15-May-54	5.31	-0.08	Sept-40	2.85	-0.05	

Carbon Price

	Level	% Day	% Year
NZU	52.75	-2.7	-4.8

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

Rates are as of: NZT 06:57

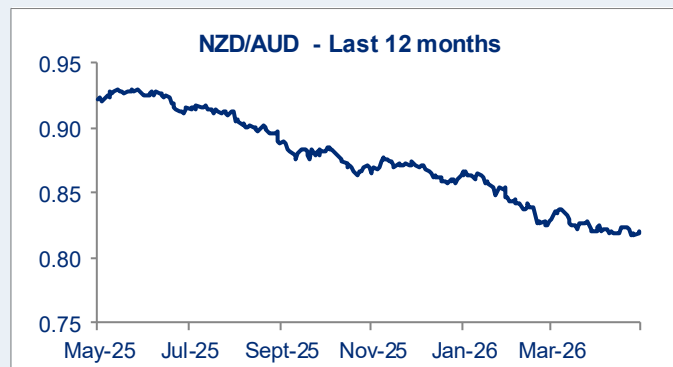
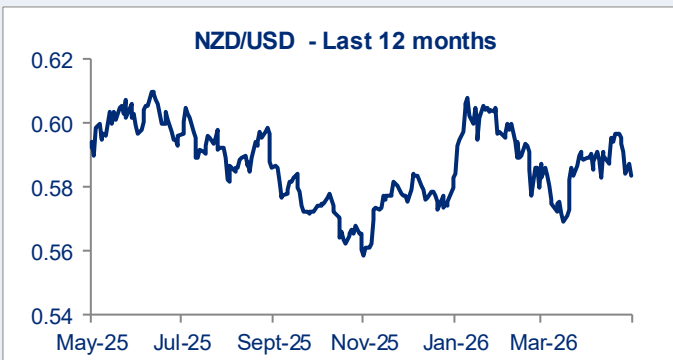
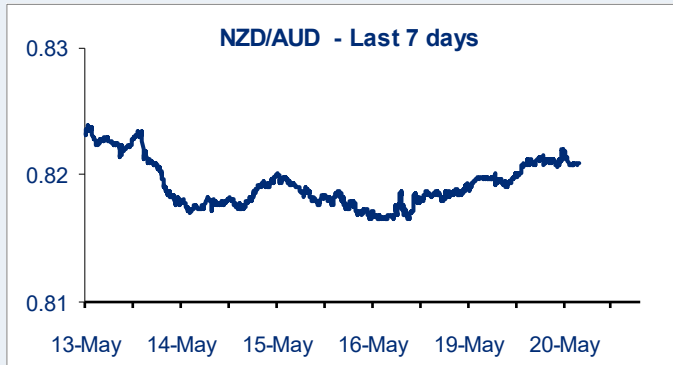
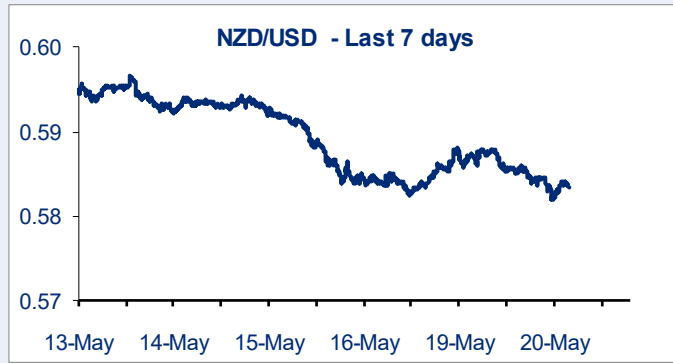
Source: Bloomberg

Policy Meeting Run

	NZD	AUD	USD
1st	2.30	4.40	3.63
2nd	2.48	4.56	3.67
3rd	2.70	4.63	3.72
4th	2.85	4.70	3.77
5th	3.07	4.73	3.84

NZD exchange rates

20/05/2026	6:58 am	Prev. NY close
USD	0.5835	0.5875
GBP	0.4354	0.4373
AUD	0.8209	0.8196
EUR	0.5028	0.5040
JPY	92.81	93.31
CAD	0.8023	0.8072
CHF	0.4605	0.4608
DKK	3.7577	3.7663
FJD	1.2791	1.2932
HKD	4.5736	4.6004
INR	56.37	56.61
NOK	5.4136	5.4394
PKR	162.65	163.68
PHP	36.05	36.27
PGK	2.5420	2.5577
SEK	5.4855	5.5134
SGD	0.7483	0.7512
CNY	3.9785	3.9951
THB	19.06	19.17
TOP	1.3554	1.3615
VUV	69.02	69.48
WST	1.5598	1.5850
XPF	59.75	60.00
ZAR	9.7395	9.7344



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.93	6.15
3 Months	16.21	16.83
6 Months	28.85	30.05
9 Months	37.53	39.91
1 Year	43.52	46.65

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.68	14.14
3 Months	38.82	40.00
6 Months	76.01	78.65
9 Months	106.88	111.81
1 Year	131.44	138.09

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