

Research Markets Today

22 May 2026

Events round-up

NZ: Trade balance (ann \$b), Apr: 1.9 vs.0.7 prev.
 AU: Employment change (k), Apr: -19 vs. 15 exp.
 AU: Unemployment rate (%), Apr: 4.5 vs. 4.3 exp.
 GE: Manufacturing PMI, May: 49.9 vs. 51 exp.
 GE: Services PMI, May: 47.8 vs. 47 exp.
 EA: Manufacturing PMI, May: 51.4 vs. 51.8 exp.
 EA: Services PMI, May: 46.4 vs. 47.8 exp.
 UK: Manufacturing PMI, May: 53.7 vs. 53 exp.
 UK: Services PMI, May: 47.9 vs. 51.7 exp.
 US: Initial jobless claims (k), 16 May: 209 vs. 210 exp.
 US: Philly Fed business outlook, May: -0.4 vs. 17.8 exp.
 US: Housing starts (k), Apr: 1465 vs. 1420 exp.
 US: Building permits (k), Apr: 1442 vs. 1383 exp.
 US: Manufacturing PMI, May: 55.3 vs. 53.8 exp.
 US: Services PMI, May: 50.9 vs. 51.1 exp.

Good morning

US equities lacked a clear directional bias as investors assessed the likelihood of a diplomatic solution to the Middle East conflict. The S&P was close to flat in afternoon trading, while key European indices posted only small net moves. Tehran is reportedly responding to a US proposal that, according to an Iranian news agency, “has narrowed the gaps to some extent”. Treasury yields were modestly lower across the curve, while initial gains in the US dollar faded.

Oil prices were volatile overnight. Brent rose almost US\$5 from a low near US\$104 after Reuters reported that Iran’s Supreme Leader said enriched uranium must remain in Iran. The move quickly reversed, however, as conflicting reports emerged and prices returned to pre-spike levels. Separately, the CEO of Abu Dhabi National Oil Company highlighted ongoing strains in energy markets, noting that even if the Iran conflict ended immediately, Middle East oil flows would not fully recover until well into 2027.

The US composite PMI was little changed in May at 51.7, suggesting growth has so far remained resilient in the face of the energy shock. The services PMI edged down to 50.9 from 51.0, while the manufacturing PMI rose to 55.3 from

54.5. US jobless claims were near expectations, reaffirming a benign picture for the labour market. In the UK and euro area, manufacturing PMIs were close to expectations, but services readings were weaker than expected.

Treasury price action closely tracked moves in oil. Yields initially moved higher as oil rallied, before retracing as energy prices reversed. Two-year yields rose nearly 6bp at the peak before fully unwinding the move. The curve flattened, with the long end outperforming, and 10-year yields were last 2bp lower at 4.56%. There were only small net moves across European sovereign bond markets.

The US dollar was little changed on the major crosses in offshore trading. The dollar index moved higher alongside yields and oil before retracing. The Australasian currencies outperformed, with the AUD the strongest performer following a decline after weak employment data released earlier in the day. Meanwhile, the NZD was marginally firmer against the US dollar relative to the local close and gained on the key crosses, except against the AUD.

Australian labour market data for April was surprisingly weak. Employment fell 18k and the unemployment rate rose to 4.5%, the highest since November 2021. This compares with the RBA’s forecast that unemployment will average 4.2% in Q2. While noting the month-to-month volatility, the report points to a faster-than-expected cooling in the labour market. The AUD dropped immediately afterwards as the market pared expectations for RBA tightening.

NZ rates traded lower and flatter in the local session yesterday, largely reflecting moves in offshore markets. Two-year rates fell 7bp to 3.57%, while 10-year rates fell 11bp to 4.35%. Swaps modestly outperformed government bonds ahead of the weekly tender. Ten-year MMS spreads widened to +37bp, although remaining within the well-established +30 to +40bp range that has held for several months.

The weekly government bond tender took place against the backdrop of an 8–9bp rally, with yields near session lows following the weak Australian labour market data. The rally appeared to impact demand. Cover ratios were below typical levels with NZ Debt Management receiving NZ\$1.1bn in bids for the NZ\$450m offered across the benchmark 5- and 10-year lines. Separately, Rentenbank issued a NZ\$850m 5-year Kauri at mid-swap +28bp.

Retail trade for Q1 is released today. We expect ex-autos sales rose 0.8% in real terms. However, momentum is likely to moderate sharply into Q2 and Q3, reflecting the impact of the conflict. Japan CPI for April will also be in focus, with markets pricing close to an 80% chance of a 25bp BoJ hike in June. Board member Junko Koeda signalled support for further tightening, citing inflation pressures. Germany's Ifo survey is due, while retail sales data are released in the UK and Canada.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	Retail Sales Ex Inflation (q/q%)	1Q	0.5	0.9	10:45
UK	GfK Consumer Confidence	May	-28	-25	11:01
JN	Natl CPI (y/y%)	Apr	1.6	1.5	11:30
JN	Natl CPI Ex Food, Energy (y/y%)	Apr	2.2	2.4	11:30
GE	GfK Consumer Confidence	Jun	-34	-33.3	18:00
UK	Retail Sales Ex Auto Fuel (m/m%)	Apr	-0.3	0.2	18:00
GE	IFO Expectations	May	83.5	83.3	20:00
CA	Retail Sales Ex Auto (m/m%)	Mar	0.9	0.5	00:30
US	U. of Mich. Sentiment	May F	48.2	48.2	02:00
US	U. of Mich. 5-10 Yr Inflation	May F	3.4	3.4	02:00

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	0.5882	+0.2	0.5847	0.5888	CHF	0.7861	-0.1	S&P 500	7,449	+0.2	27.5	Oil (Brent)	103.16	-1.7
AUD	0.7162	+0.2	0.7108	0.7169	SEK	9.324	-0.1	Dow	50,368	+0.7	20.3	Oil (WTI)	96.91	-1.3
EUR	1.1627	+0.0	1.1576	1.1635	NOK	9.233	-0.3	Nasdaq	26,328	+0.2	39.5	Gold	4548.7	+0.2
GBP	1.3448	+0.1	1.3392	1.3455	HKD	7.834	+0.0	Stoxx 50	5,960	-0.3	9.3	HRC steel	1080.0	+0.0
JPY	158.90	-0.0	158.82	159.34	CNY	6.802	+0.0	FTSE	10,443	+0.1	18.9	CRB	397.0	-2.3
CAD	1.3770	+0.2			SGD	1.277	-0.1	DAX	24,607	-0.5	2.0	Wheat Chic.	661.3	-1.8
NZD/AUD	0.8213	+0.0			IDR	17,667	+0.1	CAC 40	8,086	-0.4	2.2	Sugar	14.90	+1.2
NZD/EUR	0.5059	+0.2			THB	32.56	-0.1	Nikkei	61,684	+3.1	66.8	Cotton	77.99	-4.3
NZD/GBP	0.4374	+0.1			KRW	1,509	+0.8	Shanghai	4,077	-2.0	20.4	Coffee	273.4	+1.6
NZD/JPY	93.46	+0.3			TWD	31.61	-0.2	ASX 200	8,622	+1.5	3.3	WM powder	3695	-2.0
NZD/CAD	0.8100	+0.4			PHP	61.59	-0.2	NZX 50	12,878	+0.9	1.7	Australian Futures		
NZ TWI	66.84	+0.2						VIX Index	17.03	-2.4	-18.4	3 year bond	95.41	0.10
												10 year bond	95.05	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	3.91	4.15	USD	4.56	-0.03	15-May-28	3.63	-0.07	BKBM 1-mth	2.47	0.00
AUD	4.35	4.44	4.59	5.02	AUD	4.97	-0.10	20-Apr-29	3.85	-0.07	BKBM 3-mth	2.64	-0.00
NZD	2.25	2.64	3.57	4.35	NZD	4.72	-0.09	15-May-30	4.04	-0.08	1 year	3.15	-0.04
EUR	2.00	2.18	2.89	3.13	GER	3.10	0.00	15-May-31	4.21	-0.08	2 year	3.57	-0.07
GBP	3.75	3.87	4.24	4.55	GBP	4.97	-0.02	15-May-32	4.36	-0.08	3 year	3.76	-0.08
JPY	0.73	-0.03	1.45	2.55	JPY	2.77	-0.01	14-Apr-33	4.45	-0.09	5 year	4.00	-0.09
CAD	2.25	4.97	2.79	3.31	CAD	3.54	-0.05	15-May-34	4.54	-0.09	7 year	4.16	-0.10
								15-May-35	4.63	-0.09	10 year	4.35	-0.11
								15-May-36	4.72	-0.09	15 year	4.59	-0.11
								15-May-37	4.81	-0.09			
								15-May-41	5.07	-0.08	NZ Inflation-Indexed Bonds		
								15-May-51	5.27	-0.09	Sept-30	1.56	-0.04
								15-May-54	5.27	-0.09	Sept-35	2.34	-0.06
											Sept-40	2.81	-0.05

Carbon Price				Policy Meeting Run			
	Level	% Day	% Year	NZD	AUD	USD	
NZU	52.45	-0.1	-4.0	1st	2.30	4.38	3.64
				2nd	2.45	4.51	3.67
				3rd	2.66	4.55	3.72
				4th	2.81	4.61	3.74
				5th	3.03	4.64	3.81

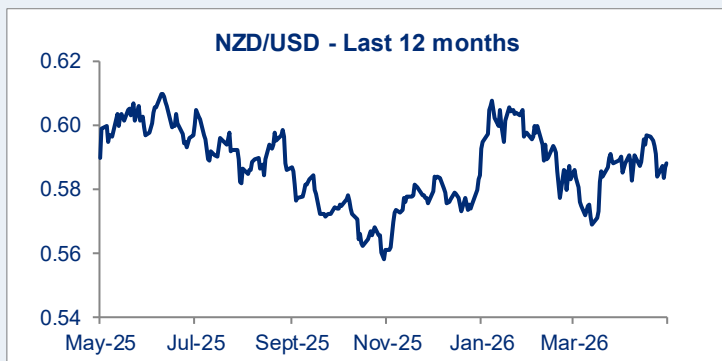
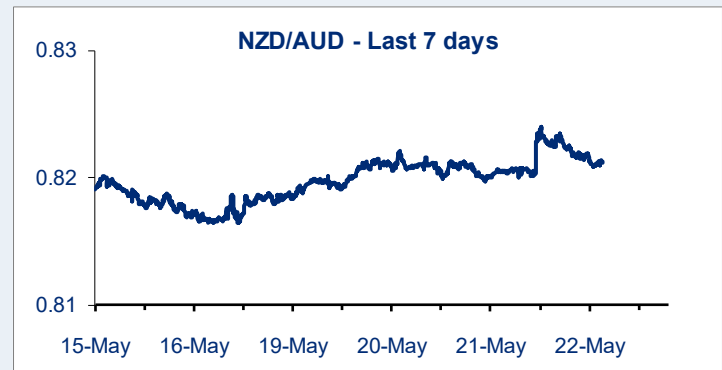
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:27

Source: Bloomberg

NZD exchange rates

22/05/2026	6:27 am	Prev. NY close
USD	0.5882	0.5868
GBP	0.4374	0.4368
AUD	0.8213	0.8206
EUR	0.5059	0.5048
JPY	93.46	93.25
CAD	0.8100	0.8066
CHF	0.4624	0.4619
DKK	3.7803	3.7725
FJD	1.2899	1.2928
HKD	4.6080	4.5967
INR	56.59	56.82
NOK	5.4307	5.4342
PKR	163.85	163.49
PHP	36.23	36.23
PGK	2.5618	2.5557
SEK	5.4846	5.4787
SGD	0.7512	0.7500
CNY	3.9991	3.9895
THB	19.20	19.18
TOP	1.3513	1.3618
VUV	69.61	69.54
WST	1.5676	1.5852
XPF	60.15	60.02
ZAR	9.6525	9.6652

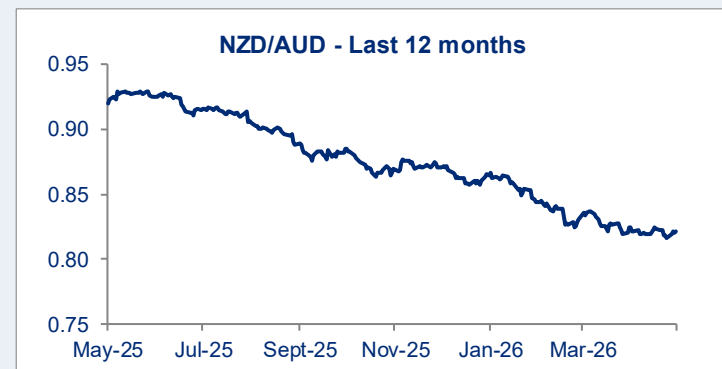


NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.78	5.99
3 Months	16.49	17.03
6 Months	29.90	31.11
9 Months	39.22	41.42
1 Year	44.85	47.75

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.15	13.66
3 Months	38.38	39.60
6 Months	74.19	77.03
9 Months	103.81	108.66
1 Year	126.29	133.12



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