

Research Markets Today

25 June 2026

Events round-up

AU: CPI (y/y%), May: 4.0 vs. 4.3 exp.

AU: CPI trimmed mean (m/m%), May: 0.4 vs. 0.3 exp.

AU: CPI trimmed mean (y/y%), May: 3.6 vs. 3.5 exp.

GE: IFO expectations, Jun: 84.1 vs. 84.8 exp.

US: New home sales (k), May: 580 vs. 640 exp.

Good morning

Although newsflow has been light, it is hard to ignore the ongoing impact of last week's hawkish Fed pivot, combined with improved sentiment around the Middle East conflict as oil now flows freely through the Strait of Hormuz. The net result has been USD strength, with the DXY index rising every day since last week's FOMC update and now trading at a 13-month high above 101.5.

These forces have seen a range of big figures broken and notable milestones reached, including major currencies trading at fresh multi-month lows or lows not seen in more than a year (for example, EUR below 1.1350, AUD below 0.69 and Bitcoin below USD60k), alongside weaker commodity prices (gold below USD4000, silver below USD60, WTI oil below USD70 and Brent crude below USD75).

Treasury Secretary Bessent's speech to the Economic Club of New York yesterday is widely seen as giving the Presidential blessing for the Fed Chair to act independently and nudge rates higher if required. In a subsequent televised interview, Bessent spoke favourably of the 1997 episode when Greenspan engineered a "one tap-on-the-brakes rate hike" that did not derail the economic expansion.

The market now fully prices a Fed hike by October and 41bps of hikes by March, the peak in rate pricing, representing a further paring from earlier in the week. However, another notable fall in oil prices may well be the bigger factor driving US Treasury yields lower, led by the long end. The 10-year rate is down 10bps on the day to 4.40%, compared with a 6bps fall in the 2-year rate to 4.14%. European yields also fell notably, albeit to a slightly lesser extent.

US new home sales fell by a much larger-than-expected 7.3% m/m in May, but the release had little market impact,

with most of the fall in rates preceding the data and the series subject to heavy revision. The drop in sales activity came despite heavy discounting to clear inventory, with high mortgage rates clearly weighing on the market as the average mortgage rate recently rose to a nine-month high.

The ongoing fall in oil prices, including another 4% drop on the day, reflects improved sentiment as oil is now gushing through the Strait of Hormuz, supported by a step-up in shipping activity. The International Maritime Organisation said it had received safety guarantees allowing hundreds of ships to exit the Persian Gulf. The prospect of increased oil flows has offset concerns about very low inventory levels, with EIA data showing US domestic crude inventories at Cushing plunging to their lowest level since 1984 and approaching "tank bottoms" — the point below which the hub can struggle to operate efficiently.

Oil inventories around the world will need to be significantly rebuilt, raising the question of how much further prices can fall. For reference, Brent crude is currently trading with a USD73 handle, only modestly above the USD72.50 level seen just ahead of the missile strikes at the end of February, but still notably above the USD60 mark that preceded the build-up of US military assets in the Middle East.

Equities show only modest changes. Energy and IT stocks are weighing on the major US indices. In late-afternoon trading, the S&P500 is slightly lower, the Nasdaq is down modestly, and the Dow Jones index is modestly higher. The Euro Stoxx 600 index closed up less than 0.1%. It was a less chaotic session in Asia, with Korea's Kospi rebounding more than 3% while Japan's Nikkei index fell 0.9%.

Expanding on our earlier currency comments, the USD is broadly stronger, while the NZD and AUD remain near the bottom of the leaderboard for another day and overnight session. The NZD found some support just above 0.5630, while the AUD fell below 0.6885. For both currencies, the 14-day technical RSI is well below 30, providing a short-term "oversold" signal, while the DXY index is signalling "overbought". NZD/AUD has been trading a little below 0.82, while the NZD shows modest falls on the other major crosses.

Australian CPI data for May were mixed, with annual headline inflation three-tenths softer than expected, falling to 4.0% y/y, while the trimmed mean measure was one-

tenth stronger than expected, rising to a fresh high of 3.6% y/y. The market reaction was muted.

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It was another quiet day in the domestic rates market, with further modest outperformance on a cross-market basis. NZGB yields fell 3-4bps across the curve. Of note, NZDM did not announce an imminent syndication of 2038 bonds at its weekly Wednesday morning tender update, although that does not necessarily rule out a July issuance date. Swap rates fell 2-3bps. Lower global rates overnight have seen the Australian 10-year bond future down 5bps in yield terms since the NZ close, suggesting further downside potential for NZ rates on the open.

Coming up

		Period	Cons.	Prev.	NZT
AU	Employment change (k)	May	33	-19	13:30
AU	Unemployment rate (%)	May	4.4	4.5	13:30
AU	Household spending (m/m%)	May	0.5	-1.1	13:30
GE	GfK consumer confidence	Jul	-28.0	-29.8	18:00
US	Personal income (m/m%)	May	0.4	0	00:30
US	Real personal spending (m/m%)	May	0.2	0.1	00:30
US	Core PCE deflator (m/m%)	May	0.3	0.2	00:30
US	Core PCE deflator (y/y%)	May	3.4	3.3	00:30
US	Initial jobless claims (k)	20-Jun	225	226	00:30
US	Durable goods orders (m/m%)	May	-5.0	8.0	00:30
US	Durables ex transport. (m/m%)	May	0.6	1.1	00:30

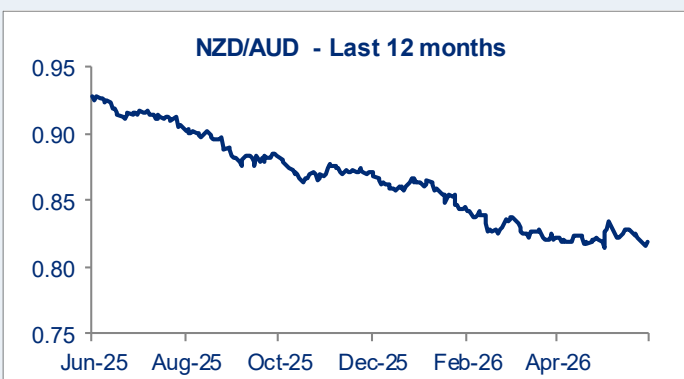
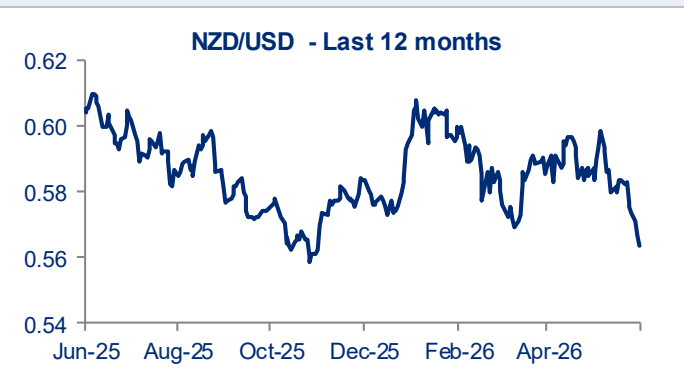
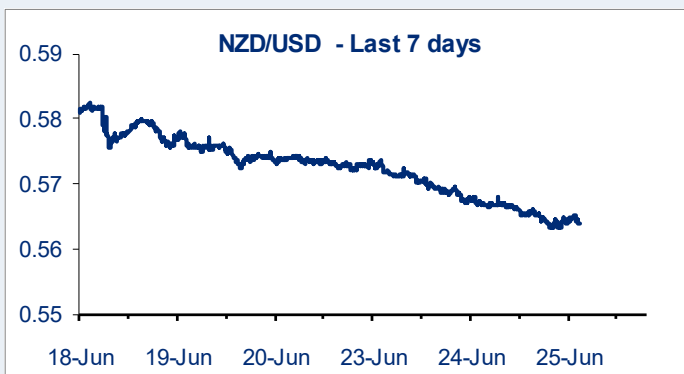
Source: Bloomberg

On the economic calendar, Australian labour market data will be released this afternoon, with the consensus expecting the unemployment rate to slip to 4.4%. In the US tonight, the core PCE deflator is expected to rise 0.3% m/m, lifting the annual increase to 3.4% y/y and moving further away from target. US personal spending data, durable goods orders and jobless claims round out the calendar.

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	0.5638	-0.5	0.5631	0.5654	CHF	0.8129	+0.3	S&P 500	7,344	-0.0	20.6	Oil (Brent)	73.99	-4.7
AUD	0.6884	-0.5	0.6884	0.6908	SEK	9.777	+0.3	Dow	51,780	+0.3	20.2	Oil (WTI)	70.48	-4.2
EUR	1.1351	-0.2	1.1325	1.1368	NOK	9.865	+0.7	Nasdaq	25,462	-0.8	27.9	Gold	3990.3	-3.4
GBP	1.3156	-0.3	1.3140	1.3199	HKD	7.841	-0.0	Stoxx 50	6,215	-0.3	17.3	HRC steel	1156.0	-0.2
JPY	161.82	+0.1	161.63	161.82	CNY	6.810	+0.3	FTSE	10,462	+0.3	19.4	CRB	355.3	-1.2
CAD	1.4235	+0.2			SGD	1.298	+0.1	DAX	24,740	-0.6	4.6	Wheat Chic.	598.5	-0.2
NZD/AUD	0.8190	-0.0			IDR	17,952	+0.5	CAC 40	8,385	+0.5	10.1	Sugar	13.42	+0.0
NZD/EUR	0.4967	-0.3			THB	33.44	+0.6	Nikkei	69,175	-0.9	77.6	Cotton	72.50	-2.0
NZD/GBP	0.4285	-0.2			KRW	1,543	+0.6	Shanghai	4,111	+0.1	20.2	Coffee	277.2	+0.5
NZD/JPY	91.23	-0.4			TWD	31.77	+0.4	ASX 200	8,808	+0.2	2.9	WM powder	3450	+0.0
NZD/CAD	0.8026	-0.3			PHP	61.54	+0.3	NZX 50	13,401	-0.3	7.5	Australian Futures		
NZ TWI	65.10	-0.3						VIX Index	20.11	+3.2	+15.0	3 year bond	95.61	0.00
												10 year bond	95.25	0.06
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	Last	Chg	
USD	3.75	4.85	4.00	4.00	USD	4.40	-0.09	15-May-28	3.31	-0.04	BKBM 1-mth	2.53	0.00	
AUD	4.35	4.48	4.44	4.81	AUD	4.76	-0.01	20-Apr-29	3.50	-0.04	BKBM 3-mth	2.72	0.00	
NZD	2.25	2.72	3.33	4.05	NZD	4.38	-0.04	15-May-30	3.68	-0.04	1 year	3.08	-0.02	
EUR	2.25	2.32	2.75	2.93	GER	2.87	-0.05	15-May-31	3.85	-0.04	2 year	3.33	-0.02	
GBP	3.75	3.87	4.02	4.29	GBP	4.68	-0.07	15-May-32	3.99	-0.04	3 year	3.46	-0.02	
JPY	0.98	-0.03	1.43	2.49	JPY	2.68	-0.00	14-Apr-33	4.09	-0.04	5 year	3.67	-0.02	
CAD	2.25	4.97	2.65	3.11	CAD	3.37	-0.07	15-May-34	4.19	-0.03	7 year	3.84	-0.03	
								15-May-35	4.29	-0.04	10 year	4.05	-0.03	
								15-May-36	4.38	-0.04	15 year	4.29	-0.03	
								15-May-37	4.48	-0.04				
								15-May-41	4.75	-0.04				
								15-May-51	5.00	-0.03				
								15-May-54	5.02	-0.03				
Carbon Price		Policy Meeting Run									NZ Inflation-Indexed Bonds			
	Level	% Day	% Year	NZD	AUD	USD								
NZU	54.10	-1.5	-9.1	1st	2.45	4.43	3.73				Sept-30	1.48	0.00	
				2nd	2.63	4.45	3.85				Sept-35	2.27	0.00	
				3rd	2.71	4.50	3.91				Sept-40	2.74	0.00	
				4th	2.87	4.50	3.99							
				5th	2.97	4.49	4.01							
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:51														
Source: Bloomberg														

NZD exchange rates

25/06/2026	6:51 am	Prev. NY close
USD	0.5638	0.5669
GBP	0.4285	0.4293
AUD	0.8190	0.8196
EUR	0.4967	0.4981
JPY	91.23	91.58
CAD	0.8026	0.8056
CHF	0.4583	0.4590
DKK	3.7130	3.7231
FJD	1.2599	1.2603
HKD	4.4206	4.4449
INR	53.37	53.71
NOK	5.5619	5.5510
PKR	156.83	157.70
PHP	34.70	34.79
PGK	2.4663	2.4755
SEK	5.5120	5.5200
SGD	0.7319	0.7350
CNY	3.8398	3.8506
THB	18.85	18.79
TOP	1.3222	1.3317
VUV	67.32	67.50
WST	1.5382	1.5424
XPF	58.83	59.32
ZAR	9.3653	9.3810



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.90	6.19
3 Months	17.23	17.90
6 Months	32.75	34.21
9 Months	46.47	48.76
1 Year	57.56	60.79

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.42	14.04
3 Months	39.23	40.72
6 Months	73.27	76.47
9 Months	102.76	107.93
1 Year	127.20	134.08

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