

# Research Markets Today

25 May 2026

## Events round-up

NZ: Retail Sales Ex Inflation (q/q%), 1Q: 0.9 vs. 0.5 exp.

UK: GfK Consumer Confidence, May: -33.1 vs. -28 exp.

JN: Natl CPI (y/y%), Apr: 1.4 vs. 1.6 exp.

JN: Natl CPI Ex Food, Energy (y/y%), Apr: 1.9 vs. 2.2 exp.

GE: GfK Consumer Confidence, Jun: -29.8 vs. -34 exp.

UK: Core retail sales (m/m%), Apr: -0.4 vs. -0.3 exp.

GE: IFO Expectations, May: 83.8 vs. 83.5 exp.

CA: Retail Sales Ex Auto (m/m%), Mar: 1.4 vs. 0.9 exp.

US: U. of Mich. Sentiment, May F: 44.8 vs. 48.2 exp.

US: U. of Mich. 5-10 Yr Inflation, May F: 3.9 vs. 3.4 exp.

## Good morning

Global equities ended last week on a firm note, with the S&P 500 rising 0.4% to extend its longest weekly winning streak since December 2023, while Asian and European markets also moved higher. The gains came despite ongoing uncertainty around the Middle East conflict, as reports of a possible US-Iran deal has contributed to volatility across oil and bond markets in recent sessions. Brent crude closed near \$104 a barrel, 10-year Treasury yields edged lower, and the US dollar index traded in a relatively narrow range.

Over the weekend when markets were closed, President Trump said a peace deal with Iran had been “largely negotiated” and that an agreement to reopen the Strait of Hormuz would be announced shortly. Iran also said talks with the US were progressing, although key differences remain around its nuclear programme and sanctions relief. If sustained, these developments should support risk-sensitive assets and weigh on oil prices.

US consumer sentiment fell to a fresh record low in May, with the University of Michigan index dropping to 44.8 as households grew more concerned about the inflationary effects of the Iran war. Higher petrol prices appear to be a key driver, with US gasoline prices rising to \$4.55 a gallon, up 53% since late February. Longer-term inflation expectations also lifted, with consumers now expecting prices to rise 3.9% over the next five to ten years. More broadly, cost-of-living pressures remain acute, with 57% of

respondents saying high prices are eroding their personal finances.

Influential Fed Governor Christopher Waller struck a hawkish tone, saying rising inflation risks stemming from the Iran conflict have cast doubt on the case for further rate cuts. He argued the Fed should keep rates on hold for the foreseeable future and be prepared to raise them again if inflation remains elevated. That shift is particularly significant given Waller had previously been among the more supportive voices for easing, on the view that tariff-related price pressures would prove temporary. He now appears to align more closely with other Fed officials who see little value in signalling further cuts at this stage.

Fed pricing shifted after Waller’s comments, with a 25bp hike fully priced by December versus 18bp earlier in the session. Front-end Treasury yields increased, lifting the 2-year to a multi-month high of 4.14%. The 10-year rebounded from an earlier decline but was little changed at 4.56%, leaving the 2y/10y curve 5bp flatter at 44bp, near the lows of the past 12 months. European bond markets outperformed, with 10-year gilt yields down 7bp on the day to 4.90%, extending last week’s 25bp decline from multi-decade highs.

Currency markets were subdued into the weekly close, with the US dollar showing little directional bias. The NZD traded near 0.5850, modestly weaker than levels prevailing on Friday afternoon. The yen is in focus, with market participants alert to the risk of intervention. USD/JPY is hovering around 159, close to its weakest level since 30 April. Finance Minister Katayama has previously reiterated her readiness to intervene if needed, although any sustained support for the yen will likely require tighter monetary policy from the Bank of Japan (BoJ).

Japan’s core consumer price index rose 1.9% y/y in April, below consensus and down from 2.4% in March. The weaker reading may complicate expectations for a rate hike next month, although the BoJ still expects inflation to rise over the current fiscal year, which began in April. Market pricing continues to imply around an 80% chance of a 25bp increase at the 16 June meeting.

NZ swap rates had modest declines in the local session on Friday. Yields declined 0-2bp across the curve with a marginal outperformance in the belly with few catalysts. Q1 retail sales volumes increased 0.9% in Q1 which was

above the consensus estimate. However, momentum is likely to moderate sharply into Q2 and Q3, reflecting the impact of the conflict. 10-year government bonds closed the last week at 4.69%, 2bp lower on the day.

There is no domestic or international data of note today.

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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	0.5850	-0.4	0.5845	0.5870	CHF	0.7848	-0.2	S&P 500	7,473	+0.4	27.9	Oil (Brent)	103.54	+0.9
AUD	0.7129	-0.3	0.7117	0.7144	SEK	9.375	+0.4	Dow	50,580	+0.6	20.8	Oil (WTI)	96.60	+0.3
EUR	1.1603	-0.1	1.1588	1.1619	NOK	9.263	+0.3	Nasdaq	26,344	+0.2	39.2	Gold	4523.2	-0.4
GBP	1.3432	+0.0	1.3414	1.3463	HKD	7.835	+0.0	Stoxx 50	6,019	+1.0	11.0	HRC steel	1080.0	+0.0
JPY	159.20	+0.1	158.99	159.23	CNY	6.798	-0.1	FTSE	10,466	+0.2	19.8	CRB	392.7	+0.1
CAD	1.3821	+0.3			SGD	1.280	+0.1	DAX	24,889	+1.1	3.7	Wheat Chic.	659.3	-0.3
NZD/AUD	0.8206	-0.1			IDR	17,717	+0.3	CAC 40	8,116	+0.4	3.2	Sugar	14.70	-1.3
NZD/EUR	0.5041	-0.3			THB	32.67	+0.2	Nikkei	63,339	+2.7	70.4	Cotton	77.42	-0.7
NZD/GBP	0.4355	-0.4			KRW	1,517	+0.6	Shanghai	4,113	+0.9	21.7	Coffee	272.4	-0.4
NZD/JPY	93.12	-0.4			TWD	31.55	-0.2	ASX 200	8,657	+0.4	3.5	WM powder	3640	-1.5
NZD/CAD	0.8085	-0.2			PHP	61.70	+0.2	NZX 50	12,991	+0.9	3.1	<b>Australian Futures</b>		
NZ TWI	66.66	-0.3						VIX Index	16.70	-0.4	-17.7	3 year bond	95.46	0.05
												10 year bond	95.06	0.03

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	3.97	4.15	USD	4.56	-0.01	15-May-28	3.61	-0.02	BKBM 1-mth	2.47	0.00
AUD	4.35	4.43	4.60	5.01	AUD	4.92	-0.04	20-Apr-29	3.83	-0.02	BKBM 3-mth	2.63	-0.02
NZD	2.25	2.63	3.57	4.34	NZD	4.69	-0.03	15-May-30	4.01	-0.02	1 year	3.15	0.00
EUR	2.00	2.20	2.84	3.08	GER	3.04	-0.06	15-May-31	4.19	-0.02	2 year	3.57	0.00
GBP	3.75	3.87	4.25	4.50	GBP	4.90	-0.07	15-May-32	4.34	-0.03	3 year	3.75	-0.01
JPY	0.73	-0.03	1.43	2.55	JPY	2.76	-0.01	14-Apr-33	4.42	-0.03	5 year	3.98	-0.02
CAD	2.25	4.97	2.81	3.31	CAD	3.53	-0.01	15-May-34	4.51	-0.03	7 year	4.15	-0.02
								15-May-35	4.60	-0.03	10 year	4.34	-0.01
								15-May-36	4.69	-0.03	15 year	4.57	-0.01
								15-May-37	4.78	-0.03			
								15-May-41	5.04	-0.03	<b>NZ Inflation-Indexed Bonds</b>		
								15-May-51	5.24	-0.03	Sept-30	1.54	-0.02
								15-May-54	5.24	-0.03	Sept-35	2.33	-0.01
											Sept-40	2.79	-0.02

Carbon Price				Policy Meeting Run			
Level	% Day	% Year		NZD	AUD	USD	
NZU	52.50	+0.0	-5.0	1st	2.31	4.38	3.64
				2nd	2.47	4.50	3.68
				3rd	2.68	4.55	3.75
				4th	2.83	4.62	3.79
				5th	3.04	4.65	3.86

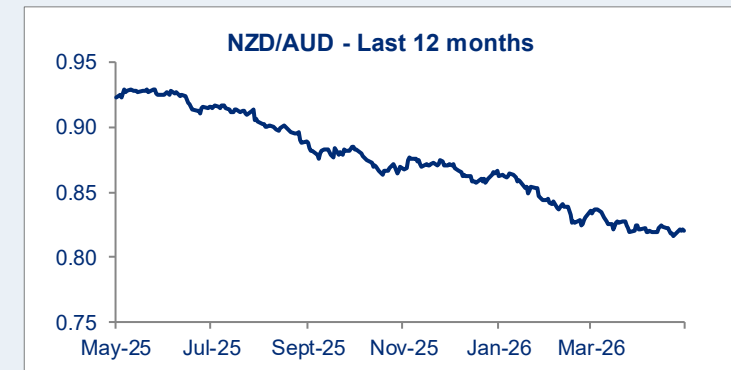
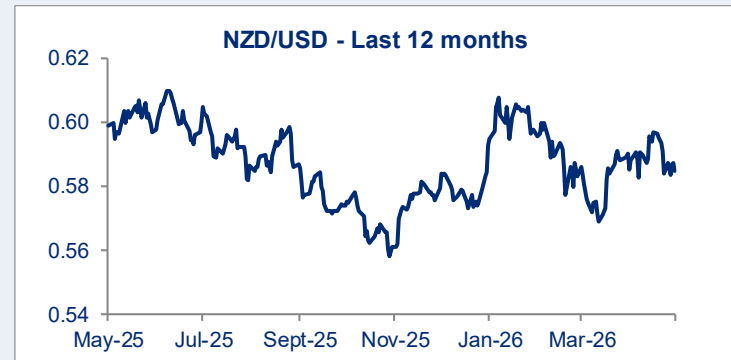
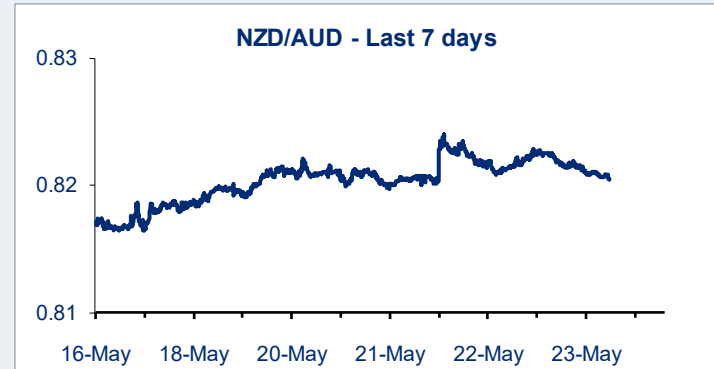
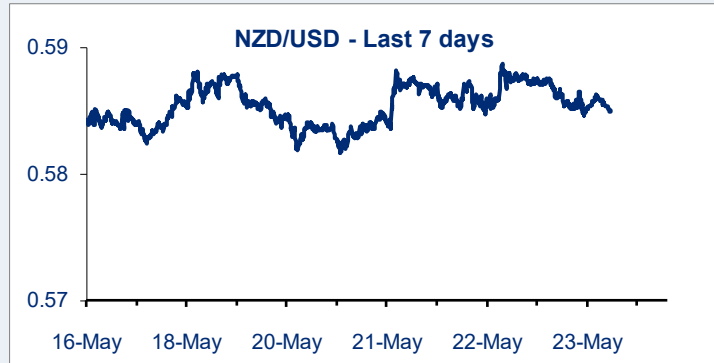
\* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates at NY close

Source: Bloomberg

**NZD exchange rates**

23/05/2026	NY close	Prev. NY close
USD	0.5850	0.5875
GBP	0.4355	0.4374
AUD	0.8206	0.8217
EUR	0.5041	0.5056
JPY	93.12	93.40
CAD	0.8085	0.8094
CHF	0.4590	0.4622
DKK	3.7662	3.7786
FJD	1.2827	1.2943
HKD	4.5829	4.6025
INR	55.98	56.52
NOK	5.4179	5.4274
PKR	162.88	163.66
PHP	36.08	36.19
PGK	2.5475	2.5588
SEK	5.4832	5.4882
SGD	0.7486	0.7508
CNY	3.9752	3.9958
THB	19.11	19.17
TOP	1.3412	1.3628
VUV	69.22	69.51
WST	1.5640	1.5817
XPF	59.88	60.10
ZAR	9.6300	9.6685



**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	5.72	5.97
3 Months	16.39	17.05
6 Months	29.73	31.57
9 Months	40.04	42.76
1 Year	45.97	50.63

**NZD/AUD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	13.03	13.62
3 Months	38.35	39.74
6 Months	73.90	77.53
9 Months	103.63	108.80
1 Year	125.28	134.44

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