

Research Markets Today

26 June 2026

Events round-up

- AU: Employment change (k), May: 40 vs. 33 exp.
- AU: Unemployment rate (%), May: 4.4 vs. 4.4 exp.
- AU: Household spending (m/m%), May: 1.3 vs. 0.5 exp.
- GE: GfK consumer confidence, Jul: -29.2 vs. -28.0 exp.
- US: Personal income (m/m%), May: 0.7 vs. 0.4 exp.
- US: Real personal spending (m/m%), May: 0.3 vs. 0.2 exp.
- US: Core PCE deflator (m/m%), May: 0.3 vs. 0.3 exp.
- US: Core PCE deflator (y/y%), May: 3.4 vs. 3.4 exp.
- US: Initial jobless claims (k), wk to 20-Jun: 215 vs. 225 exp.
- US: Durable goods orders (m/m%), May: -4.5 vs. -5.0 exp.
- US: Durables ex transport. (m/m%), May: 1.3 vs. 0.6 exp.

Good morning

Market movements have been modest. Reports that the Iranian Navy is trying to assert its authority in the Strait of Hormuz have contributed to a 2% lift in oil prices. That move pushed up the US 10-year Treasury yield, following its earlier fall after the core PCE deflator came in lower than some feared. The USD broke its positive daily run and is broadly weaker, although moves have been modest. The NZD is slightly higher at 0.5650.

US inflation data were in line with consensus, with the core PCE deflator rising 0.3% m/m and 3.4% y/y in May, taking annual core inflation to its highest level since 2023 and further away from the Fed's 2% target. The consensus was evenly split between 0.3% and 0.4%, so the outcome was lower than many had feared. Headline inflation was stronger at 4.1%, fuelled by gasoline prices. The recent plunge in oil prices means this was likely the peak in headline inflation, though not necessarily in core inflation. Of note, higher chip prices continue to feed through into broader inflation pressure, with Apple announcing significant and unprecedented price increases across its product range. For example, the price of the cheapest iPad will increase by 28.6%.

On the activity side, real personal spending rose 0.3% m/m in May, consistent with a pick-up in consumer spending in the current quarter, driven by higher-than-usual tax refunds. The third revision of Q1 GDP lifted the annualised growth rate to 2.1% from 1.6%, driven by a downward revision to imports. Private consumption was revised down

to 0.5% from 1.4%, the smallest increase in four years, but Pantheon Macroeconomics estimates that it picked up to 2.0% in Q2

Initial jobless claims fell 11k last week to 215k, albeit likely influenced by the public holiday. Still, the data remain consistent with ongoing labour market resilience. The 4.5% m/m fall in durable goods orders in May was driven by lumpy aircraft orders, while the core figure, which excludes transportation, was much stronger than expected at 1.3% m/m and included upward revisions. Business investment continues to run hot, driven by the tech sector.

US Treasuries rallied following the data, with the focus on the core PCE deflator being not as strong as feared, although moves were modest. The 10-year rate traded down towards 4.36% before coming under upward pressure from higher oil prices (see below) and is currently 4.39%, down slightly from the NZ close. The 2-year rate is a couple of basis points lower at 4.12%. For a second day, market pricing for Fed rate hikes has been pared back, with "only" a cumulative 37bps now priced through to March next year.

Brent crude is up over 2% to above USD75. A UK maritime group reported that a vessel had been struck by an unknown projectile near the Omani coast. This followed warnings from the Iranian Navy that caused several ships to turn around while attempting to cross the Strait of Hormuz. The incident highlights the risks that remain in the area and Iran's desire to exert control over the Strait. Meanwhile, the IDF said it struck Hezbollah operatives who posed a threat to its troops. Needless to say, the ceasefire remains fragile.

US equity markets show modest changes, with significant offsetting price movements. An earnings beat by Micron drove strong gains in semiconductor stocks, while Apple plunged after announcing its price increases.

Currency movements have been modest, but the USD has broken its positive post-FOMC daily run and is broadly weaker on the day. The NZD is slightly stronger at 0.5650 and, based on the price action over the past couple of days, one might tentatively conclude that 0.5630 is a support level, with the currency not falling below that mark despite selling pressure. The AUD has pushed back above 0.69 to reach 0.6915, while NZD/AUD is slightly weaker at 0.8170. Yesterday's Australian labour market report was in line with consensus, with employment rising

40k in May, helping nudge the unemployment rate down to 4.4% after the previous month's surprise jump to 4.5%.

JPY remains on the weak side of the ledger, although USD/JPY has yet to break above 162, after getting close. NZD/JPY is slightly higher overnight at 91.4.

Domestic rates largely followed global rates lower yesterday, with both NZGB and swap yields falling 2-4bps across the curve. This took the 10-year NZGB yield down to 4.34%, putting it on the verge of making a fresh low for the year. Despite historically low cross-market spreads, including NZ government rates sitting below US rates out to 10-year maturities, the weekly bond tenders continue to meet good demand.

On the economic calendar, there are only second-tier releases that should not trouble the market. NY Fed

President Williams speaks this morning. We assume he is one of the FOMC members who believed policy could remain on hold this year.

Jason.k.wong@bnz.co.nz

Coming up

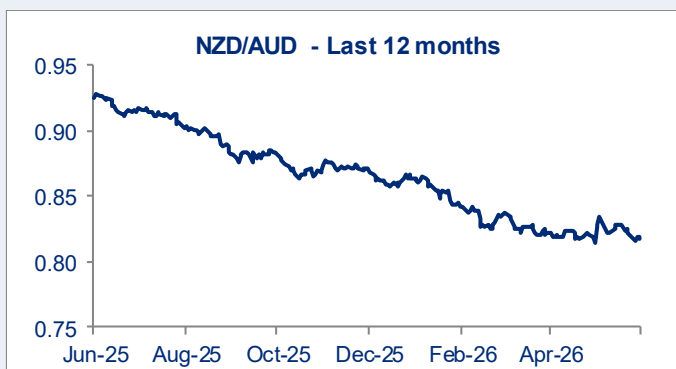
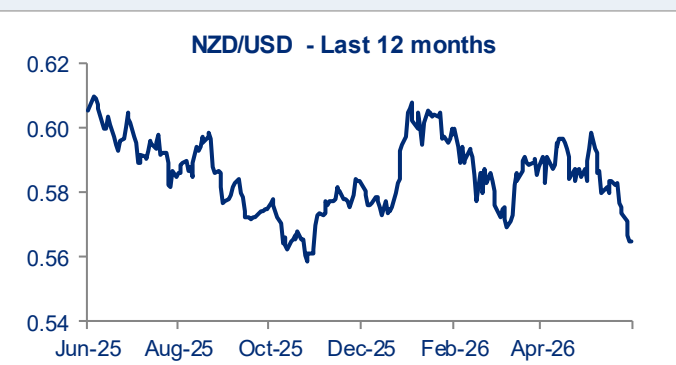
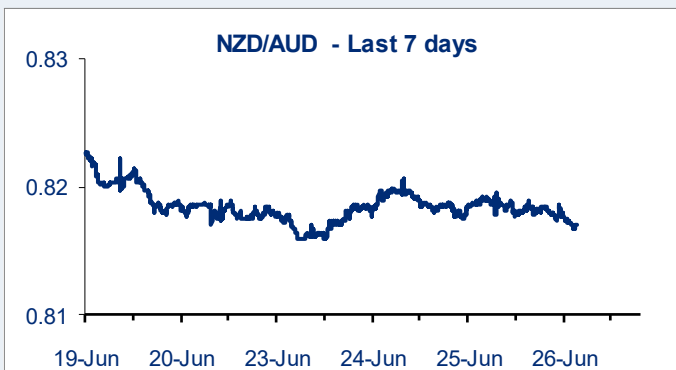
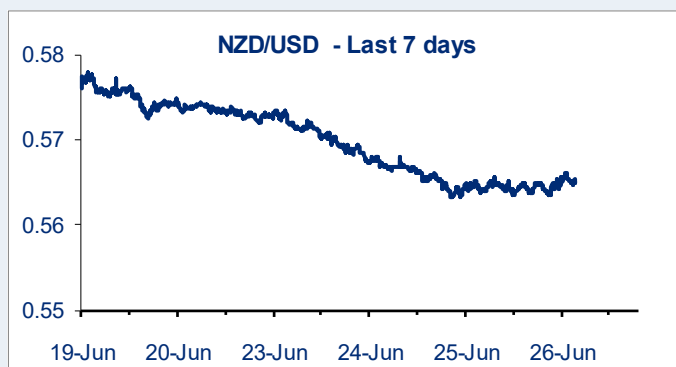
		Period	Cons.	Prev.	NZT
US	Fed's Williams Gives Keynote Remarks				07:40
JN	Tokyo CPI (y/y%)	Jun	1.6	1.4	11:30
JN	Tokyo CPI x-fr. food, energy (y/y%)	Jun	1.8	1.6	11:30
US	Goods trade balance (\$b)	May	-85.0	-82.4	00:30
US	U. of Mich. cons. sentiment	Jun	50.0	48.9	02:00
US	U. of Mich. 5-10yr inflation exp.	Jun	3.3	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	0.5651	+0.0	0.5634	0.5661	CHF	0.8097	-0.3	S&P 500	7,372	+0.2	21.0	Oil (Brent)	75.33	+2.2
AUD	0.6917	+0.2	0.6888	0.6927	SEK	9.730	-0.2	Dow	51,981	+0.3	20.9	Oil (WTI)	72.02	+2.4
EUR	1.1377	+0.2	1.1333	1.1388	NOK	9.851	+0.0	Nasdaq	25,414	-0.2	27.2	Gold	4030.5	+1.0
GBP	1.3202	+0.3	1.3151	1.3219	HKD	7.841	+0.0	Stoxx 50	6,268	+0.9	19.3	HRC steel	1155.0	-0.2
JPY	161.79	-0.0	161.57	161.95	CNY	6.798	-0.2	FTSE	10,530	+0.7	20.8	CRB	350.0	-1.5
CAD	1.4199	-0.3			SGD	1.296	-0.1	DAX	24,995	+1.0	6.4	Wheat Chic.	601.3	+0.9
NZD/AUD	0.8170	-0.2			IDR	17,943	-0.1	CAC 40	8,432	+0.6	11.6	Sugar	13.55	+1.0
NZD/EUR	0.4967	-0.1			THB	33.36	-0.2	Nikkei	72,366	+4.6	82.8	Cotton	73.40	-2.5
NZD/GBP	0.4280	-0.3			KRW	1,543	+0.0	Shanghai	4,120	+0.2	19.2	Coffee	276.4	-0.3
NZD/JPY	91.43	+0.0			TWD	31.85	+0.3	ASX 200	8,749	-0.7	2.3	WM powder	3500	+1.4
NZD/CAD	0.8024	-0.2			PHP	61.32	-0.4	NZX 50	13,493	+0.7	8.1	Australian Futures		
NZ TWI	65.11	-0.1						VIX Index	18.81	+1.0	+12.2	3 year bond	95.65	0.04
												10 year bond	95.24	-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	Last	Chg	
USD	3.75	4.85	3.97	3.99	USD	4.39	0.00	15-May-28	3.28	-0.02	BKBM 1-mth	2.54	0.01	
AUD	4.35	4.47	4.42	4.83	AUD	4.73	-0.03	20-Apr-29	3.48	-0.02	BKBM 3-mth	2.72	0.00	
NZD	2.25	2.72	3.31	4.01	NZD	4.34	-0.04	15-May-30	3.66	-0.03	1 year	3.06	-0.02	
EUR	2.25	2.30	2.73	2.92	GER	2.86	-0.01	15-May-31	3.82	-0.03	2 year	3.31	-0.02	
GBP	3.75	3.87	4.00	4.30	GBP	4.70	0.02	15-May-32	3.96	-0.03	3 year	3.44	-0.02	
JPY	0.98	-0.03	1.43	2.49	JPY	2.63	-0.04	14-Apr-33	4.06	-0.04	5 year	3.64	-0.03	
CAD	2.25	4.97	2.65	3.13	CAD	3.39	0.02	15-May-34	4.16	-0.04	7 year	3.81	-0.03	
								15-May-35	4.25	-0.04	10 year	4.01	-0.04	
								15-May-36	4.34	-0.04	15 year	4.25	-0.04	
								15-May-37	4.44	-0.04				
								15-May-41	4.72	-0.04	NZ Inflation-Indexed Bonds			
								15-May-51	4.97	-0.03	Sept-30	1.46	-0.02	
								15-May-54	4.99	-0.03	Sept-35	2.25	-0.02	
											Sept-40	2.72	-0.02	
Carbon Price					Policy Meeting Run									
	Level	% Day	% Year		NZD	AUD	USD							
NZU	54.85	+1.4	-8.1		1st	2.42	4.41	3.72						
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:53														
Source: Bloomberg														

NZD exchange rates

26/06/2026	6:53 am	Prev. NY close
USD	0.5651	0.5650
GBP	0.4280	0.4291
AUD	0.8170	0.8187
EUR	0.4967	0.4974
JPY	91.43	91.41
CAD	0.8024	0.8042
CHF	0.4576	0.4589
DKK	3.7131	3.7185
FJD	1.2644	1.2640
HKD	4.4315	4.4298
INR	53.36	53.48
NOK	5.5677	5.5646
PKR	157.22	157.18
PHP	34.65	34.77
PGK	2.4789	2.4770
SEK	5.4988	5.5063
SGD	0.7324	0.7330
CNY	3.8419	3.8479
THB	18.85	18.89
TOP	1.3203	1.3366
VUV	67.58	67.53
WST	1.5436	1.5374
XPF	58.91	59.25
ZAR	9.3058	9.3583



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.68	6.02
3 Months	17.10	17.70
6 Months	32.83	34.17
9 Months	46.73	49.15
1 Year	57.73	61.87

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.91	13.63
3 Months	38.56	40.01
6 Months	72.74	75.85
9 Months	102.86	108.14
1 Year	127.50	136.13

Contact Details

BNZ Research

Stephen Toplis

Head of Research

Doug Steel

Senior Economist

Jason Wong

Senior Markets Strategist

Stuart Ritson

Senior Interest Rate Strategist

Mike Jones

BNZ Chief Economist

Main Offices

Wellington

Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland

80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch

111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.