

Research Markets Today

27 May 2026

Events Round-Up

US: Conf. Board consumer confid., May: 93.1 vs. 92.0 exp.

Good Morning

Risk sentiment is softer as the market awaits progress on a US-Iran peace deal and following military clashes near the Strait of Hormuz. A modest lift in US equities reflects a catch-up for the cash market after Monday's US holiday. The futures market is modestly weaker overnight and the US 10-year rate shows little change near 4.5%. The NZD has underperformed, with lower domestic interest rates leading into today's much anticipated RBNZ MPS update.

Tensions remain in the Middle East despite recent progress in negotiating a peace deal. Yesterday morning, risk sentiment soured after there were reports of bombing near the Strait of Hormuz. US Central Command later confirmed that US forces conducted "self-defence" strikes on Iranian missile launch sites and boats attempting to lay mines.

Iran denounced US airstrikes as a sign of "bad faith and unreliability". Brent crude futures have traded up around the USD100 per barrel mark reflecting the slight fading of hope for an imminent deal.

Iran media report that one contentious issue under discussion is Iran's \$24b in frozen assets, with Tehran wanting half that amount released under signing of an agreement. We'd suggest that is a positive sign if it is the most contentious issue left on the table. Iran media reported a person close to negotiations saying recent talks were positive and led to progress.

Newsflow elsewhere has been light. US consumer confidence measured by the Conference Board slipped a little in May but from an upwardly revised April figure, so the outcome was a little higher than consensus at 93.1. While the present conditions indicator fell to a three-month low, the expectations index, which is better correlated with consumer spending, rose to a five-month high.

US equities are higher, with the S&P500 currently up 0.5%, but that reflects a catch-up following the public holiday on Monday. After S&P futures opened the new week stronger following the positive weekend developments in the Middle East, futures have tracked lower and sit near

the bottom of the range for the past 24 hours. The IT sector continues to outperform, with the Nasdaq index up 1%. Semiconductor stock Micron became the latest company to reach the trillion-dollar market cap milestone after soaring nearly 20%. The Euro Stoxx 50 index fell 1.2%, while the small 0.2% lift in the FTSE100 index reflected a catch-up following the UK public holiday.

US Treasuries show 6-7bps falls for the 2 and 10-year rates from Friday's close, but little change from yesterday's NZ close, with the 10-year rate close to 4.5%.

The ECB's Schnabel added to the chorus of governing council members advocating for an imminent rate hike. She said, "given the size and persistence of the current shock, looking through is no longer an option...I think a rate hike in June is needed". The market is well priced for a hike at the 11-June meeting, sitting at +23bps.

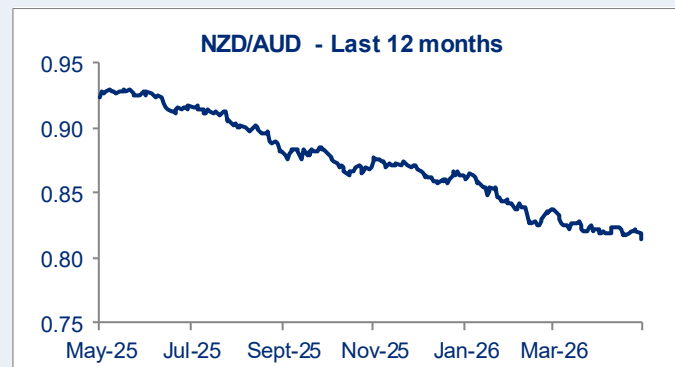
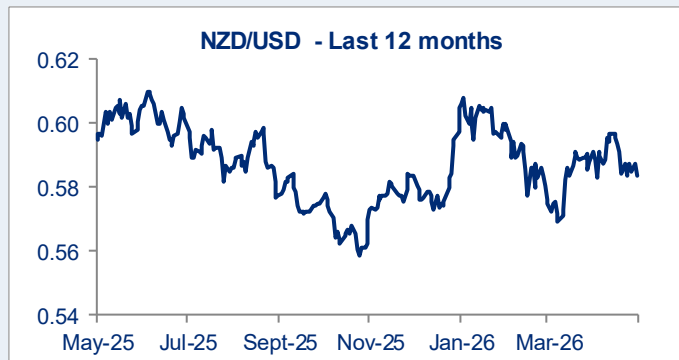
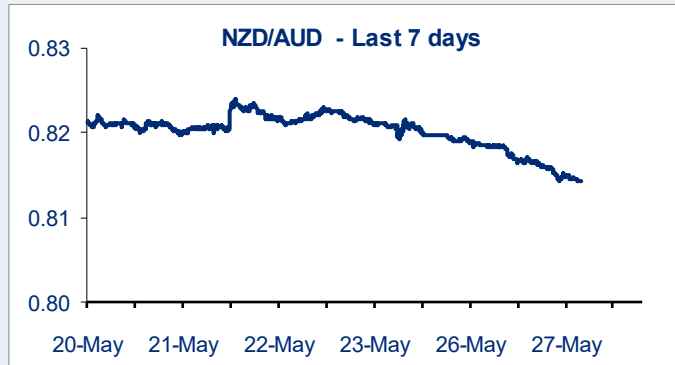
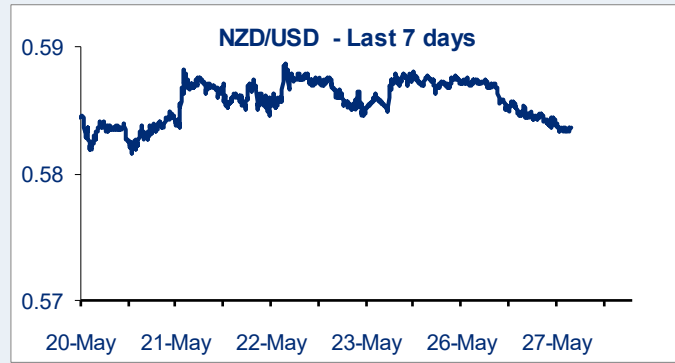
Currency movements have been modest overnight, although the NZD has continued to underperform, falling steadily in the lead-up to today's RBNZ MPS, driven by lower rates (see below). The NZD sits this morning at 0.5835. The underperformance has seen NZD/AUD fall to a fresh 13-year low just above 0.8140. NZD/EUR has fallen below 0.5020 and NZD/JPY is back below 93. The NZD is an important transmission channel for monetary policy and the RBNZ will need to show some intent to tighten policy to avoid a weaker NZD and undesired additional inflationary pressure.

In the domestic rates market, there was again strong receiving interest in short-end swaps as traders positioned for the RBNZ's policy update today. The 2-year swap rate fell 5bps to 3.46%, extending the two-day rally to 10bps. This spilled over into the rest of the curve and into NZGBs. The 5-year swap rate fell 5bps to 3.88% and the 10-year rate fell 4bps to 4.26%. NZGBs were only lightly traded, with yields marked down 2-6bps across the curve, led by the short-end, significantly outperforming the Australian market.

The RBNZ's MPS will be keenly awaited today, as it will provide the first forecast update since the US-Iran conflict began. No surveyed economists expect a rate change, while the OIS market assigns a 15% chance of a 25bps hike, reflecting the skewed risk around any policy surprise, with a rate hike seen as more likely than a rate cut.

NZD exchange rates

27/05/2026	6:59 am	Prev. NY close
USD	0.5837	0.5872
GBP	0.4341	0.4348
AUD	0.8142	0.8186
EUR	0.5019	0.5043
JPY	93.00	93.31
CAD	0.8063	0.8105
CHF	0.4585	0.4596
DKK	3.7502	3.7677
FJD	1.2760	1.2923
HKD	4.5718	4.6003
INR	55.82	55.92
NOK	5.4123	5.4197
PKR	162.46	163.57
PHP	35.92	36.10
PGK	2.5420	2.5597
SEK	5.4381	5.4455
SGD	0.7454	0.7499
CNY	3.9590	3.9831
THB	19.04	19.07
TOP	1.3517	1.3624
VUV	69.14	69.38
WST	1.5588	1.5815
XPF	59.74	60.00
ZAR	9.5584	9.5649



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.03	6.25
3 Months	16.71	17.29
6 Months	30.67	31.88
9 Months	40.64	42.36
1 Year	47.74	50.65

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.51	14.04
3 Months	38.63	39.74
6 Months	75.54	78.25
9 Months	105.43	109.54
1 Year	131.01	137.37

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