

Research Markets Today

28 May 2026

Events Round-Up

AU: CPI (y/y%), Apr: 4.2 vs. 4.4 exp.

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

AU: CPI trimmed mean (y/y%), Apr: 3.4 vs. 3.4 exp.

NZ: RBNZ OCR (%), May: 2.25% vs. 2.25% exp.

Good Morning

Net market movements overnight have been modest, with a lack of newsflow and mixed messages on Middle East peace talks, although the latter hasn't prevented Brent crude falling to USD94. US equities and Treasuries show little change. The NZD has made an incremental gain overnight in addition to the support it received after the RBNZ's hawkish hold yesterday. It trades this morning near 0.59 and is higher on all the key crosses.

President Trump dampened expectations for an imminent peace deal, dismissing an Iranian media report that revealed details of the memorandum of understanding between the US and Iran. This included the US lifting its naval blockade, Iran and Oman having a mechanism over the Strait of Hormuz, and the restoration of commercial shipping in the Strait to prewar levels within a month. Trump said the MoU they released was a "complete fabrication", adding "Oman will behave just like everybody else or we'll have to blow them up". He added that nobody will control the Strait of Hormuz but the US will watch over it. "We're not talking about any easing of sanctions, no money, no nothing". He indicated he was not satisfied with negotiations.

Despite the apparent lack of progress in a peace deal, oil prices are notably lower for the day, with Brent crude down over 5% to a USD94 handle, with traders noting some positioning unwinding.

US equities are relatively flat after closing at a record high yesterday. The US 10-year rate has traded a tight 4bps range overnight between 4.4450% and 4.4850%. European equity and bond markets also show small movements.

Currency markets show mostly small movements overnight and over the past 24 hours with only the NZD and AUD showing any notable movement. There has been an obvious positioning cleanout in NZD/AUD, with NZD and AUD sitting at opposite ends of the leaderboard following

the combination of the RBNZ's hawkish hold and softer Australian CPI data, driving the cross up over a cent since the RBNZ update to 0.8260. The AUD has fallen to 0.7135 and the NZD is trading near 0.59 after reaching at an overnight high just above 0.5910. All key NZD crosses are stronger and the TWI is up about 0.9% since the RBNZ's update, although half of this simply unwinds NZD weakness in the day or so heading into the meeting.

Australia's CPI fell by more than expected in April to 4.2% y/y, while the trimmed mean figure was in line at 3.4% y/y. Australian rates and the AUD fell after the release, with the market no longer fully pricing a fourth 25bps rate increase this year.

The RBNZ kept the OCR at 2.25%, as universally expected, although the close 3-3 split decision came as a surprise. The external members of the MPC voted for a 25bps hike, while the internal members voted to hold, leaving Governor Breman to provide the casting vote. However, the difference of opinion reflected only the timing of rate hikes, with the minutes noting that all committee members agreed that increasing the OCR at upcoming meetings would likely be necessary.

Market reaction was contained, reflecting the fact that the market has for some time been anticipating the need for higher rates, with the only real uncertainty being when the RBNZ would ultimately begin the tightening cycle. The Bank's MPS cleared the near-term fog, paving the way for a rate hike as soon as the next meeting in July, with projections consistent with a front-loaded series of hikes. BNZ Economics brought forward its projected tightening cycle to begin in July, while still expecting the OCR to peak at 4% next year, slightly earlier than previously forecast.

The day ended with the market almost fully pricing in three 25bps rate hikes over the remaining four meetings of the year. Curves flattened, with the 2-year swap rate closing up 6bps at 3.52%, of which 5bps came after the RBNZ update. The 10-year swap rate fell 3bps to 4.23%, with the decline accentuated by a backdrop of lower Australian rates. For NZGBs, the 2-year rate rose 5bps, while the 10-year rate fell 2bps.

In the day ahead the domestic focus will be on the Budget this afternoon. Given the government's repeated commitment to future fiscal balance, we see it likely that the projections for the underlying operating balance are similar to that presented at the Half Year Fiscal Update

back in December. The borrowing programme could be similar or slightly higher, given indications of increased capital expenditure.

The US economic calendar is busy tonight, with releases including consumer spending, PCE deflators, durable goods, new home sales for April, and the second estimate of Q1 GDP. NY Fed President Williams is also due to speak, and we wonder whether he will join the growing chorus of FOMC members arguing that the next move could be just as easily a hike as a cut.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Filled jobs (m/m%)	Apr	0.3	10:45	
AU	Household spending (y/y%)	Apr	5.8	6.3	13:30
NZ	Finance Minister Delivers Budget				14:00
EC	Economic confidence	May	93	93	21:00
US	Personal spending (m/m%)	Apr	0.5	0.9	00:30
US	Real personal spending (m/m%)	Apr	0.1	0.2	00:30
US	Core PCE deflator (m/m%)	Apr	0.3	0.3	00:30
US	Core PCE deflator(y/y%)	Apr	3.3	3.2	00:30
US	Durable goods orders (m/m%)	Apr	3.9	0.8	00:30
US	Durables x transport (m/m%)	Apr	0.5	0.9	00:30
US	Initial jobless claims (k)	23-May	212	209	00:30
US	GDP (ann'l ds q/q/%, 2nd est.)	Q1	2.0	2.0	00:30
US	Fed's Williams speaks at economic conference				00:55
US	New home sales (k)	Apr	660	682	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	0.5896	+1.0	0.5870	0.5912	CHF	0.7868	+0.1	S&P 500	7,524	+0.1	27.1	Oil (Brent)	94.60	-5.0	
AUD	0.7137	-0.4	0.7124	0.7150	SEK	9.296	-0.1	Dow	50,702	+0.5	19.7	Oil (WTI)	88.87	-5.3	
EUR	1.1627	-0.0	1.1622	1.1661	NOK	9.282	+0.2	Nasdaq	26,680	+0.1	39.0	Gold	4450.0	-1.2	
GBP	1.3427	-0.1	1.3417	1.3458	HKD	7.834	-0.0	Stoxx 50	6,071	+0.1	12.1	HRC steel	1127.0	+0.3	
JPY	159.52	+0.1	159.25	159.58	CNY	6.779	-0.1	FTSE	10,505	+0.1	19.7	CRB	388.3	-1.1	
CAD	1.3836	+0.2			SGD	1.278	-0.0	DAX	25,178	-0.0	3.9	Wheat Chic.	634.8	-2.1	
NZD/AUD	0.8261	+1.4			IDR	17,801	+0.0	CAC 40	8,208	+0.4	4.9	Sugar	14.14	-2.8	
NZD/EUR	0.5071	+1.1			THB	32.62	-0.2	Nikkei	64,999	+0.0	72.3	Cotton	76.16	-1.6	
NZD/GBP	0.4391	+1.2			KRW	1,500	-0.5	Shanghai	4,094	-1.2	22.5	Coffee	269.9	-1.5	
NZD/JPY	94.05	+1.2			TWD	31.41	-0.1	ASX 200	8,718	+0.7	3.8	WM powder	3635	-1.4	
NZD/CAD	0.8158	+1.2			PHP	61.57	-0.0	NZX 50	13,228	+1.2	7.0	Australian Futures			
NZ TWI	67.00	+1.1						VIX Index	16.56	-2.6	-12.7	3 year bond	95.50	0.06	
												10 year bond	95.09	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			
USD	3.75	4.85	3.89	4.07	USD	4.48	-0.00	15-May-28	3.54	0.05	BKBM 1-mth	2.48	0.01		
AUD	4.35	4.45	4.56	5.00	AUD	4.86	-0.05	20-Apr-29	3.75	0.03	BKBM 3-mth	2.62	-0.00		
NZD	2.25	2.62	3.52	4.23	NZD	4.59	-0.01	15-May-30	3.93	0.02	1 year	3.15	0.06		
EUR	2.00	2.19	2.76	3.02	GER	2.99	0.01	15-May-31	4.10	0.01	2 year	3.52	0.06		
GBP	3.75	3.87	4.15	4.44	GBP	4.86	-0.02	15-May-32	4.24	0.00	3 year	3.68	0.04		
JPY	0.74	-0.03	1.38	2.50	JPY	2.70	-0.03	14-Apr-33	4.33	-0.00	5 year	3.88	0.00		
CAD	2.25	4.97	2.74	3.25	CAD	3.46	0.00	15-May-34	4.41	-0.01	7 year	4.04	-0.01		
								15-May-35	4.50	-0.01	10 year	4.23	-0.03		
								15-May-36	4.59	-0.02	15 year	4.47	-0.03		
								15-May-37	4.69	-0.01					
								15-May-41	4.96	-0.01	NZ Inflation-Indexed Bonds				
								15-May-51	5.17	-0.01	Sept-30	1.55	0.01		
								15-May-54	5.17	-0.01	Sept-35	2.34	0.01		
											Sept-40	2.80	0.01		

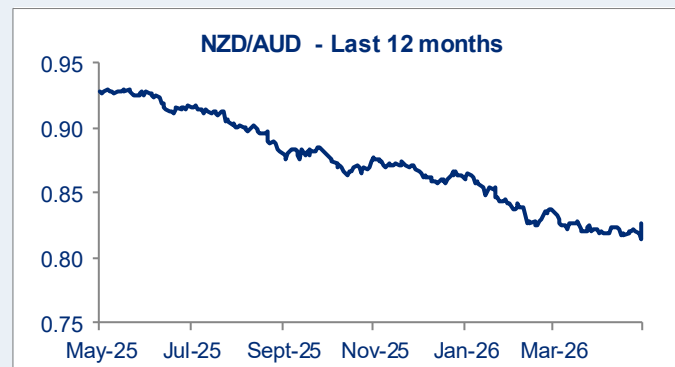
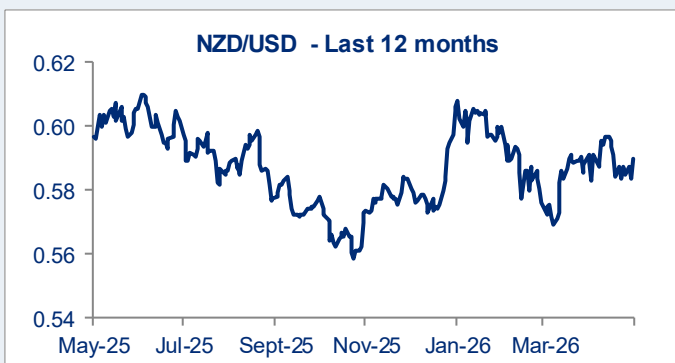
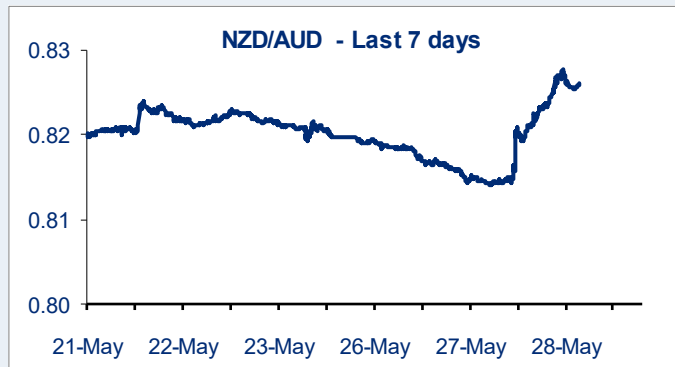
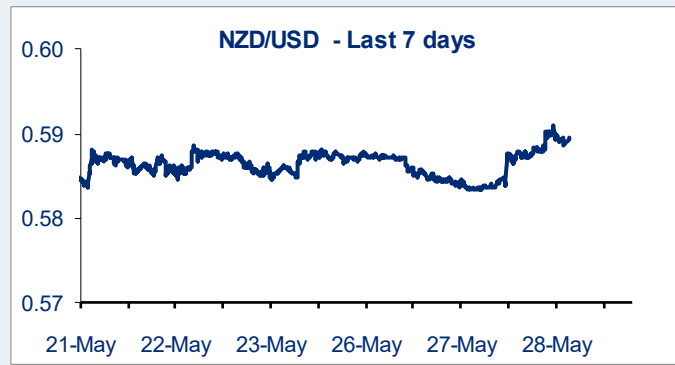
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer

Rates are as of: NZT 06:49

Source: Bloomberg

NZD exchange rates

28/05/2026	6:49 am	Prev. NY close
USD	0.5896	0.5836
GBP	0.4391	0.4340
AUD	0.8261	0.8141
EUR	0.5071	0.5018
JPY	94.05	92.97
CAD	0.8158	0.8061
CHF	0.4639	0.4585
DKK	3.7895	3.7494
FJD	1.2904	1.2849
HKD	4.6190	4.5731
INR	56.42	55.84
NOK	5.4724	5.4087
PKR	164.19	162.57
PHP	36.31	35.87
PGK	2.5646	2.5385
SEK	5.4809	5.4327
SGD	0.7532	0.7457
CNY	3.9971	3.9604
THB	19.19	19.05
TOP	1.3811	1.3671
VUV	69.91	68.95
WST	1.5753	1.5684
XPF	60.38	59.75
ZAR	9.6580	9.5564



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.22	6.50
3 Months	17.05	17.56
6 Months	29.59	30.61
9 Months	38.66	40.56
1 Year	43.90	47.10

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.69	14.32
3 Months	39.35	40.49
6 Months	73.72	76.18
9 Months	102.52	106.36
1 Year	124.79	131.54

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