

Research Markets Today

29 May 2026

Events Round-Up

NZ: Filled jobs (m/m%), Apr: 0.2 vs. 0.1 prev.
 AU: Household spending (m/m%), Apr: -1.1 vs. -0.5 exp.
 EC: Economic confidence, May: 93.5 vs. 93.0 exp.
 US: Personal income (m/m%), Apr: 0.0 vs. 0.4 exp.
 US: Real personal spending (m/m%), Apr: 0.1 vs. 0.1 exp.
 US: Core PCE deflator (m/m%), Apr: 0.2 vs. 0.3 exp.
 US: Core PCE deflator(y/y%), Apr: 3.3 vs. 3.3 exp.
 US: Durable goods orders (m/m%), Apr: 7.9 vs. 4.0 exp.
 US: Durables x transport. (m/m%), Apr: 1.1 vs. 0.5 exp.
 US: Initial jobless claims (k), wk to 23-May: 215 vs. 211 exp.
 US: GDP (ann'lsd q/q/%, 2nd est.), Q1: 1.6 vs. 2.0 exp.
 US: New home sales (k), Apr: 622 vs. 660 exp.

Good Morning

Risk sentiment improved overnight after an Axios report that outlined the terms of a memorandum of understanding agreed by Iran and ready to be approved by President Trump. Brent crude is trading with a USD93 handle. US equities show modest gains to a fresh record high, the US 10-year rate is 8bps lower from the NZ close and the USD is broadly weaker, with soft US data adding to the move. The NZD has outperformed, rising to 0.5930 and with gains on all the key crosses.

After yesterday's news of more military action in the Strait of Hormuz, with the US striking a missile launching site and drones that were attacking a commercial ship in the area for a second time this week, the news out of the Middle East brightened overnight. Axios reported US and Iranian negotiators have reached an agreement on a 60-day memorandum of understanding to extend the ceasefire and launch negotiations on Iran's nuclear programme, but President Trump has yet to give his final approval. US officials claimed the deal terms were mostly agreed Tuesday, Iran was prepared to sign, and Trump had asked for a couple of days to think about it.

The 60-day MoU will state that shipping through the Strait of Hormuz will be "unrestricted" and Iran will have to remove all mines from the strait within 30 days. The US naval blockade will also be lifted, but that will happen in proportion to the restoration of commercial shipping. The MoU will include an Iranian commitment not to pursue a

nuclear weapon, with negotiations during the 60-day window on how Iran's enriched uranium will be disposed. The US will commit to sanctions relief, the release of frozen Iranian funds and a mechanism to help Iran receive goods and humanitarian aid.

There is no deal until there is a deal, but the market has taken the news positively. After trading as high as USD98 per barrel towards the end of the NZ trading day, Brent crude has fallen to a USD93 handle. The S&P500 index is currently up 0.5% to a fresh record high and ongoing outperformance of the IT sector sees the Nasdaq's gain closer to 1%.

The US 10-year Treasury rate was trading at its daily high of 4.53% at the NZ close and rates have steadily fallen since, down to 4.45%, reflecting the combination of the balance of weaker than expected US economic data (see below) and the Axios report. The 2s10s curve has flattened slightly. NY Fed President Williams stuck to his usual line in assessing current policy as slightly restrictive and well-positioned, not joining his FOMC colleagues who have recently put more focus on the risk for the next move in rates to be a hike than a cut. St Louis Fed President Musalem noted inflation was moving in the wrong direction, the policy rate is below neutral after accounting for inflation, and he said the bank needs to be open to the possibility of an interest rate hike.

US economic data were mixed. Q1 GDP was revised down from an annualised 2.0% to 1.6%, dragged down by downgrades to inventories and consumer spending. Adding to the picture of weaker economic momentum, real personal spending rose just 0.1% m/m in April alongside flat income growth. New home sales also fell 6.2% m/m in April. On a more positive note, initial jobless claims remain low and relatively stable while durable goods orders continue to suggest stronger business investment. The core PCE deflator for April rounded down to 0.2% m/m, seeing the annual increase lift 3.3% y/y as expected, a five-month high.

The USD was broadly weaker after the data and following the Axios report, reversing all of its gain through the NZ trading session. That has seen the NZD recover from a low of about 0.5865 to break up through 0.5930. The NZD has outperformed, seeing it higher on all the key crosses, with some follow-through price action in the wake of the RBNZ's update on Wednesday. NZD/AUD is trading at

0.8280, NZD/GBP is up through 0.44, NZD/JPY near 94.5 and NZD/EUR is approaching 0.51.

The NZ Budget presented a similar set of fiscal projections we've become accustomed to, with spending as a percent of GDP running steady at its elevated post-COVID run-rate and no inroads into addressing the structural deficit, which continues to run close to 2½% of GDP. As per usual there's the forecast that things improve from T+2, but just not over the next fiscal year. Rinse and repeat.

On the debt programme, there was no change from the December update to the projected \$34b of NZGB bonds that will need to be issued in 2026/27 and no change to the current FY26 total of \$35b. A positive surprise was that the projected bond programme was reduced by \$2b per annum from T+2, against expectations that the total programme might have needed to be revised higher.

This encouraged outperformance of NZGBs versus swaps. NZGB yields closed up 2-3bps across the curve, with global forces pushing rates higher, but against a 5bps lift in the 2-year swap rate to 3.57%, where payside pressure following the RBNZ's policy update continued. The 10-year swap rate rose 8bps to 4.30%.

On the economic calendar, ANZ consumer confidence and the ANZ business outlook survey are released. Key releases tonight include German CPI and Canadian Q1 GDP, while there are only second-tier US releases.

jason.k.wong@bnz.co.nz

Coming Up

		Period	Cons.	Prev.	NZT
NZ	ANZ consumer confidence	May	80.3	10:00	
JN	Tokyo CPI (y/y%)	May	1.6	1.5	11:30
JN	Tokyo CPI x-fresh fd, energy (y/y%)	May	1.8	1.9	11:30
NZ	ANZ activity outlook (net%)	May	19.6	13:00	
GE	Unemployment rate (%)	May	6.4	6.4	19:55
GE	CPI EU harmonised (y/y%)	May	2.8	2.9	00:00
CA	GDP (annualised q/q%)	Q1	1.5	-0.6	00:30
US	Goods trade balance (\$b)	Apr	-87.4	-87.9	00:30
US	MNI Chicago PMI	May	50.3	49.2	01:45

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	Net Day			
NZD	0.5927	+0.5	0.5882	0.5936	CHF	0.7841	-0.4	S&P 500	7,565	+0.6	28.5	Oil (Brent)	93.87	-0.4
AUD	0.7161	+0.3	0.7109	0.7170	SEK	9.256	-0.4	Dow	50,582	-0.1	20.2	Oil (WTI)	89.04	+0.4
EUR	1.1647	+0.2	1.1604	1.1661	NOK	9.254	-0.3	Nasdaq	26,907	+0.9	40.9	Gold	4503.4	+1.2
GBP	1.3437	+0.1	1.3387	1.3451	HKD	7.834	-0.0	Stoxx 50	6,055	-0.3	12.6	HRC steel	1126.0	-0.1
JPY	159.28	-0.2	159.12	159.53	CNY	6.776	-0.1	FTSE	10,426	-0.8	19.5	CRB	381.2	-1.8
CAD	1.3785	-0.4			SGD	1.276	-0.1	DAX	25,092	-0.3	4.4	Wheat Chic.	637.0	+0.2
NZD/AUD	0.8277	+0.2			IDR	17,846	+0.3	CAC 40	8,189	-0.2	5.1	Sugar	13.93	-1.5
NZD/EUR	0.5089	+0.2			THB	32.57	-0.1	Nikkei	64,693	-0.5	68.3	Cotton	76.77	+0.7
NZD/GBP	0.4411	+0.3			KRW	1,493	-0.4	Shanghai	4,099	+0.1	22.7	Coffee	274.3	+1.6
NZD/JPY	94.41	+0.3			TWD	31.42	+0.0	ASX 200	8,593	-1.4	2.2	WM powder	3680	+1.2
NZD/CAD	0.8170	+0.0			PHP	61.62	+0.1	NZX 50	13,206	-0.2	7.5	Australian Futures		
NZ TWI	67.28	+0.4						VIX Index	15.63	-4.1	-19.1	3 year bond	95.47	-0.03
												10 year bond	95.14	0.05
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	3.88	4.05	USD	4.46	-0.03	15-May-28	3.56	0.02	BKBM 1-mth	2.43	-0.05	
AUD	4.35	4.44	4.53	4.95	AUD	4.90	0.04	20-Apr-29	3.77	0.02	BKBM 3-mth	2.63	0.00	
NZD	2.25	2.63	3.57	4.30	NZD	4.62	0.03	15-May-30	3.95	0.02	1 year	3.19	0.03	
EUR	2.00	2.23	2.73	2.99	GER	2.96	-0.03	15-May-31	4.13	0.03	2 year	3.57	0.05	
GBP	3.75	3.87	4.12	4.40	GBP	4.81	-0.04	15-May-32	4.27	0.03	3 year	3.73	0.05	
JPY	0.74	-0.03	1.36	2.47	JPY	2.70	0.00	14-Apr-33	4.36	0.03	5 year	3.94	0.06	
CAD	2.25	4.97	2.74	3.23	CAD	3.45	-0.02	15-May-34	4.44	0.03	7 year	4.11	0.07	
								15-May-35	4.53	0.03	10 year	4.30	0.08	
								15-May-36	4.62	0.03	15 year	4.54	0.08	
								15-May-37	4.72	0.02				
								15-May-41	4.98	0.03	NZ Inflation-Indexed Bonds			
					1st	2.47	4.37	3.64	15-May-51	5.19	0.03	Sept-30	1.59	0.04
					2nd	2.68	4.48	3.66	15-May-54	5.20	0.03	Sept-35	2.38	0.04
					3rd	2.84	4.51	3.70				Sept-40	2.84	0.04
					4th	3.04	4.56	3.73						
					5th	3.20	4.56	3.79						

Carbon Price
Level % Day % Year
NZU 52.65 -0.7 -5.6

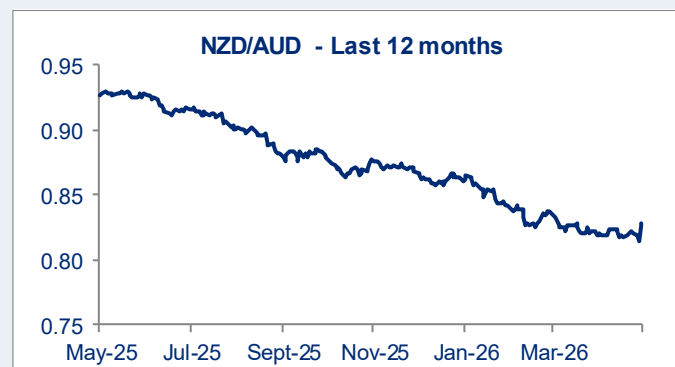
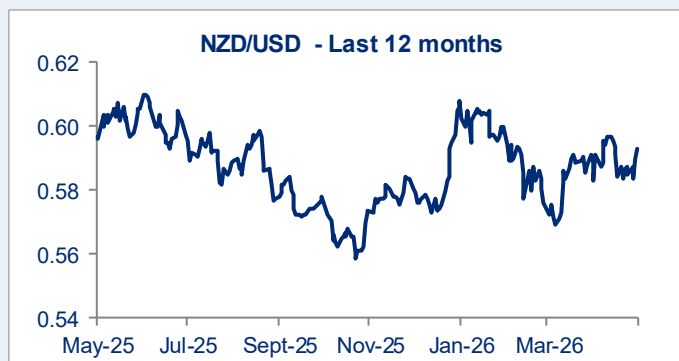
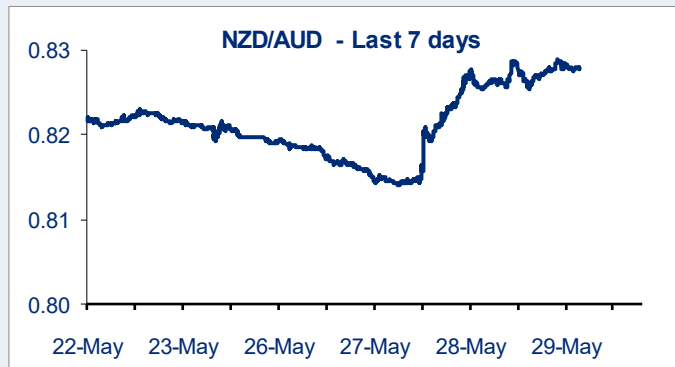
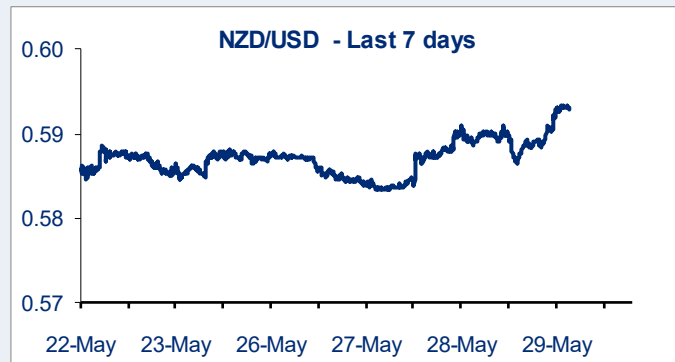
* These are indicative ranges from 5pm NZT, please confirm rates with your BNZ dealer

Rates are as of: NZT 06:41

Source: Bloomberg

NZD exchange rates

29/05/2026	6:41 am	Prev. NY close
USD	0.5927	0.5901
GBP	0.4411	0.4395
AUD	0.8277	0.8264
EUR	0.5089	0.5076
JPY	94.41	94.13
CAD	0.8170	0.8167
CHF	0.4650	0.4644
DKK	3.8044	3.7932
FJD	1.3009	1.2949
HKD	4.6474	4.6232
INR	56.77	56.46
NOK	5.4893	5.4763
PKR	165.19	164.38
PHP	36.56	36.34
PGK	2.5847	2.5645
SEK	5.4855	5.4848
SGD	0.7568	0.7537
CNY	4.0193	4.0004
THB	19.39	19.21
TOP	1.3640	1.3820
VUV	70.20	69.80
WST	1.5895	1.5795
XPF	60.60	60.44
ZAR	9.6257	9.6575



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.91	6.13
3 Months	16.60	17.21
6 Months	28.72	30.07
9 Months	37.21	39.53
1 Year	41.97	45.65

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	13.05	13.48
3 Months	38.65	39.79
6 Months	72.34	75.12
9 Months	100.10	104.60
1 Year	121.61	128.62

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 Street
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

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