

Research Markets Today

31 March 2026

Events Round-Up

NZ: Filled jobs (m/m%), Feb: 0.3 vs. 0.0 prev.

EC: Economic Confidence, Mar: 96.6 vs. 96.7 exp.

GE: CPI EU Harmonized (y/y%), Mar: 2.8 vs. 2.8 exp.

Good Morning

Risk sentiment improved a little overnight after a cautious start to the week during the local trading session. Traders have wound back Fed rate hike bets, supporting US bonds. Brent crude has fallen back down to USD112. Currency traders aren't drinking the Kool-Aid, with broad USD strength driving most currency majors to fresh monthly lows. The NZD has fallen towards 0.57.

With further escalation of the conflict in the Middle East over the weekend, it was a case of markets opening the new week with a risk off tone, as has become the norm for a Monday. Not helping sentiment were WSJ and FT articles released almost at the same time. The WSJ said President Trump was open to a military operation in Iran to seize Iran's enriched uranium. In an interview with the FT, Trump said he wanted to take the oil in Iran, which would involve invading Kharg Island. With US troops required on the ground under both strategies, the articles certainly didn't play to a view that the conflict would end soon.

Speaking to reporters, Trump was talking a big game, saying how well negotiations were going with Iran, claiming Iran gave the US most of its demands in the 15-point peace plan and claiming a deal with Iran could be soon. Needless to say, the market has already been burnt by trading on Trump's rhetoric and some muscle memory kicked in, as tempting as it might have been to take a positive view of these comments.

However, after cautious trading to start the week, risk sentiment improved somewhat overnight for whatever reason, as we're struggling to see any positive developments regarding the conflict. In a social media post, Trump reiterated his threat to obliterate Iranian infrastructure if Iran didn't reopen the Strait of Hormuz for shipping, while playing up "serious discussions" with a new and more reasonable regime. Contrary to Trump's comments made during the Asian session, Iran's foreign ministry spokesman said it considers the US's 15-point peace plan to be largely made up of "excessive, unrealistic and unreasonable demands".

US equities spent most of the session in positive territory but pared early gains, and the S&P500 is trading down slightly in early afternoon trading. The Euro Stoxx 600 index closed up 0.9%.

Bond markets are having a much better day, with global rates lower. US rates were already heading lower and the move extended after some calming comments from Fed Chair Powell during a moderated discussion. Powell continued to indicate a wait and see approach regarding any policy response to the Iran conflict, saying the Fed was in a good place and the FOMC will reach its 2% inflation goal. He noted that the Fed's tools have no meaningful effect on supply shocks, adding that inflation expectations remain well anchored beyond the short term, although the Fed was mindful of missing its inflation target for some time.

Adding to the move seen Friday, traders have wound back the chance of the Fed tightening policy this year. Some 3bps of cuts are now priced for this year. The US 2-year Treasury yield is down 8bps to 3.83%, adding to Friday's 7bps fall. The 10-year rate has fallen 9bps to 4.34%.

The key move in currency markets has been a stronger yen. After USD/JPY pushed up through 160.40 during the NZ trading session, Japan ramped up the threat of currency intervention to stem yen weakness. The vice finance minister for international affairs said, "We're hearing increasing concern that speculative activity is picking up not just in the crude oil futures market, but also in the foreign exchange market...if this situation continues, we believe bold action may soon be necessary".

The increased threat of intervention was enough to turn the yen around and USD/JPY has fallen below 159.50, on a day when the USD has strengthened against all the other key majors, with the currency market diverging from the more optimistic tone adopted by bonds and equities.

The NZD traded down to a fresh low of 0.57 before finding some support and is currently near 0.5720. The AUD fell towards 0.6830 before reversing course, while NZD/AUD has pushed down to 0.8340. The NZD shows little net movement against EUR and GBP while NZD/JPY is down over 1% from last week's close to 91.2, after a peek below 91.

In the domestic rates market, curves were steeper, as seen elsewhere. The 2-year swap rate fell 2bps to 3.52% against a 3bps lift in the 10-year rate to 4.42%. Short end bonds

fell slightly, while the 10-year NZGB rose 1bp to 4.78%. Australian 3 and 10-year bond futures are down 3-5bps overnight, setting the scene for lower NZ rates on the open.

In the day ahead, NY Fed President Williams will be speaking soon after the NZ market opens. The ANZ business outlook survey will give an idea of the hit to confidence in the early stages of the Iran conflict with, no doubt, much worse to come in future readings, regarding the likely hit to the economy and higher inflation expectations. China PMI data are released this afternoon.

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Coming Up

| | | Period | Cons. | Prev. | NZT |
|----|--------------------------------------|--------|-------|-------|-------|
| US | Fed's Williams speaks on the economy | | | | 09:00 |
| JN | Tokyo CPI (y/y%) | Mar | 1.6 | 1.6 | 12:30 |
| JN | Tokyo CPI x-fr. food, energy (y/y%) | Mar | 2.3 | 2.5 | 12:30 |
| NZ | ANZ activity outlook (net%) | Mar | | 52.6 | 13:00 |
| CH | Manufacturing PMI | Mar | 50.2 | 49.0 | 14:30 |
| CH | Non-manufacturing PMI | Mar | 49.9 | 49.5 | 14:30 |

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 | 0.5720 | -0.5 | 0.5700 | 0.5750 | CHF | 0.8002 | +0.2 | S&P 500 | 6,357 | -0.2 | 13.9 | Oil (Brent) | 112.77 | +0.2 |
| AUD | 0.6859 | -0.2 | 0.6833 | 0.6874 | SEK | 9.550 | +0.8 | Dow | 45,358 | +0.4 | 9.1 | Oil (WTI) | 103.53 | +3.9 |
| EUR | 1.1463 | -0.4 | 1.1443 | 1.1520 | NOK | 9.745 | -0.0 | Nasdaq | 20,864 | -0.4 | 20.4 | Gold | 4514.1 | +0.5 |
| GBP | 1.3195 | -0.5 | 1.3174 | 1.3283 | HKD | 7.836 | +0.0 | Stoxx 50 | 5,542 | +0.7 | 3.9 | HRC steel | 1048.0 | +0.7 |
| JPY | 159.49 | -0.5 | 159.33 | 159.86 | CNY | 6.912 | +0.0 | FTSE | 10,128 | +1.6 | 17.0 | CRB | 368.9 | +1.9 |
| CAD | 1.3919 | +0.2 | | | SGD | 1.291 | +0.2 | DAX | 22,563 | +1.2 | 0.5 | Wheat Chic. | 620.5 | +0.8 |
| NZD/AUD | 0.8339 | -0.3 | | | IDR | 17,002 | +0.1 | CAC 40 | 7,772 | +0.9 | -1.8 | Sugar | 15.55 | -1.4 |
| NZD/EUR | 0.4990 | -0.1 | | | THB | 32.84 | -0.2 | Nikkei | 51,886 | -2.8 | 45.7 | Cotton | 70.26 | +1.2 |
| NZD/GBP | 0.4335 | +0.0 | | | KRW | 1,518 | +0.4 | Shanghai | 3,923 | +0.2 | 17.1 | Coffee | 292.6 | -2.5 |
| NZD/JPY | 91.23 | -1.0 | | | TWD | 32.01 | +0.2 | ASX 200 | 8,461 | -0.6 | 7.9 | WM powder | 3720 | -0.1 |
| NZD/CAD | 0.7962 | -0.3 | | | PHP | 60.73 | +0.3 | NZX 50 | 12,749 | -1.4 | 3.9 | Australian Futures | | |
| NZ TWI | 65.93 | -0.4 | | | | | | VIX Index | 30.84 | -0.7 | +42.4 | 3 year bond | 95.26 | 0.10 |
| | | | | | | | | | | | | 10 year bond | 94.94 | 0.11 |

| 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 | 3.65 | 3.88 | USD | 4.34 | -0.09 | 15-May-28 | 3.60 | -0.02 | BKBM 1-mth | 2.45 | 0.01 | |
| AUD | 4.10 | 4.32 | 4.70 | 5.12 | AUD | 5.07 | -0.03 | 20-Apr-29 | 3.88 | -0.01 | BKBM 3-mth | 2.54 | 0.00 | |
| NZD | 2.25 | 2.54 | 3.52 | 4.42 | NZD | 4.78 | 0.01 | 15-May-30 | 4.10 | -0.01 | 1 year | 2.96 | -0.02 | |
| EUR | 2.00 | 2.13 | 2.86 | 3.10 | GER | 3.04 | -0.06 | 15-May-31 | 4.30 | -0.00 | 2 year | 3.52 | -0.02 | |
| GBP | 3.75 | 3.86 | 4.30 | 4.45 | GBP | 4.94 | -0.04 | 15-May-32 | 4.43 | 0.00 | 3 year | 3.78 | -0.01 | |
| JPY | 0.74 | -0.03 | 1.36 | 2.17 | JPY | 2.37 | -0.01 | 14-Apr-33 | 4.51 | 0.01 | 5 year | 4.06 | 0.01 | |
| CAD | 2.25 | 4.97 | 2.79 | 3.26 | CAD | 3.51 | -0.07 | 15-May-34 | 4.61 | 0.01 | 7 year | 4.23 | 0.02 | |
| | | | | | | | | 15-May-35 | 4.70 | 0.01 | 10 year | 4.42 | 0.03 | |
| | | | | | | | | 15-May-36 | 4.78 | 0.01 | 15 year | 4.65 | 0.03 | |
| | | | | | | | | 15-May-37 | 4.89 | 0.02 | | | | |
| | | | | | | | | 15-May-41 | 5.15 | 0.02 | NZ Inflation-Indexed Bonds | | | |
| | | | | | 1st | 2.27 | 4.27 | 3.66 | 15-May-51 | 5.38 | 0.02 | Sept-30 | 1.60 | 0.02 |
| | | | | | 2nd | 2.34 | 4.37 | 3.64 | 15-May-54 | 5.39 | 0.02 | Sept-35 | 2.38 | 0.02 |
| | | | | | 3rd | 2.46 | 4.54 | 3.64 | | | | Sept-40 | 2.84 | 0.01 |
| | | | | | 4th | 2.63 | 4.64 | 3.64 | | | | | | |
| | | | | | 5th | 2.71 | 4.73 | 3.64 | | | | | | |

| Carbon Price | | | | Policy Meeting Run | | | |
|--------------|-------|-------|--------|--------------------|------|------|------|
| | Level | % Day | % Year | NZD | AUD | USD | |
| NZU | 41.00 | -3.4 | -29.9 | 1st | 2.27 | 4.27 | 3.66 |
| | | | | 2nd | 2.34 | 4.37 | 3.64 |
| | | | | 3rd | 2.46 | 4.54 | 3.64 |
| | | | | 4th | 2.63 | 4.64 | 3.64 |
| | | | | 5th | 2.71 | 4.73 | 3.64 |

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

Rates are as of: NZT 06:46

Source: Bloomberg

NZD exchange rates

| 31/03/2026 | 6:46 am | Prev. NY close |
|-------------------|----------------|-----------------------|
| USD | 0.5720 | 0.5747 |
| GBP | 0.4335 | 0.4334 |
| AUD | 0.8339 | 0.8360 |
| EUR | 0.4990 | 0.4993 |
| JPY | 91.23 | 92.13 |
| CAD | 0.7962 | 0.7984 |
| CHF | 0.4575 | 0.4592 |
| DKK | 3.7282 | 3.7314 |
| FJD | 1.2766 | 1.2800 |
| HKD | 4.4818 | 4.5012 |
| INR | 54.23 | 54.49 |
| NOK | 5.5760 | 5.6017 |
| PKR | 159.74 | 160.56 |
| PHP | 34.72 | 34.80 |
| PGK | 2.4651 | 2.4761 |
| SEK | 5.4629 | 5.4449 |
| SGD | 0.7383 | 0.7402 |
| CNY | 3.9533 | 3.9719 |
| THB | 18.79 | 18.90 |
| TOP | 1.3248 | 1.3309 |
| VUV | 68.72 | 68.85 |
| WST | 1.5522 | 1.5591 |
| XPF | 59.36 | 59.53 |
| ZAR | 9.8061 | 9.8432 |



NZD/USD Forward Points

| | BNZ buys NZD | BNZ sells NZD |
|----------|---------------------|----------------------|
| 1 Month | 5.80 | 6.01 |
| 3 Months | 17.85 | 18.33 |
| 6 Months | 33.13 | 34.38 |
| 9 Months | 45.36 | 47.84 |
| 1 Year | 50.40 | 54.40 |

NZD/AUD Forward Points

| | BNZ buys NZD | BNZ sells NZD |
|----------|---------------------|----------------------|
| 1 Month | 11.31 | 11.87 |
| 3 Months | 37.47 | 38.62 |
| 6 Months | 76.71 | 79.74 |
| 9 Months | 118.33 | 123.67 |
| 1 Year | 148.38 | 157.14 |

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