

Research

Markets Outlook

16 February 2026

RB NZ Seen On Hold This Week

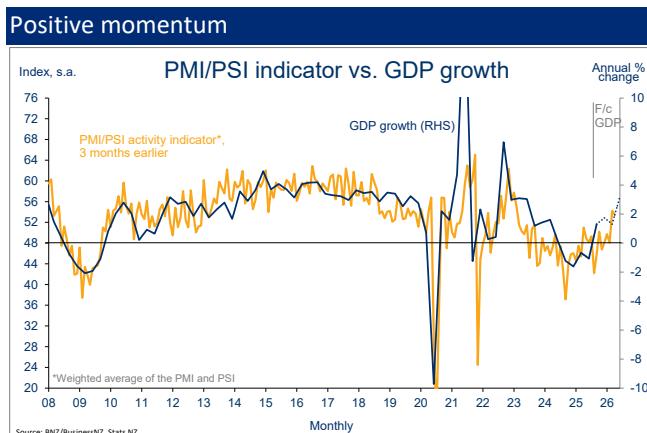
- **RB NZ to hold cash rate at 2.25% on Wednesday**
- **Focus on language, forward track**
- **PMI, PSI, other indicators show growth**
- **ECT transactions dip against trend; weather hinders**
- **Tomorrow's selected prices to guide on Q1 CPI**

Evidence showing positive economic momentum continues to accumulate. It is not upwards in a straight line, but most indicators are positive.

Last Friday's BNZ-Business NZ Performance of Manufacturing Index (PMI) revealed the manufacturing sector started 2026 firmly in growth-mode. The index maintained a well above average level in January, following its leap higher in December. Importantly, the details pointed to firmly strengthening demand.

This morning's Performance of Services Index (PSI) also displayed positive momentum. It isn't as strong as the PMI, but it is the first time since mid-2023 that the PSI has posted two consecutive months of expansion. It supports the notion that the economic recovery is broadening.

Combined, the PMI and PSI activity indicator shows activity gaining momentum and is consistent with our economic growth forecasts.



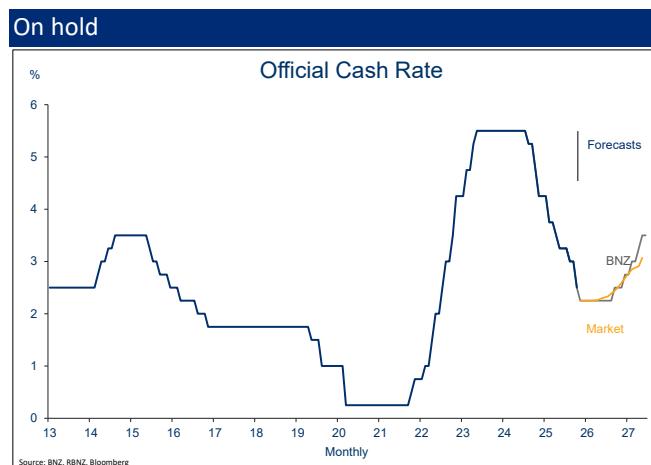
Other data have generally revealed expansion too. Last week, concrete production, net migration, and tourist arrivals all displayed increases into the end of last year.

In contrast, this morning's electronic card transactions put a dampener on a general run of positive data. The total

value fell 0.7% m/m in January on a seasonally adjusted basis. The monthly dip was broad-based and a bit disappointing. There is evidence suggesting transactions were disrupted by adverse weather events during the month. The trend in transaction values remains upward. The influence of weather is worth bearing in mind as another storm has ripped through large parts of the country over recent days.

The RBNZ's Monetary Policy Statement will dominate market attention this week. We published our full MPS Preview last week so briefly summarise it here.

We expect the bank to hold its cash rate at 2.25% at Wednesday's announcement. Market expectations for no change this week are unanimous. Focus will be on the Bank's language and forward projections. Recent growth and inflation outcomes have been stronger than the Bank expected. We expect the Bank to remove the last vestiges of any prospective easing from its rate track, and it will want to strengthen the case for less stimulatory monetary policy while being mindful that it will not want financial markets to price any more tightening than is already the case.



This is likely to result in an on-hold interest rate decision on the day and a rate track that is only modestly more aggressive than in its November MPS. We expect the Bank's published interest rate track low to be 2.25% through the December quarter. From there on in we would expect the track to be around 10 basis points higher than previously published.

It is important to note that February's MPS is the first under new Governor Dr Anna Breman's leadership. We will all know a lot more about her monetary policy thoughts once it is published and presented.

The MPS is to be released at 2pm on Wednesday with a press conference following shortly afterwards at 3pm. The RBNZ will testify at Parliament's Finance and Expenditure select committee on Thursday at 8am.

Note too that Governor Dr Breman will speak at a business lunch on Friday to share insights from the MPS. While this is part of the post-MPS engagements, it gives the Governor an opportunity to comment on any initial market reaction to the MPS, if she feels the need and chooses to do so. The Governor's remarks will be published on the RBNZ website at 1.20pm on Friday.

The remaining data due out this week is price focused. Tomorrow's Selected Price Indices for January will be closely monitored as the first monthly insight into Q1 CPI.

For the month, our priors are for food prices to show a sizeable lift in the month, on seasonal grounds, rents about flat, and fuel prices lower. We expect the monthly moves to affirm easing trends in annual inflation for these components. Electricity and gas prices are expected to again show firm monthly gains. Among the other monthly components, we will be watching domestic and international airfares closely. If they don't show significant monthly unwinds from December's large gains it would cast material doubt on the pullback in those prices we have built in for Q1 CPI.

Overall, we look for the monthly prices to support our Q1 CPI forecast of 0.5% q/q and 2.7% y/y. The RBNZ forecast 2.3% y/y for that quarter in its November MPS. The gap essentially reflects the Q4 inflation surprise to the Bank. Q4 annual inflation was 3.1%. The RBNZ update its latest inflation forecasts in its February MPS on Wednesday.

The RBNZ's Household Inflation Expectations survey this afternoon and Business Expectations Survey tomorrow afternoon will be assessed to see if inflation expectations follow the general lift in the RBNZ's more closely followed Survey of Expectations last Friday.

To be sure, those moves weren't especially large, and the medium-term measures are not that far from the 2% 'ideal', but an increase across all tenors to edge further away from the target midpoint will not be welcomed by the central bank.

A push higher in the 1-year and 2-year ahead series could well reflect higher headline CPI inflation itself. This upward pressure may fade if headline inflation eases as forecast. The Bank may be more troubled by a nudge higher in the longer-term, 5-year and 10-year ahead, series if it sees the push higher as a threat to its inflation fighting credibility. In contrast to CPI inflation expectations, house price inflation expectations were broadly flat, while wage inflation expectations eased.

Moving the wrong way



House price inflation itself remains subdued. Today's REINZ House Price Index fell 0.6% m/m in January. We estimate half of the decline was seasonal. House prices continue to track a bit below year earlier levels, down 0.7% y/y. The RBNZ forecast a different index, but the trends here look a touch softer than the Bank had expected providing some offset to other upward inflation surprises. The number of house sales remains at reasonable levels.

Q4 producer price data are scheduled for release on Wednesday morning. These are not closely followed given they come out after the CPI for the quarter. While there is a flavour of inflation circulating in some indicators, slowing commodity price annual inflation and a significant fall in wholesale electricity prices will limit the extent of it showing up in Q4 producer prices.

The GDT dairy auction early Wednesday morning will provide the very latest on dairy prices. The early indicators suggest another gain is likely. Such an outcome would add to the large bounce in dairy prices in 2026 and keep this season's Fonterra milk price on course to be above \$9.00. This would assist firmly positive cashflows continuing through the dairy sector.

Another \$2.00 per share to Fonterra shareholders and unit holders will occur if Fonterra's sale of its global consumer and associated businesses to Lactalis goes ahead. The next shareholder vote on that capital return is this Thursday. Provided the remain approvals are received as expected, the Co-op expects the transaction to be completed in Q1 this year.

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Global Watch

- US Q4 GDP and PCE deflators in focus
- Australian labour market data due
- CPI data for Japan and the UK
- Global PMIs to give latest activity pulse

In Australia, the RBA minutes (Tuesday) will struggle to add much on top of recent RBA communications. Q4 WPI is dated but is likely to show wage rises broadly in line with the RBA's SoMP forecast. After the surprise drop in unemployment in December, most focus will be on whether it reverses higher in January. Our colleagues at NAB pencil in a one tenth rise to 4.2% from 4.1% on a 20k employment gain.

In the US, after the President's Day holiday Monday, Fed minutes and GDP source data (durable goods, advance economic indicators, housing construction, trade) will be released ahead of Q4 GDP on Friday – it is expected to show that the US economy continued to perform strongly at the end of the year. The December Personal Income report will also be released Friday as will be the University of Michigan's consumer sentiment (including inflation expectations) final report for February.

Japan's preliminary GDP for Q4 is out Monday – which is expected to show a partial recovery from the Q3 decline – as is the final industrial production report for December, while January CPI is released Friday.

In the UK, after GDP disappointed last week, labour market data is out Tuesday and CPI on Wednesday. These data will help firm up expectations for when the BoE will next cut (NAB see the March meeting as live) - the BoE expects January CPI of 2.9% y/y. For Europe, it is a quiet week – December industrial production is out Monday (country data points to a decline) and negotiated wages on Friday.

Preliminary PMIs for the US, UK, Euro-zone and Japan are out Friday.

Key Event Previews

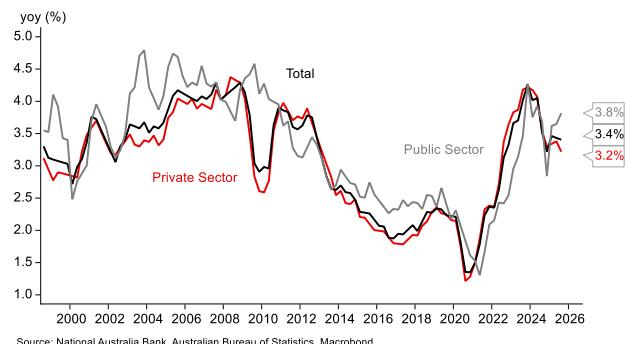
Tuesday

AU Wage Price Index (Q4)

NAB expect WPI growth of 0.8% q/q, leaving annual growth at 3.4% y/y, broadly in line with the RBA's SoMP forecast. There will be a boost from the October tranche of pay rises related to the work value case for aged care workers. NAB expect this to boost WPI by about 5bp in the quarter and leaves the risk skewed to a 0.9% q/q outcome.

WPI growth has been supported over the past year by public sector wage agreements that incorporate some catch up growth.

Wage Price Index by Sector



Thursday

AU Labour Force (Jan)

NAB pencil in a 20k employment gain and a rise in the unemployment rate to 4.2% in January.

The past three Januaries have seen a 10-15bp rise in the unemployment rate that was partially reversed in February. That effect does seem to be fading year by year, but after the surprise two tenths fall in December it does support the expectation for some reversal in January.

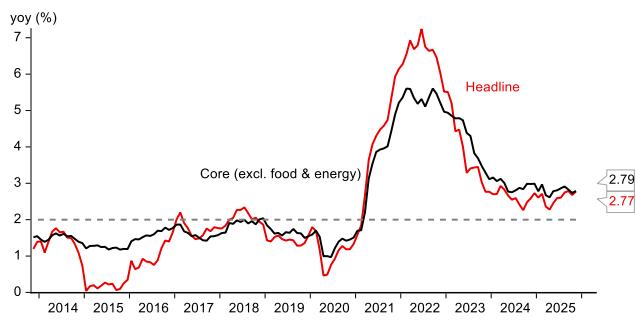
Friday

US PCE (Dec) and GDP (Q4)

The expectation is for GDP growth to moderate in Q4, NAB expect 2.5% q/q annualised, down from 4.4% q/q in Q3. Allowing for Government shutdown impacts, which will be largely reversed in Q1, this would be another strong result. More source data will be released this week ahead of the report which will allow estimates to firm up.

The Personal Income and Outlays report will provide reads on December consumption, retail sales data suggest it will be soft, and PCE inflation. Core PCE inflation is expected to increase by 0.3% m/m and 2.9% y/y but with the January CPI out last week it will feel like old news.

US PCE Inflation



Source: National Australia Bank, U.S. Bureau of Economic Analysis (BEA), Macrobond
Notes: Dotted line represents the Federal Reserve's 2% inflation target over the longer run.

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Fixed Interest Market

NZ rates edged lower last week, with the curve flattening alongside lower global yields after benign US inflation data led markets to price additional easing by the Federal Reserve. The key focus for NZ fixed income now turns to the RBNZ's Monetary Policy Statement (MPS) on Wednesday. While the Bank is unanimously expected to leave the Official Cash rate (OCR) unchanged, the accompanying statement and updated forecasts will be critical for markets.

Market pricing and the RBNZ's November OCR track

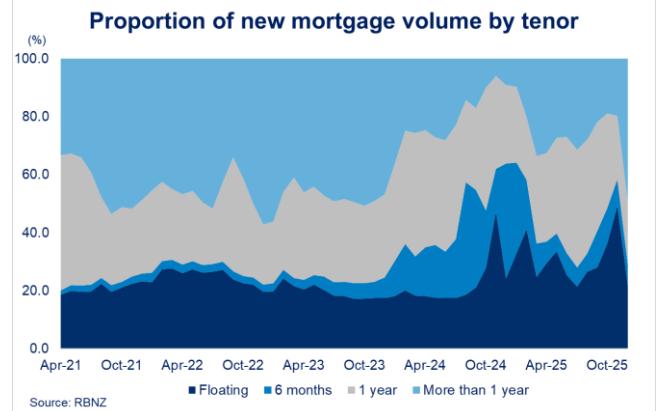


The MPS is likely to reflect an assessment that additional monetary stimulus is no longer warranted, with economic conditions having evolved sufficiently for the RBNZ to remove any residual easing bias from its projected OCR track. At the November MPS, the projected track reached a low of 2.20% for the quarterly average in the June quarter. We expect the updated projection to indicate a 2.25% low point, while signalling a higher probability of a hike later this year. Our view is that the December quarter track could be revised around 10bp higher. Messaging will need to be carefully calibrated to avoid signalling an imminent hiking cycle, which would risk an unwelcome tightening in financial conditions at this still-early stage of the economic recovery.

Since the November MPS, 2- and 5-year swap rates have risen by around 50bp, while mortgage rates for terms beyond two years have also increased. Relative to the October lows, higher interest rates will be impacting the economy through multiple channels, while the NZD trade-weighted index has appreciated by around 4% over the same period. The market is pricing 42bp of tightening by the end of 2027, reflecting a sharp lift in high-frequency activity indicators and more persistent inflation pressures than previously expected. The recent 3.17% high in 2-year swap rates is likely to represent the upper end of the near-term range, with scope for some retracement should the RBNZ's MPS communication align with our expectations. Mortgage-related hedging flows also appear to have eased since late last year.

Reuters: BNZL, BNZM Bloomberg: BNZ

Preference for longer fixed rate mortgages



Household mortgage fixing behaviour shifted materially in December, with a pronounced lengthening in preferred fixing tenors and associated hedging flows into the swap market. Nearly half of new mortgage lending was fixed for terms of 18 months or longer, while demand also increased at longer maturities, with a higher share of borrowers opting for fixed-rate terms exceeding four years. This behaviour reflected a growing perception that the easing cycle has concluded, alongside a reallocation away from floating-rate products.

While mortgage-related hedging flows remain evident, their magnitude appears to have moderated. This is unsurprising, given that December's shift from floating-rate exposure into longer-tenor fixed rates was the largest on record in notional terms and is unlikely to be repeated. Looking ahead, household fixing behaviour will remain sensitive to the RBNZ's policy communication. The steeper mortgage rate curve may, at the margin, dampen demand for longer-dated fixed-rate mortgages, reducing hedging flows at the short end of the swap curve.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.51	2.49 - 2.55
NZ 2yr swap (%)	3.09	2.91 - 3.17
NZ 5yr swap (%)	3.67	3.51 - 3.82
NZ 10yr swap (%)	4.13	4.03 - 4.31
2s 10s swap curve (bps)	104	104 - 113
NZ 10yr swap-govt (bps)	-34	-39 - -33
NZ 10yr govt (%)	4.47	4.45 - 4.60
US 10yr govt (%)	4.05	4.04 - 4.31
NZ-US 10yr (bps)	42	26 - 42
NZ-AU 2yr swap (bps)	-114	-119 - -96
NZ-AU 10yr govt (bps)	-28	-33 - -18

*Indicative range over last 4 weeks

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Foreign Exchange Market

Last week, the US dollar was broadly weaker, which supported a modest rise in NZD/USD to 0.6040. The Japanese yen emerged as the strongest major currency, appreciating significantly after Prime Minister Takaichi secured a strong mandate and markets adopted a less bearish outlook on the yen based on her policy agenda. NZD/JPY dropped 2% from an 18-month high. Movements in other NZD cross rates were modest, although NZD/AUD traded below 0.85 for the first time since 2013 before ending the week around 0.8540.

Key US economic data released last week had a “goldilocks” quality. Core CPI inflation fell to 2.5%, its lowest level in almost five years, while stronger-than-expected employment figures pushed the unemployment rate down to 4.3%. Consensus forecasts for Q4 GDP, which will be released at the end of this week, anticipate an annualised growth rate of 3.0%, following the robust 4.4% recorded in Q3. Strong growth, a resilient labour market, and softer inflation combine to create a healthy economic mix. Despite this, the US dollar remained under pressure, as weaker inflation data reinforced market expectations that the Federal Reserve could cut rates at least twice more this year. The US 2-year Treasury yield closed at its lowest level since 2022.

NZD/USD continued to show signs of consolidation, aligning with our view that, following a strong recovery in the second half of January, the NZD is likely to move sideways for the remainder of the quarter before potentially rising further. We maintain that short-term support lies between 0.5850 and the 200-day moving average of 0.5870, with short-term resistance around 0.6120.

Our chart of the week illustrates the historically strong correlation between the movements of the CNY and the NZD against the USD. Although there are periods when this correlation weakens, the broader trend shows that a stronger yuan is generally linked to a stronger NZD. Market forces are currently supporting a stronger yuan, and the PBoC is carefully controlling the pace of its appreciation. We expect this dynamic to persist throughout much of 2026, providing a tailwind for NZD performance.

The AUD climbed above 0.71 for the first time in three years but was unable to sustain that level. NZD/AUD continues its downward trend, weighed down by significant negative NZ-Australian interest rate differentials. Although the dip below 0.85 did not persist, we remain unconvinced that the cycle's low has been reached.

This week, domestic attention will centre on the RBNZ's Monetary Policy Statement (MPS) mid-week, the first to be delivered by Governor Breman. The Bank's projections will need to be revised to reflect developments since the

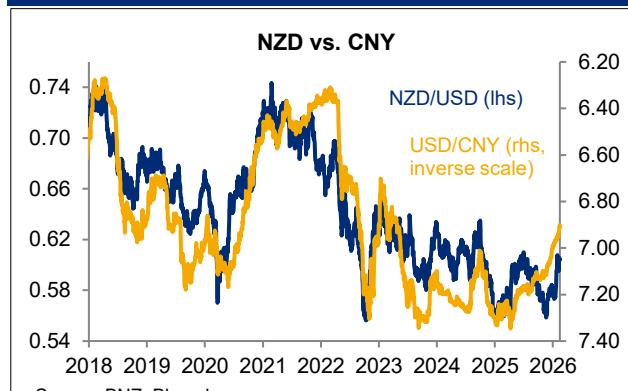
Reuters pg BNZWFWDs Bloomberg pg BNZ9

November MPS, including stronger GDP growth and various indicators pointing to a sustained economic recovery, alongside increased inflationary pressures. While we do not expect the Bank to fully embrace current market pricing on rates, it will likely need to raise its interest rate projections and bring forward the timing for tighter policy. There is significant uncertainty regarding how explicit the Bank will be about the need for tighter policy, so we have limited conviction about the possible market reaction.

Regardless of the short-term NZD response to the Bank's statement, our outlook for the NZD this year will remain unchanged, as fundamental factors will ultimately determine the currency's direction, rather than the Bank's outlook, which is subject to revision.

The global economic calendar is busy this week. Australian labour market data—including wages, employment, and the unemployment rate—will be crucial for RBA policy expectations and the AUD. In the US, several second-tier releases are scheduled, along with Q4 GDP and the core PCE deflator for December. CPI data for Canada, Japan, and the UK will also be released. Additionally, global PMIs, Japan's Q4 GDP, and UK labour market data warrant attention.

Stronger CNY is a tailwind for the NZD



Cross Rates and Recent Ranges

	Last wk		
	Current	% chg	Last 3-wks range*
NZD/USD	0.6033	0.4%	0.5930 - 0.6090
NZD/AUD	0.8532	-0.4%	0.8470 - 0.8690
NZD/CAD	0.8211	0.0%	0.8140 - 0.8270
NZD/GBP	0.4423	0.0%	0.4360 - 0.4450
NZD/EUR	0.5082	-0.1%	0.5010 - 0.5130
NZD/JPY	92.05	-2.5%	91.40 - 95.00

*Indicative range over last 3 weeks, rounded

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Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.6100/20
 ST Support: 0.5850/70

No change. We see short-term support between 0.5850 and the 200-day moving average of 0.5870, with short-term resistance at around 0.6120.



NZD/AUD

Outlook: Downside risk
 ST Resistance: 0.87 (ahead of 0.8950)
 ST Support: 0.80

With the cross rate falling through 0.85 last week to a level not seen since 2013, there is no obvious near-term support level ahead.

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NZ 5-year Swap Rate

Outlook: Neutral
 ST Resistance: 3.87
 ST Support: 2.92

5-year swap continued to rally lower in yield in sympathy with global rates. We remain without conviction in direction so will look closely for new technical levels to emerge.

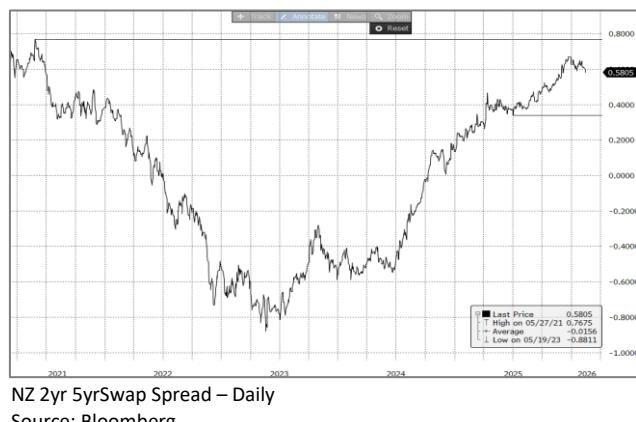


NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Higher
 ST Resistance: 0.76
 ST Support: 0.26

2s5s spread flattened further last week to a level where we have seen a small degree of support since December. We will watch closely to see whether it is able to hold again.

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Quarterly Forecasts

Forecasts as at 16 February 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27	Forecasts
GDP (production s.a.)	-1.0	1.1	0.5	0.7	0.9	0.6	0.6	0.5	0.5	0.5	0.5
Retail trade (real s.a.)	0.7	1.9	0.4	1.0	0.9	0.8	0.7	0.7	0.7	0.7	0.7
Current account (ann, % GDP)	-3.7	-3.5	-3.5	-3.5	-3.5	-3.6	-3.5	-3.4	-3.3	-3.2	-3.2
CPI (q/q)	0.5	1.0	0.6	0.5	0.5	0.7	0.5	0.4	0.5	0.6	0.6
Employment	-0.2	0.0	0.5	0.5	0.7	0.8	0.7	0.6	0.5	0.5	0.5
Unemployment rate %	5.2	5.3	5.4	5.3	5.2	5.0	4.8	4.6	4.7	4.7	4.7
Pr. avg hourly earnings (ann %)	4.6	4.1	3.5	4.2	3.3	3.3	3.4	3.3	3.2	3.2	3.2
Trading partner GDP (ann %)	3.3	3.2	2.5	2.7	2.7	2.8	3.0	2.9	2.8	2.8	2.8
CPI (y/y)	2.7	3.0	3.1	2.7	2.7	2.4	2.3	2.2	2.1	2.1	2.1
GDP (production s.a., y/y)	-1.1	1.3	1.7	1.3	3.2	2.8	2.9	2.7	2.3	2.2	2.2

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Cash	Government Stock				Swaps			US Rates		Spread
		90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR	US 10 yr	NZ-US	Ten year
		Bank Bills						3 month			
2025 Mar	3.92	3.84	3.99	4.58	3.47	3.71	4.15	4.30	4.45	0.13	
Jun	3.33	3.38	3.85	4.55	3.19	3.57	4.10	4.30	4.35	0.19	
Sep	3.08	3.09	3.67	4.42	2.99	3.40	3.95	4.20	4.25	0.17	
Dec	2.33	2.51	3.54	4.27	2.71	3.26	3.85	3.80	4.10	0.18	
Forecasts											
2026 Mar	2.25	2.40	3.85	4.60	2.90	3.60	4.20	3.65	4.25	0.35	
Jun	2.25	2.50	3.90	4.75	3.30	3.65	4.35	3.40	4.35	0.40	
Sep	2.50	2.75	4.15	4.90	3.60	3.90	4.50	3.15	4.50	0.40	
Dec	2.75	3.05	4.35	4.90	3.90	4.15	4.55	3.15	4.50	0.40	
2027 Mar	3.00	3.55	4.40	4.90	4.05	4.25	4.60	3.15	4.50	0.40	
Jun	3.50	4.00	4.40	4.90	4.10	4.30	4.65	3.15	4.50	0.40	
Sep	4.00	4.15	4.35	4.90	4.10	4.30	4.70	3.15	4.50	0.40	
Dec	4.00	4.15	4.35	4.90	4.10	4.35	4.75	3.15	4.50	0.40	

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.60	0.71	1.19	1.36	153
Forecasts					
Mar-26	0.60	0.70	1.20	1.37	154
Jun-26	0.62	0.72	1.22	1.38	152
Sept-26	0.63	0.73	1.22	1.38	150
Dec-26	0.63	0.73	1.23	1.38	148
Mar-27	0.63	0.72	1.22	1.36	146
Jun-27	0.63	0.71	1.22	1.35	145
Sept-27	0.63	0.71	1.21	1.34	143
Dec-27	0.62	0.70	1.19	1.34	142

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.60	0.85	0.51	0.44	92.2	68.2
Forecasts						
Mar-26	0.60	0.86	0.50	0.44	92.4	67.8
Jun-26	0.62	0.86	0.51	0.45	94.2	69.4
Sept-26	0.63	0.86	0.52	0.46	94.5	70.0
Dec-26	0.63	0.87	0.52	0.46	93.8	70.1
Mar-27	0.63	0.88	0.52	0.46	92.0	69.9
Jun-27	0.63	0.89	0.52	0.47	91.4	70.4
Sept-27	0.63	0.89	0.52	0.47	90.1	70.5
Dec-27	0.62	0.89	0.52	0.46	88.0	69.8

TWI Weights

16.2% 17.8% 9.2% 4.0% 4.7%

Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 16 February 2026	March Years				December Years				
	Actuals		Forecasts		Actuals		Forecasts		
	2024	2025	2026	2027	2023	2024	2025	2026	
GDP - annual average % change									
Private Consumption	1.1	0.0	1.7	2.3	1.1	-0.2	1.6	2.0	2.3
Government Consumption	1.1	-1.3	2.3	0.2	0.1	-0.9	1.9	0.7	-0.4
Total Investment	-1.1	-5.0	2.5	6.6	-0.3	-4.9	0.3	6.6	4.3
Stocks - ppts cont'n to growth	-1.4	0.4	0.2	0.4	-1.2	0.4	-0.2	0.6	0.0
GNE	-0.9	-1.1	2.3	3.3	-0.7	-1.1	1.2	3.5	2.3
Exports	8.6	3.4	3.2	5.1	11.5	4.7	2.9	5.3	3.8
Imports	-1.4	1.5	5.3	5.4	-0.7	1.7	3.6	6.1	3.4
Real Expenditure GDP	1.5	-0.7	1.3	3.1	2.1	-0.3	0.8	2.9	2.3
GDP (production)	1.8	-0.9	0.8	2.9	2.2	-0.3	0.3	2.5	2.3
GDP - annual % change (q/q)	1.6	-0.7	1.3	2.7	1.4	-1.6	1.7	2.9	2.2
Output Gap (ann avg, % dev)	1.2	-0.7	-1.3	-0.2	1.3	-0.2	-1.2	-0.4	0.1
Nominal Expenditure GDP - \$bn	417	431	449	472	413	427	445	466	489
Prices and Employment -annual % change									
CPI	4.0	2.5	2.7	2.2	4.7	2.2	3.1	2.3	2.0
Employment	0.9	-0.9	0.8	2.8	2.7	-1.3	0.2	2.7	2.0
Unemployment Rate %	4.4	5.1	5.3	4.6	4.0	5.1	5.4	4.8	4.7
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	4.2	3.3	6.6	4.0	3.5	3.4	3.2
Productivity (ann av %)	-0.6	0.1	1.2	0.4	-0.8	0.1	1.2	0.6	-0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.7	3.2	7.1	4.7	2.8	3.1	3.3
House Prices (stratified, mth)	2.8	-0.6	-0.7	2.9	0.6	-0.8	-0.3	2.1	3.9
External Balance									
Current Account - \$bn	-23.8	-18.3	-15.8	-16.0	-25.8	-20.0	-15.5	-16.3	-15.1
Current Account - % of GDP	-5.7	-4.2	-3.5	-3.4	-6.3	-4.7	-3.5	-3.5	-3.1
Government Accounts - June Yr, % of GDP									
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-2.1	-2.1	-3.0	-2.2					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.8	41.8	43.3	46.0					
Bond Programme - \$bn (Treasury forecasts)	39.3	42.6	35.0	34.0					
Bond Programme - % of GDP	9.4	9.9	7.8	7.2					
Financial Variables ⁽¹⁾									
NZD/USD	0.61	0.57	0.60	0.63	0.62	0.57	0.58	0.63	0.62
USD/JPY	150	149	154	146	144	154	156	148	142
EUR/USD	1.09	1.08	1.20	1.22	1.09	1.05	1.17	1.23	1.19
NZD/AUD	0.93	0.91	0.86	0.88	0.93	0.91	0.87	0.87	0.89
NZD/GBP	0.48	0.44	0.44	0.46	0.49	0.45	0.43	0.46	0.46
NZD/EUR	0.56	0.53	0.50	0.52	0.57	0.55	0.49	0.52	0.52
NZD/YEN	91.1	85.4	92.4	92.0	89.5	88.4	90.3	93.8	88.0
TWI	71.2	67.9	67.8	69.9	72.0	68.5	66.8	70.1	69.8
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.00	5.50	4.25	2.25	2.75	4.00
90-day Bank Bill Rate	5.64	3.60	2.40	3.55	5.63	4.26	2.49	3.05	4.15
5-year Govt Bond	4.60	4.00	3.85	4.40	4.50	3.90	3.90	4.35	4.35
10-year Govt Bond	4.60	4.50	4.60	4.90	4.65	4.45	4.50	4.90	4.90
2-year Swap	4.91	3.35	2.90	4.05	4.93	3.53	2.98	3.90	4.10
5-year Swap	4.40	3.65	3.60	4.25	4.43	3.63	3.61	4.15	4.35
US 10-year Bonds	4.20	4.25	4.25	4.50	4.00	4.40	4.15	4.50	4.50
NZ-US 10-year Spread	0.40	0.25	0.35	0.40	0.65	0.05	0.35	0.40	0.40

⁽¹⁾ Average for the last month in the quarter

Source: Statistics NZ, BNZ, RBNZ, NZ Treasury

Key Upcoming Events

All times and dates NZT

	Median	Fcast	Last	Median	Fcast	Last
Monday 16 February				Friday 20 February		
JN GDP SA QoQ 4Q P	0.40%		-0.60%	EC ECB's Cipollone Speaks		
JN Industrial Production MoM Dec F			-0.10%	US Fed's Bostic, Bowman & Others Speak		
EC Industrial Production SA MoM Dec	-1.50%		0.70%	US Trade Balance Dec	-\$55.8b	-\$56.8b
Tuesday 17 February				US Initial Jobless Claims 14/02/2026	225k	227k
US Fed's Bowman Speaks				US Continuing Claims 7/02/2026	1860k	1862k
EC ECB's Villeroy, Nagel & Escriva Speak				US Pending Home Sales MoM Jan	2.00%	-9.30%
NZ Selected Monthly Price Indexes Jan				NZ Trade Balance NZD Jan		52m
NZ Food Prices MoM Jan			-0.30%	AU S&P Global Australia PMI Mfg Feb P		52.3
AU RBA Minutes of Feb Policy Meeting				AU S&P Global Australia PMI Services Feb P		56.3
UK Private Earnings ex-Bonus 3M/YoY Dec	3.40%		3.60%	NZ RBNZ's Breman Speaks		
UK ILO Unemployment Rate 3Mths Dec	5.10%		5.10%	JN Natl CPI YoY Jan	1.60%	2.10%
Wednesday 18 February				UK Retail Sales Inc Auto Fuel MoM Jan	0.20%	0.40%
EC ECB's Makhlof, Villeroy & Cipollone Speak				EC HCOB Eurozone Manufacturing PMI Feb P	50	49.5
NZ Dairy GDT Auction				EC HCOB Eurozone Services PMI Feb P	51.9	51.6
US Empire Manufacturing Feb	6.2		7.7	UK S&P Global UK Services PMI Feb P	53.5	54
US Fed's Barr & Daly Speak				UK S&P Global UK Manufacturing PMI Feb P	51.5	51.8
NZ PPI Output QoQ 4Q			0.60%	EC Negotiated Wages 4Q	2.90%	1.87%
AU Wage Price Index QoQ 4Q	0.80%	0.80%	0.80%	Saturday 21 February		
AU Wage Price Index YoY 4Q	3.40%	3.40%	3.40%	US Personal Income Dec	0.30%	0.30%
NZ RBNZ Official Cash Rate 18/02/2026	2.25%	2.25%	2.25%	US Personal Spending Dec	0.40%	0.50%
UK CPI YoY Jan	3.00%		3.40%	US Real Personal Spending Dec	0.10%	0.30%
UK CPI Services YoY Jan	4.30%		4.50%	US Core PCE Price Index MoM Dec	0.30%	0.20%
Thursday 19 February				US Core PCE Price Index YoY Dec	2.90%	2.80%
US Durable Goods Orders Dec P	-2.00%		5.30%	US GDP Annualized QoQ 4Q A	3.00%	4.40%
US Housing Starts Dec		1307k		US Fed's Bostic & Logan Speak		
EC ECB's Schnabel Speaks				US S&P Global US Manufacturing PMI Feb P	52.3	52.4
US Fed's Bowman Speaks				US S&P Global US Services PMI Feb P	52.9	52.7
US FOMC Meeting Minutes 28/01/2026				US New Home Sales Dec	730k	
AU Employment Change Jan	20.0k	20.0k	65.2k	US U. of Mich. Sentiment Feb F	57.3	57.3
AU Unemployment Rate Jan	4.20%	4.20%	4.10%	EC ECB's Panetta Speaks		

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	2.25	2.25	2.25	4.25	2 years		3.07	3.10	3.01
1mth	2.41	2.41	2.40	3.91	3 years		3.33	3.36	3.26
2mth	2.46	2.45	2.45	3.85	4 years		3.51	3.56	3.46
3mth	2.51	2.49	2.51	3.79	5 years		3.65	3.71	3.61
6mth	2.61	2.59	2.56	3.64	10 years		4.11	4.19	4.13
GOVERNMENT STOCK					FORBGN EXCHANGE				
05/28	3.25	3.28	3.17	3.85	NZD/USD	0.6033	0.6055	0.5799	0.5736
05/31	3.94	3.99	3.90	4.26	NZD/AUD	0.8533	0.8537	0.8638	0.9025
04/33	4.19	4.25	4.17	4.47	NZD/JPY	92.06	94.38	91.69	86.89
05/36	4.47	4.54	4.49	4.72	NZD/EUR	0.5082	0.5083	0.4980	0.5471
05/41	4.85	4.90	4.87	5.01	NZD/GBP	0.4423	0.4422	0.4320	0.4544
05/54	5.08	5.13	5.14	5.17	NZD/CAD	0.8206	0.8210	0.8043	0.8136
GLOBAL CREDIT INDICES (ITRXX)					TWI		68.2	68.2	66.6
Nth America 5Y	52	50	49	47					68.2
Europe 5Y	52	51	52	51					

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