

Research

Markets Today

16 January 2026

Events Round-Up

UK: Monthly GDP (m/m%), Nov: 0.3 vs. 0.1 exp.
 UK: Industrial Production (m/m%), Nov: 1.1 vs. 0.2 exp.
 US: Philadelphia Fed Business Outlook, Jan: 12.6 vs. -1 exp.
 US: Initial Jobless Claims, 10 Jan: 198 vs. 215 exp.
 US: Empire Manufacturing, Jan: 7.7 vs. 1.0 exp.

Good morning

US equities have rebounded from the weakness in the previous session. The S&P is up around 0.7% currently and there were decent gains for key European indices. Treasury yields increased after resilient labour market data and the US dollar gained against European currencies. Oil prices declined sharply, and precious metals also slipped from their record highs. Silver prices were volatile and declined close to 7% intraday before recovering.

Oil prices fell sharply after an apparent easing in US-Iran tensions. President Trump said he had been assured that authorities in Iran would stop killing protesters, suggesting a decreased probability of a threatened military response, to the repression of demonstrations. Having traded up towards US\$67 per barrel the previous session, Brent crude prices declined more than 4% to \$63.50.

There was a surprise drop in US initial jobless claims suggesting the labour market may be stronger than expected. Claims fell to 198K in the week ending January 10, which below the consensus of 215K and all the estimates in the Bloomberg survey. The four-week moving average declined to 205k, the lowest level in two years. Separately, the Empire and Philadelphia manufacturing surveys provided a more positive assessment of activity than expected.

US treasury yields moved higher in response to the jobless claims data, led by the front end of the curve. 2-year treasury yields are 5bp higher at 3.56%. Moves further out the curve were muted with 10-year yields marginally higher at 4.16% in a continuation of the rangebound price action. The 2y/10y treasury curve has retraced to +60bp from +72 in early January.

UK GDP significantly surprised to the upside in November. The economy grew 0.3% which exceeded economist expectations for a modest 0.1% expansion. Industrial

production increased 1.1% as the car industry continued to recover from the cyberattack which impacted Jaguar Land Rover. The market trimmed Bank of England easing expectations and gilt yields increased across the curve.

European currencies are weaker against the US dollar with the pound matching the decline in the euro despite the GDP surprise. Given the relatively large weight of European currencies in the dollar index basket, this indicator made a fresh high for the year after the jobless claims data. Outside of the European currencies, the yen and NZD were little changed against the US dollar and the AUD advanced. NZD/EUR is back towards the 2026 highs near 0.4950. NZD/AUD extended below 0.8570 in offshore trade.

There was a strong rally across NZ fixed income in the local session yesterday driven by the longer end of the curve. The positive tone from offshore markets provided the initial impetus for lower yields and the move gathered momentum through the session. A solid government bond tender also supported sentiment. 2-year swap rates closed 3bp lower at 2.91% and 10-year swap rates declined 8bp to 4.03%. The 2y/10y curve retraced to +112bp, the lowest level in four weeks, and 9bp below the recent high.

The government bond curve closed lower and flatter. 10-year bonds ended the session 8bp lower at 4.40%, matching the move in swaps. Investor demand was solid in the first tender for this year. There was NZ\$2.2 billion of bids for the NZ\$450 million of bond offered and both lines cleared below the prevailing market levels.

Selected prices indices for December are released today and will help firm up our Q4 CPI forecast. The quarterly data is released at the end of next week and we look for a 0.3% increase in headline CPI which would see the annual rate dip to 2.8%. The manufacturing PMI is also scheduled today and has been marginally in expansionary territory in recent months. Industrial production and housing market data is released in the US.

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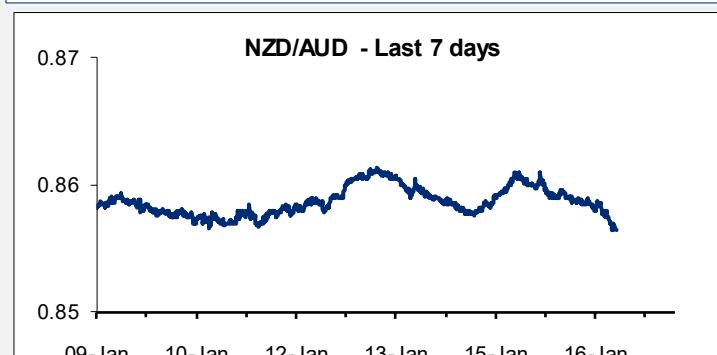
Coming Up

		Period	Cons.	Prev.	NZT
NZ	BusinessNZ Manufacturing PMI	Dec		51.4	10:30
NZ	Food Prices (m/m%)	Dec		-0.4	10:45
US	Industrial Production (m/m%)	Dec	0.1	-0.1	03:15
US	NAHB Housing Market Index	Jan	40	39	04:00

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	0.5743	-0.1	0.5726	0.5752	CHF	0.8029	+0.4	S&P 500	6,979	+0.7	17.3			
AUD	0.6706	+0.4	0.6675	0.6710	SEK	9.233	+0.4	Dow	49,540	+0.8	14.6			
EUR	1.1608	-0.3	1.1593	1.1641	NOK	10.114	+0.6	Nasdaq	23,690	+0.9	21.4			
GBP	1.3386	-0.4	1.3363	1.3445	HKD	7.798	-0.0	Stoxx 50	6,041	+0.6	20.0			
JPY	158.47	+0.0	158.30	158.88	CNY	6.966	-0.1	FTSE	10,239	+0.5	23.3			
CAD	1.3898	+0.1			SGD	1.288	+0.0	DAX	25,352	+0.3	23.2			
NZD/AUD	0.8564	-0.5			IDR	16,896	+0.2	CAC 40	8,313	-0.2	11.2			
NZD/EUR	0.4947	+0.3			THB	31.42	-0.1	Nikkei	54,111	-0.4	40.3			
NZD/GBP	0.4290	+0.3			KRW	1,469	+0.3	Shanghai	4,113	-0.3	27.4			
NZD/JPY	91.01	-0.1			TWD	31.58	-0.1	ASX 200	8,862	+0.5	6.4			
NZD/CAD	0.7982	-0.0			PHP	59.48	+0.1	NZX 50	13,660	-0.7	5.1			
NZ TWI	66.17	-0.2						VIX Index	15.36	-8.3	-4.7			
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	3.39	3.82	USD	4.16	0.02	15-Apr-27	2.71	-0.00				
AUD	3.60	3.73	4.00	4.75	AUD	4.68	-0.03	15-May-28	3.07	-0.06	BKBM 1-mth	2.40	0.00	
NZD	2.25	2.51	2.91	4.03	NZD	4.30	-0.08	20-Apr-29	3.34	-0.06	BKBM 3-mth	2.51	0.01	
EUR	2.00	2.02	2.25	2.83	GER	2.82	0.01	15-May-30	3.57	-0.06	1 year	2.62	-0.01	
GBP	3.75	4.03	3.48	3.99	GBP	4.39	0.05	15-May-31	3.80	-0.07	2 year	2.91	-0.03	
JPY	0.74	-0.03	1.18	1.97	JPY	2.16	-0.03	15-May-32	3.95	-0.07	3 year	3.15	-0.04	
CAD	2.25	4.97	2.45	3.11	CAD	3.35	-0.01	14-Apr-33	4.07	-0.08	5 year	3.51	-0.06	
Carbon Price														
Level		Policy Meeting Run			NZD AUD USD			NZD AUD USD			NZ Inflation-Indexed Bonds			
NZU	33.00	-6.0	-48.4		1st	2.25	3.67	3.64	15-May-37	4.52	-0.08	Sept-30	1.65	0.01
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer														
Rates are as of: NZT 06:21														
Source: Bloomberg														
5th														
2.37														
3.89														
3.36														

NZD exchange rates

16/01/2026	6:22 am	Prev. NY close
USD	0.5743	0.5751
GBP	0.4290	0.4278
AUD	0.8564	0.8607
EUR	0.4947	0.4939
JPY	91.01	91.13
CAD	0.7982	0.7984
CHF	0.4611	0.4600
DKK	3.6969	3.6902
FJD	1.3046	1.3094
HKD	4.4781	4.4845
INR	51.86	51.87
NOK	5.8087	5.7830
PKR	160.78	161.01
PHP	34.15	34.19
PGK	2.4490	2.4525
SEK	5.3025	5.2899
SGD	0.7396	0.7407
CNY	4.0011	4.0101
THB	18.03	18.08
TOP	1.3583	1.3472
VUV	69.67	69.79
WST	1.5782	1.5893
XPF	58.93	58.92
ZAR	9.3768	9.4350

**NZD/USD Forward Points**

	BNZ buys NZD	BNZ sells NZD
1 Month	6.94	7.16
3 Months	19.64	20.09
6 Months	37.28	38.23
9 Months	51.20	53.20
1 Year	60.64	63.22

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	9.80	10.27
3 Months	28.91	30.05
6 Months	60.65	63.10
9 Months	93.28	98.15
1 Year	123.87	130.25

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