

Research Markets Today

20 January 2026

Events Round-Up

CH: GDP (y/y%), Q4: 4.5 vs. 4.5 exp.

CH: GDP (q/q%), Q4: 1.2 vs. 1.1 exp.

CH: Retail sales (y/y%), Dec: 0.9 vs. 1.0 exp.

CH: Industrial production (y/y%), Dec: 5.2 vs. 5.0 exp.

CH: Fixed assets invest. (YTD, y/y%), Dec: -3.8 vs. -3.1 exp.

CA: CPI (y/y%), Dec: 2.4 vs. 2.2 exp.

CA: CPI core (avg med/trim y/y%), Dec: 2.6 vs. 2.7 exp.

Good Morning

As markets opened for the new week there was keen interest in the response to President Trump's weekend threat of new tariffs on eight European countries to persuade them to give up Greenland, alongside chatter that French President Macron was urging the EU to activate the powerful anti-coercion instrument, seen as a bazooka to hit US trade and investment into the region.

In the event, price action has been well contained so far, although US markets are closed for a holiday. In overnight developments, President Trump responded with "no comment" when asked by NBC whether he would use force to acquire Greenland and he will "100%" follow through on his threats to hit Europe with tariffs in the absence of a deal over Greenland.

German Chancellor Merz said that compared to President Macron he was less willing to unleash the anti-coercion instrument, given Germany's heavier dependence on exports. European leaders are working towards a common position before an EU summit to discuss the next steps on Thursday. There appears to be a strong consensus that Europe must respond in some form if Trump follows through with a ramp up in tariffs.

US S&P futures are down by 0.9% while Nasdaq 100 futures are down 1.1%. The Euro Stoxx 600 index closed down 1.2%, with defence stocks outperforming and IT, consumer discretionary and industrials underperforming. This is a modest reaction following a strong start to the year and leaves the index still up 2½% for 2026.

There has been even less reaction in the bond market, with insignificant changes in 10-year rates across Europe, although curves have steepened a little, with short end rates down 2-3bps as the market sees a slightly greater

chance of the ECB easing later this year. Treasury futures are down a touch from Friday's close, implying a small lift in the 10-year rate.

Gold and silver prices have been a key beneficiary of the rise in geopolitical risk, with both trading at fresh record highs. Spot gold is up 1.7% to USD4675.

In currency markets the USD has been broadly weaker, with a "Sell America" sentiment overriding the currency's usual safe-haven characteristics, with investors eyeing potential retaliation from Europe. Of the majors, the NZD has been the best performer since the weekend close, perhaps as traders look to close outstanding short positions. The NZD has trended higher from early yesterday afternoon and is currently just shy of 0.58, a gain of 0.8% from last week's close. We see 0.5850/60 as the first potential resistance level.

Key NZD crosses have all pushed higher. JPY is the weakest of the majors. Confirming prior speculation, Japan PM Takaichi officially called an early election for 8 February. She promised a temporary sales tax cut on food if she wins a fresh mandate for her new coalition. Japan's 10-year rate rose 8bps to a fresh multi-decade high of 2.25% on further fiscal fears. Rising rates and a falling currency are a sign that policy is heading in the wrong direction.

There was little market reaction to Canadian CPI data, which showed annual headline inflation surprisingly lifting two-tenths to 2.4%. The jump reflected base effects from last year's temporary federal sales tax adjustments and core inflation was slightly weaker than expected.

Yesterday, China activity data were broadly in line with expectations. Despite growth in Q4 of 4.5% y/y, stronger growth earlier in the year and base effects meant the government's target of 5% for the full year was met. The breakdown continued to strong export-led growth against sluggish domestic demand, with very weak consumer spending and contracting investment, the first full-year annual decline in decades.

Domestic rates were higher on the open, reflecting offshore moves and higher rates were sustained through the day. NZGB yields closed up 3-6bps across the curve, with high rates through the belly of the curve. The swaps market slightly underperformed, with 2-year and 10-year rates up 6bps to 3.01% and 4.13% respectively. The notable lift in domestic confidence and activity indicators

and the prospect that CPI inflation was sticky around 3% in Q4 – the data will be released on Friday – are affecting market sentiment.

In the day ahead, NZ's performance of services index is released, with interest in whether it shows the strong recovery seen in other recent activity and confidence indicators. UK labour market data tonight are expected to show further slowing in wage inflation.

The World Economic Forum has kicked off and the increased US-EU tensions will make the event more interesting than usual. President Trump's address is

scheduled for the early hours of Thursday morning, NZ time.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Performance of services index	Dec	46.9	10:30	
UK	Pvt earnings ex bonus (3m/y/y%)	Nov	3.7	3.9	20:00
UK	Unemployment rate (%)	Nov	5.0	5.1	20:00
GE	ZEW survey expectations	Jan	50.0	45.8	23:00

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	0.5795	+0.7	0.5769	0.5797	CHF	0.7974	-0.7	S&P 500	6,940	-0.1	15.7	Oil (Brent)	63.99	-0.2			
AUD	0.6715	+0.5	0.6689	0.6717	SEK	9.206	-0.2	Dow	49,359	-0.2	13.5	Oil (WTI)	59.57	+0.2			
EUR	1.1644	+0.4	1.1611	1.1647	NOK	10.062	-0.3	Nasdaq	23,515	-0.1	19.8	Gold	4678.9	+1.8			
GBP	1.3428	+0.4	1.3384	1.3435	HKD	7.797	-0.0	Stoxx 50	5,926	-1.7	15.1	HRC steel	943.0	+0.4			
JPY	158.04	-0.0	157.75	158.17	CNY	6.964	-0.1	FTSE	10,195	-0.4	19.9	CRB	302.1	+0.1			
CAD	1.3868	-0.3			SGD	1.285	-0.3	DAX	24,959	-1.3	19.4	Wheat Chic.	528.8	+1.4			
NZD/AUD	0.8630	+0.3			IDR	16,955	+0.4	CAC 40	8,112	-1.8	5.2	Sugar	14.96	+2.7			
NZD/EUR	0.4977	+0.4			THB	31.23	-0.7	Nikkei	53,584	-0.7	37.7	Cotton	64.66	-0.1			
NZD/GBP	0.4316	+0.4			KRW	1,473	-0.0	Shanghai	4,114	+0.3	26.9	Coffee	355.3	-0.8			
NZD/JPY	91.58	+0.7			TWD	31.57	+0.0	ASX 200	8,875	-0.3	6.3	WM powder	3385	+2.1			
NZD/CAD	0.8037	+0.4			PHP	59.46	+0.2	NZX 50	13,580	-1.0	3.8	Australian Futures					
NZ TWI	66.69	+0.5						VIX Index	18.84	+18.8	+19.2	3 year bond	95.84	-0.04			
Interest Rates															10 year bond	95.20	-0.02
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	3.42	3.86	USD	4.22	0.00	15-Apr-27	2.75	0.03	BKBM 1-mth	2.40	0.00				
AUD	3.60	3.73	4.04	4.80	AUD	4.74	0.03	15-May-28	3.17	0.05	BKBM 3-mth	2.50	0.00				
NZD	2.25	2.50	3.01	4.13	NZD	4.39	0.05	20-Apr-29	3.43	0.05	1 year	2.67	0.04				
EUR	2.00	2.03	2.25	2.87	GER	2.84	0.00	15-May-30	3.67	0.05	2 year	3.01	0.06				
GBP	3.75	4.03	3.48	4.00	GBP	4.42	0.02	15-May-31	3.90	0.06	3 year	3.26	0.07				
JPY	0.74	-0.03	1.20	2.05	JPY	2.27	0.08	15-May-32	4.05	0.06	5 year	3.61	0.07				
CAD	2.25	4.97	2.45	3.15	CAD	3.39	0.02	14-Apr-33	4.17	0.05	7 year	3.86	0.06				
Carbon Price						Policy Meeting Run			15-May-35			15 year					
	Level	% Day	% Year			NZD	AUD	USD	15-May-36			NZ Inflation-Indexed Bonds					
NZU	34.55	+2.8	-45.9		1st	2.25	3.68	3.64	15-May-37			Sept-30	1.65	0.01			
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer						2nd	2.25	3.70	3.59	15-May-41			Sept-35	2.46	0.00		
Rates are as of: NZT 06:50						3rd	2.27	3.81	3.54	15-May-51			Sept-40	2.87	0.00		
Source: Bloomberg						4th	2.32	3.84	3.44	15-May-54							
						5th	2.41	3.91	3.38								

NZD exchange rates

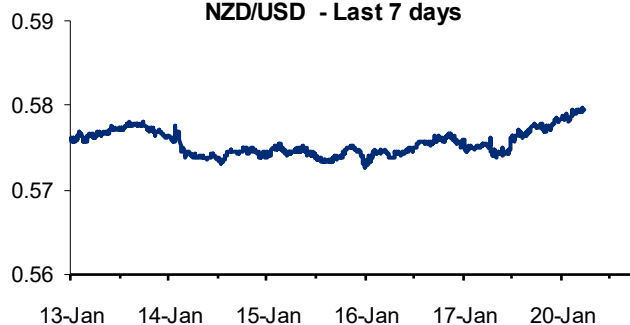
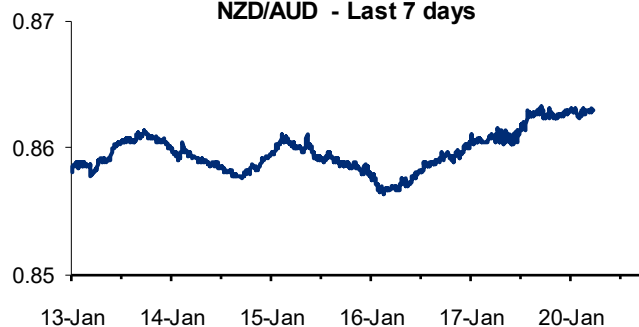
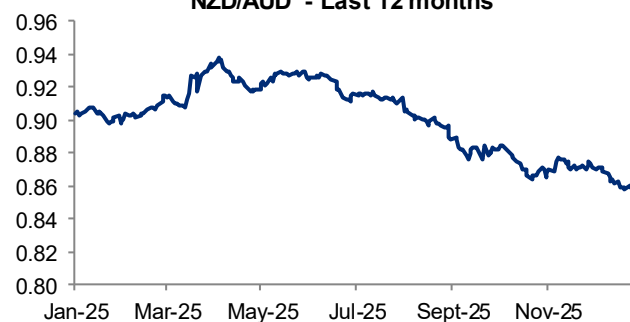
20/01/2026	6:51 am	Prev. NY close
USD	0.5795	0.5752
GBP	0.4316	0.4299
AUD	0.8630	0.8607
EUR	0.4977	0.4959
JPY	91.58	90.95
CAD	0.8037	0.8003
CHF	0.4620	0.4619
DKK	3.7182	3.7051
FJD	1.3176	1.3067
HKD	4.5183	4.4848
INR	52.69	52.27
NOK	5.8306	5.8058
PKR	162.22	161.03
PHP	34.45	34.14
PGK	2.4712	2.4529
SEK	5.3376	5.3069
SGD	0.7445	0.7414
CNY	4.0353	4.0093
THB	18.11	18.06
TOP	1.3693	1.3512
VUV	70.62	69.70
WST	1.5922	1.5993
XPF	59.37	59.05
ZAR	9.4879	9.4361

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.24	7.46
3 Months	19.60	20.09
6 Months	37.04	38.05
9 Months	50.18	52.17
1 Year	58.48	61.31

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	10.32	10.88
3 Months	29.10	30.42
6 Months	60.59	63.33
9 Months	92.03	96.91
1 Year	120.82	128.00

NZD/USD - Last 7 days**NZD/AUD - Last 7 days****NZD/USD - Last 12 months****NZD/AUD - Last 12 months**

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