

Research Markets Today

23 February 2026

Events round-up

NZ: Trade Balance YTD (bn), Jan: -2.3 vs. -2.2 prev.
 JN: Natl CPI (y/y%), Jan: 1.5 vs. 1.6 exp.
 JN: Natl CPI Ex Food, Energy (y/y%), Jan: 2.6 vs. 2.7 exp.
 UK: Retail Sales Ex Auto Fuel (m/m%), Jan: 2.0 vs. 0.3 exp.
 GE: Germany Services PMI, Feb P: 53.4 vs. 52.4 exp.
 GE: Germany Manufacturing PMI, Feb P: 50.7 vs. 49.5 exp.
 EC: Eurozone Manufacturing PMI, Feb P: 50.8 vs. 50 exp.
 EC: Eurozone Services PMI, Feb P: 51.8 vs. 51.9 exp.
 UK: Services PMI, Feb P: 53.9 vs. 53.5 exp.
 UK: Manufacturing PMI, Feb P: 52.0 vs. 51.5 exp.
 US: Personal Income, Dec: 0.3 vs. 0.3 exp.
 US: Real Personal Spending, Dec: 0.1 vs. 0.1 exp.
 US: Core PCE Price Index (m/m%), Dec: 0.4 vs. 0.3 exp.
 US: Core PCE Price Index (y/y%), Dec: 3.0 vs. 2.9 exp.
 US: GDP Annualized (q/q%), 4Q A: 1.4 vs. 3 exp.
 US: US Manufacturing PMI, Feb P: 51.2 vs. 52.3 exp.
 US: US Services PMI, Feb P: 52.3 vs. 53 exp.
 US: New Home Sales (m/m%), Dec: 15.5 vs. 0 exp.

Good morning

The US Supreme Court has found President Trump exceeded his powers by imposing tariffs without clear Congressional authorization. The news contributed to a 0.7% gain for the S&P on the prospect of relief from tariffs. Treasury yields edged higher and the US dollar lost ground. The recent advance in oil prices stalled near a six-month high after The Wall Street Journal reported Trump is weighing a targeted strike on military or government sites in Iran to pressure Tehran into a deal, rather than a full-scale attack. The Euro Stoxx closed at a record high. European stocks are headed for the largest ever monthly inflow in February.

The ruling that President Trump's tariffs, imposed using the International Emergency Economic Powers Act (IEEPA) were illegal, could more than halve the US average effective tariff rate. The decision has prompted the White House use alternative legal avenues to reinstate the levies, though these may face procedural limits and prove less expansive. The president signed a proclamation putting a

temporary 10% levy on imports under section 122 of the Trade Act of 1974, which allows the president to set import restrictions for up to 150 days. This rate was subsequently increased to 15% but additional details are not clear. The IEEPA ruling left unresolved the issue of refunds, with lower courts to determine whether companies are entitled to recover tariff payments that could total up to US\$170bn if fully permitted.

The US economy slowed more than expected toward the end of last year, with GDP rising at a 1.4% annualised pace in Q4, weighed down by the record-long government shutdown. Government spending fell by 5.1% and reduced headline growth by nearly 1%. Despite the slowdown, underlying demand held up, as consumer spending remained resilient and investment in AI-related data centres continued to set records. Inflation was slightly firmer than expected, with core PCE running at 2.9%.

US treasury yields increased with market digesting the uncertain fiscal implications of the Supreme Court ruling on tariffs. 10-year notes closed 2bp higher at 4.08% with a marginal curve steepening bias. European data was generally stronger than expected but had limited impact on rates markets. Eurozone manufacturing and service sector PMIs beat consensus estimates. The UK PMIs also beat expectations and retail sales were strong in January. Gilt and bund yields closed marginally lower.

The US dollar weakened initially in response to the tariff developments before recovering with euro and yen ending little changed. The Australasian currencies were the best performing G10 currencies overnight Friday, reflecting in part, a rebound from the weakness seen late in the local session. The NZD closed firmer against the euro and yen but weaker against the AUD. NZD/AUD traded to a fresh multi-year low, in an extension of the trend, which began in the middle of last year.

Japan's inflation cooled further in January. Underlying inflation excluding fresh food and energy declined to 2.6% and headline CPI slipped to 1.5%, dropping below the BOJ's 2% target for the first time since 2022. Temporary factors and food prices drove the slowdown. Government steps to reduce fuel costs through tax measures helped push overall energy prices 5.2% lower in January. The market is pricing ~17bp of tightening by the Bank of Japan's April meeting and wasn't impacted by the data.

NZ fixed income extended the post-MPS rally in the local session on Friday. Swap rates closed 4-5bp lower across the curve. 2-year rates are back at the 2026 lows near 2.90% and 5-year rate have fallen to the lowest level since early December. NZ rates moved lower in tandem with a rally in Australia. The government curve made a 5bp parallel shift lower with 10-year bonds closing the week at 4.35%.

Retail trade data for Q4 is released this morning and is expected to show a modest gain. This is the first major partial that will feed into Q4 GDP calculations. The

consensus expects the German IFO to be little changed this month. US Federal Reserve Governor Waller is speaking at the NABE Economic Policy Conference.

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Coming up

		Period	Cons.	Prev.	NZT
NZ	Retail Sales Ex Inflation (q/q%)	4Q	0.6	1.9	10:45
GE	IFO Expectations	Feb	90	89.5	22:00
US	Fed's Waller Speaks on Economic Outlook				02:00

Source: Bloomberg

NZD exchange rates

21/02/2026	NY close	Prev. NY close
USD	0.5976	0.5973
GBP	0.4433	0.4436
AUD	0.8437	0.8465
EUR	0.5072	0.5073
JPY	92.67	92.59
CAD	0.8176	0.8171
CHF	0.4635	0.4629
DKK	3.7889	3.7906
FJD	1.3134	1.3200
HKD	4.6700	4.6675
INR	54.37	54.16
NOK	5.6941	5.7103
PKR	167.07	167.02
PHP	34.75	34.64
PGK	2.5659	2.5613
SEK	5.4125	5.4157
SGD	0.7573	0.7576
CNY	4.1264	4.1224
THB	18.64	18.62
TOP	1.3789	1.3917
VUV	70.99	70.80
WST	1.6026	1.5963
XPF	60.25	60.25
ZAR	9.5848	9.6429



NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.27	6.48
3 Months	20.03	20.52
6 Months	37.43	38.57
9 Months	50.53	52.54
1 Year	58.39	61.31

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	9.71	10.20
3 Months	33.42	34.40
6 Months	70.06	72.54
9 Months	108.52	112.53
1 Year	143.58	149.80

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