

Research

Markets Today

26 January 2026

Events Round-Up

NZ: CPI (q/q%), Q4: 0.6 vs. 0.5 exp.
NZ: CPI (y/y%), Q4: 3.1 vs. 3.0 exp.
JN: CPI (y/y%), Dec: 2.1 vs. 2.2 exp.
JN: CPI x fr. food, energy (y/y%), Dec: 2.9 vs. 2.8 exp.
JN: BOJ target rate (%), Jan: 0.75 vs. 0.75 exp.
UK: Retail sales ex auto fuel (m/m%), Dec: 0.3 vs. 0.0 exp.
GE: Services PMI, Jan: 53.3 vs. 52.5 exp.
GE: Manufacturing PMI, Jan: 48.7 vs. 47.8 exp.
EZ: Manufacturing PMI, Jan: 49.4 vs. 49.2 exp.
EZ: Services PMI, Jan: 51.9 vs. 52.6 exp.
UK: Services PMI, Jan: 54.3 vs. 51.7 exp.
UK: Manufacturing PMI, Jan: 51.6 vs. 50.6 exp.
US: Manufacturing PMI, Jan: 51.9 vs. 52.0 exp.
US: Services PMI, Jan: 52.5 vs. 52.9 exp.
US: UoM consumer sentiment, Jan: 56.4 vs. 54.0 exp.

Good Morning

Friday's price action was a case of not much to see in equities and bond markets, but notable moves in commodities and currencies. Precious metals rose to fresh record highs and oil prices jumped over 3%. The USD was broadly weaker again, supporting further NZD appreciation to 0.5950, while JPY was the strongest major after some official price checks in response to yen weakness post the BoJ meeting.

US equities were range-bound on Friday, with the S&P500 flat, capping off another modest weekly fall. The Euro Stoxx 600 fell 0.1%. Price action was also muted in bond markets, with the US 10-year rate maintaining a tight trading range and closing the session down 2bps to 4.225%, slightly lower from the NZ close. The net change for the week was close to zero. The MOVE Index – which measures the market implied volatility for US Treasuries – is trading at its lowest level in over four years.

Economic data didn't move the needle. US consumer sentiment measured by the University of Michigan survey improved in January to a five-month high of 56.4, albeit recovering from a historically low level. US PMIs were little changed in January. The euro area composite PMI was steady at 51.5 in January with upside for the

manufacturing sector offsetting some slippage for services. UK PMI data and retail sales data were stronger than expected, extending the run of better UK activity data of late.

Japan was a focus for the market on Friday. Japan CPI inflation continues to run above target, but the BoJ voted 8-1 to keep policy on hold, following the December rate hike. While inflation projections were revised up a touch and the dissent was for a hike, Governor Ueda didn't provide a clear signal on the timing of the next hike. He repeated previous comments that the Bank will raise the policy rate to adjust the degree of easy policy if the outlook for the economy and prices is realised, and he reaffirmed a commitment to intervene in bond markets should yields move at an exceptional rate.

This invited traders to sell the yen, driving USD/JPY to as high as 159.23 before some opportunistic "price checks" late in Asian trading and NY trading sessions resulted in a significant reversal, more so in the latter instance where traders reported the NY Fed asking banks about the yen, seen as a precursor to possible intervention. USD/JPY closed the week at 155.70, leaving the yen 1.8% stronger from the NZ close.

Broad USD weakness remained a theme during the overnight session. It is clear that the market has been concerned by Trump's antics regarding Greenland earlier in the week, giving reason for investors to revisit the risks of holding USD assets. The DXY index was down 0.8% for the day, taking its weekly decline to 1.8%, its worst weekly performance since May. The "dollar debasement" trade continues to percolate through the precious metals market, with gold prices approaching the USD5000 mark and silver breaking up through USD100.

The weaker USD was one factor in oil prices rising by over 3% on Friday, with supporting factors being a massive winter storm hitting the US and signals that the US was building a military presence in the Middle East, giving options to strike Iran. Trump said "we have a big flotilla going in that direction and we'll see what happens". Brent crude traded over USD66 per barrel, back towards its recent highs.

The broadly weaker USD supported further extension of the NZD rally this year, seeing it trade just above 0.5950, a fresh four-month high. Noted volatility in the yen saw NZD/JPY trade above 94 before closing much weaker

around 92.6. The stronger UK data resulted in a modest fall in NZD/GBP to 0.4360. NZD/EUR was flat around 0.5030. A rebound in NZD/AUD following NZ CPI data (see below) wasn't sustained, and it traded slightly weaker overnight to close around 0.8625.

NZ Q4 CPI inflation data were at the top end of market expectations, at 0.6% q/q and 3.1% y/y, and well above the RBNZ's November MPS estimate of 2.7%. Seasonally adjusted estimates showed relatively steady inflation over the past five quarters between 0.7%-0.9%, challenging any views that disinflationary forces were in play last year.

The combination of stronger inflation and a stronger economy than the RBNZ projected added to the case that the bank will likely need to tighten policy this year. Market reaction was contained to the extent that the market is largely on board with this view.

OIS pricing nudged up a little, with the market pricing in essentially two full rate hikes by the end of the year and a high chance that the first rate hike will be by September. A number of economists brought forward their rate hike projections into 2026, with BNZ Economics moving to September. The rates curve showed a flattening bias, with the 2-year swap rate closing up 3bps to 3.10% and the 10-

year rate up 1bp to 4.21%. NZGB rates were up 1-5bps across the curve.

The day ahead will be quiet, with Australia and Auckland on holiday and only second-tier economic data overnight. In weekend news, President Trump threatened Canada with 100% tariffs if the country proceeds with a trade deal with China. Market reaction should be contained to the extent that Trump now has a strong track record of backing down from tariff threats. And another partial US shutdown could be in prospect at the end of the month, with Democrat Senators vowing to block a massive spending bill this week if the current measure funding the Dept of Homeland Security is included, following another deadly shooting in Minneapolis.

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Coming Up

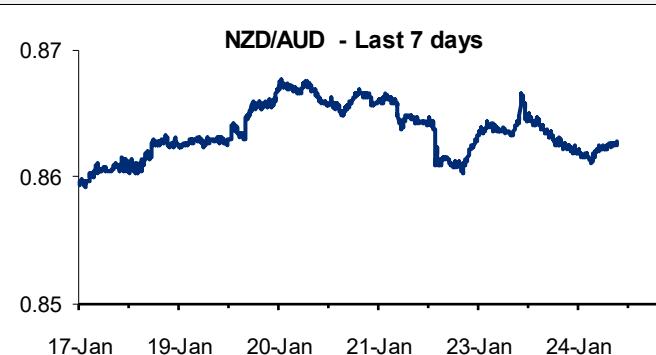
		Period	Cons.	Prev.	NZT
GE	IFO expectations	Jan	90.2	89.7	22:00
US	Durable goods orders (m/m%)	Nov	4.0	-2.2	02:30
US	Durables ex transport. (m/m%)	Nov	0.3	0.1	02:30

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	Last	Net Day	Last	Chg		
NZD	0.5949	+0.4	0.5892	0.5951	CHF	0.7799	-1.2	S&P 500	6,916	+0.0	13.0		
AUD	0.6897	+0.8	0.6834	0.6899	SEK	8.945	-0.7	Dow	49,099	-0.6	10.2		
EUR	1.1829	+0.6	1.1728	1.1834	NOK	9.769	-0.9	Nasdaq	23,501	+0.3	17.2		
GBP	1.3644	+1.1	1.3483	1.3646	HKD	7.797	+0.0	Stoxx 50	5,948	-0.1	14.0		
JPY	155.76	-1.7	155.63	159.23	CNY	6.963	-0.1	FTSE	10,143	-0.1	18.4		
CAD	1.3702	-0.6			SGD	1.273	-0.6	DAX	24,901	+0.2	16.3		
NZD/AUD	0.8625	-0.4			IDR	16,820	-0.4	CAC 40	8,143	-0.1	3.2		
NZD/EUR	0.5029	-0.2			THB	31.07	-0.2	Nikkei	53,847	+0.3	34.8		
NZD/GBP	0.4360	-0.7			KRW	1,463	-0.1	Shanghai	4,136	+0.3	28.0		
NZD/JPY	92.65	-1.6			TWD	31.58	-0.1	ASX 200	8,860	+0.1	5.4		
NZD/CAD	0.8150	-0.2			PHP	59.10	-0.1	NZX 50	13,448	-0.8	3.3		
NZ TWI	67.74	-0.1						VIX Index	16.09	+2.9	+7.1		
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	3.43	3.87	USD	4.23	-0.02	15-May-28	3.32	0.04	BKBM 1-mth	2.41	0.00
AUD	3.60	3.81	4.20	4.89	AUD	4.82	0.02	20-Apr-29	3.57	0.05	BKBM 3-mth	2.50	0.00
NZD	2.25	2.50	3.10	4.21	NZD	4.59	0.02	15-May-30	3.81	0.05	1 year	2.71	0.03
EUR	2.00	2.03	2.28	2.93	GER	2.91	0.02	15-May-31	4.03	0.04	2 year	3.10	0.03
GBP	3.75	4.01	3.55	4.12	GBP	4.51	0.04	15-May-32	4.18	0.03	3 year	3.37	0.03
JPY	0.73	-0.03	1.24	2.03	JPY	2.26	0.01	14-Apr-33	4.29	0.02	5 year	3.73	0.03
CAD	2.25	4.97	2.47	3.19	CAD	3.41	0.01	15-May-34	4.40	0.02	7 year	3.96	0.02
Carbon Price													
Level			% Day			Policy Meeting Run			NZ Inflation-Indexed Bonds				
NZU			% Day			NZD AUD USD			Sept-30				
33.50			+0.0			1st 2.25 3.76 3.64			1.70 0.00				
* These are indicative ranges from 5pm NZT;			2nd 2.26 3.80 3.60			2nd 2.26 3.80 3.60			Sept-35 2.51 0.01				
please confirm rates with your BNZ dealer			3rd 2.31 3.95 3.57			3rd 2.31 3.95 3.57			Sept-40 2.93 0.01				
Rates at NY close			4th 2.36 3.98 3.46			4th 2.36 3.98 3.46							
Source: Bloomberg			5th 2.48 4.09 3.38			5th 2.48 4.09 3.38							

NZD exchange rates

24/01/2026	NY close	Prev. NY close
USD	0.5949	0.5928
GBP	0.4360	0.4391
AUD	0.8625	0.8667
EUR	0.5029	0.5043
JPY	92.65	93.91
CAD	0.8150	0.8172
CHF	0.4644	0.4677
DKK	3.7559	3.7663
FJD	1.3394	1.3339
HKD	4.6366	4.6220
INR	54.69	54.32
NOK	5.8098	5.8432
PKR	166.43	165.90
PHP	35.14	35.07
PGK	#VALUE!	2.5279
SEK	5.3246	5.3392
SGD	0.7565	0.7594
CNY	4.1410	4.1316
THB	18.55	18.61
TOP	1.3843	1.3981
VUV	71.64	71.32
WST	1.6275	1.6254
XPF	60.46	60.45
ZAR	9.5887	9.5634

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

	BNZ buys NZD	BNZ sells NZD
1 Month	7.12	7.36
3 Months	20.25	20.75
6 Months	37.80	38.80
9 Months	50.45	52.45
1 Year	57.50	60.50

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	10.05	10.46
3 Months	30.65	31.87
6 Months	64.97	67.53
9 Months	98.51	103.00
1 Year	128.68	135.88

NZD/AUD - Last 12 months

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