

Research Markets Today

29 January 2026

Events Round-Up

NZ: Filled Jobs (m/m%), Dec: 0.0 vs. 0.5 prev.

AU: CPI (y/y%), Dec: 3.8 vs. 3.6 exp.

AU: CPI trimmed mean (q/q%), Q4: 0.9 vs. 0.9 exp.

AU: CPI trimmed mean (y/y%), Q4: 3.4 vs. 3.3 exp.

GE: GfK consumer confidence, Feb: -24.1 vs. -25.5 exp.

CA: Bank of Canada policy rate, Jan.: 2.25 vs. 2.25 exp.

Good Morning

Ahead of the Fed's policy update this morning, net market movements have been contained. An early rally in US equities faded and the US 10-year rate remain tightly range-bound. JPY and EUR are weaker overnight while the NZD has been steady in the low 0.60s.

Yesterday, President Trump got the attention of currency markets when he added to US dollar downside pressure after telling reporters he was not worried about the recent decline in the currency, saying "No, I think it's great". Overnight, Treasury Secretary Bessent has attempted to row back that comment, reaffirming that the US always has a strong dollar policy. He added that the US is "absolutely not" intervening in dollar-yen.

Trump's comments drove the USD DXY index down towards 95.55, its lowest level since early 2022 before the move faded. During that fall, major FX rates reached new milestones, including the NZD hitting a six-month high around 0.6050. The currency has spent most of the overnight session oscillating around 0.6030. Bessent's comment on the yen has seen USD/JPY recover 80pips to 153.60, now well up from yesterday's low of 152.10. NZD/JPY has recovered to 92.6.

The euro is also on the soft side of the ledger, with the stronger euro catching the eye of ECB officials. France's Villeroy de Galhau said "we are closely monitoring this appreciation of the euro and its possible consequences in terms of lower inflation...this is one of the factors that will guide our monetary policy and our decisions on interest rates over the coming months". This followed similar comments by the Austrian CB Governor. EUR is down about 150pips from yesterday's high to 1.1930 and NZD/EUR breached 0.5050 overnight.

The Bank of Canada held its policy rate unchanged at 2.25% for a second consecutive meeting, as expected. The statement conveyed little change to the outlook and a neutral policy bias, noting the outlook was vulnerable to unpredictable US trade policies and geopolitical risks. Market reaction was muted and the market essentially sees policy on hold through 2026.

Yesterday, Australian CPI inflation data were a touch higher than market expectations and the quarterly trimmed mean measure, which the RBA focuses on, rose 0.9% q/q and 3.4% y/y, suggesting core inflation continuing to run above target. Combined with the recent fall in the unemployment rate, many believed these data were enough to seal an RBA hike next month.

All four major bank economists are now picking a rate hike and OIS rates nudged higher to imply about a 75% chance of a 25bps hike. However, views are mixed as to whether there will just be a single "insurance hike" or further hikes will be required. This was reflected in 3 and 10-year rates actually falling after the release and the move has been extended overnight. Since the NZ close, the Australian 10-year bond future is down about 6bps in yield terms.

After spiking above 0.7020 following Trump's comments yesterday, the AUD has settled below 0.70. NZD/AUD dipped below 0.86 after the inflation report and has recovered back to 0.8625.

The bias for NZ rates yesterday was higher, interrupted briefly when lower Australian rates spilled over, before that effect faded into the close. Swap rates rose to fresh highs for the year, with the 2-year and 10-year rates both rising 3bps to 3.15% and 4.24% respectively. NZGB yields showed a similar move, rising 2-4bps across the curve.

At 8am NZ time the US Fed will release its latest monetary policy announcement, where all 91 economists in the Bloomberg survey expect no change following three successive rate cuts. Policy is expected to be on hold over coming meetings and this should be reflected in Chair Powell's comments. The meeting ought to pass with muted market reaction. Ahead of the meeting, US Treasury yields have traded a tight range and the 10-year rate is currently 4.25%, up a couple of basis points from the NZ close.

US equities opened stronger and the S&P500 traded above 7000 for the first time before falling back. In early

afternoon trading the index is little changed. Amazon announced an additional 16,000 corporate employee layoffs, following 14,000 cuts in October, totalling 30,000 or 10% of its corporate workforce.

Gold continues its strong run with the spot price breaching the USD5300 mark. Oil prices have traded at a fresh four month high, with Brent crude up as high as USD68.50 per barrel before falling back below USD68. Trump threatened military action against Iran, saying "...time is running out" to reach a deal and "...the next attack will be far worse!"

There are only second tier data releases today. NZ's annual trade deficit should continue to narrow while it's hard to see much more upside in confidence from the ANZ business survey, from prevailing historically optimistic levels. In the US, jobless claims and trade data are released.

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Coming Up

		Period	Cons.	Prev.	NZT
US	Fed Funds rate (upper bd %)	Jan	3.75	3.75	08:00
NZ	Trade balance (ann \$b)	Dec		-2.1	10:45
NZ	ANZ activity outlook (net%)	Jan		60.9	13:00
EC	Economic confidence	Jan	97.1	96.7	23:00
US	Initial jobless claims (k)	24-Jan	205	200	02:30
US	Trade balance (\$b)	Nov	-44.1	-29.4	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	% Year		Last	Net Day
NZD	0.6026	-0.3	0.6016	0.6045	CHF	0.7702	+1.2	S&P 500	6,970	-0.1	14.9	Oil (Brent)	67.78	+0.3
AUD	0.6989	-0.3	0.6977	0.7020	SEK	8.880	+1.2	Dow	48,985	-0.0	9.2	Oil (WTI)	62.68	+0.5
EUR	1.1930	-0.9	1.1919	1.2026	NOK	9.646	+0.7	Nasdaq	23,805	-0.0	20.6	Gold	5296.3	+4.2
GBP	1.3775	-0.5	1.3750	1.3831	HKD	7.802	+0.0	Stoxx 50	5,933	-1.0	14.2	HRC steel	972.0	+0.7
JPY	153.63	+0.9	152.28	153.79	CNY	6.950	-0.1	FTSE	10,154	-0.5	19.0	CRB	317.6	+0.8
CAD	1.3584	+0.1			SGD	1.264	+0.2	DAX	24,823	-0.3	15.8	Wheat Chic.	546.0	+2.4
NZD/AUD	0.8622	-0.0			IDR	16,722	-0.3	CAC 40	8,067	-1.1	2.1	Sugar	14.68	-1.0
NZD/EUR	0.5051	+0.6			THB	31.12	+0.6	Nikkei	53,359	+0.0	35.4	Cotton	64.00	+0.3
NZD/GBP	0.4375	+0.2			KRW	1,436	-0.1	Shanghai	4,151	+0.3	27.7	Coffee	350.9	-4.5
NZD/JPY	92.58	+0.6			TWD	31.28	-0.6	ASX 200	8,934	-0.1	5.8	WM powder	3505	-0.3
NZD/CAD	0.8186	-0.3			PHP	58.75	-0.6	NZX 50	13,413	-0.7	3.2	Australian Futures		
NZ TWI	68.27	-0.1						VIX Index	17.09	+4.5	+4.1	3 year bond	95.72	0.05
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	3.42	3.89	USD	4.26	0.01	15-May-28	3.35	0.03	BKBM 1-mth	2.41	0.00	
AUD	3.60	3.81	4.15	4.84	AUD	4.81	-0.03	20-Apr-29	3.61	0.03	BKBM 3-mth	2.50	0.00	
NZD	2.25	2.50	3.15	4.24	NZD	4.63	0.04	15-May-30	3.86	0.03	1 year	2.73	0.02	
EUR	2.00	2.04	2.23	2.88	GER	2.86	-0.02	15-May-31	4.08	0.03	2 year	3.15	0.03	
GBP	3.75	4.00	3.57	4.15	GBP	4.54	0.02	15-May-32	4.23	0.04	3 year	3.42	0.03	
JPY	0.73	-0.03	1.26	2.03	JPY	2.24	-0.05	14-Apr-33	4.34	0.04	5 year	3.76	0.02	
CAD	2.25	4.97	2.45	3.19	CAD	3.42	0.01	15-May-34	4.45	0.04	7 year	4.00	0.03	
Carbon Price								Policy Meeting Run			NZ Inflation-Indexed Bonds			
	Level	% Day	% Year		NZD	AUD	USD							
NZU	34.15	-1.2	-46.6	1st	2.26	3.79	3.64	15-May-35	4.55	0.04	Sept-30	1.73	0.03	
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer								2nd	2.27	3.82	3.61	15-May-51	5.24	0.02
Rates are as of: NZT 06:40								3rd	2.33	3.95	3.57	15-May-54	5.25	0.02
Source: Bloomberg								4th	2.40	3.98	3.45			
								5th	2.52	4.07	3.38			

* These are indicative ranges from 5pm NZT;

please confirm rates with your BNZ dealer

Rates are as of: NZT 06:40

Source: Bloomberg

NZD exchange rates

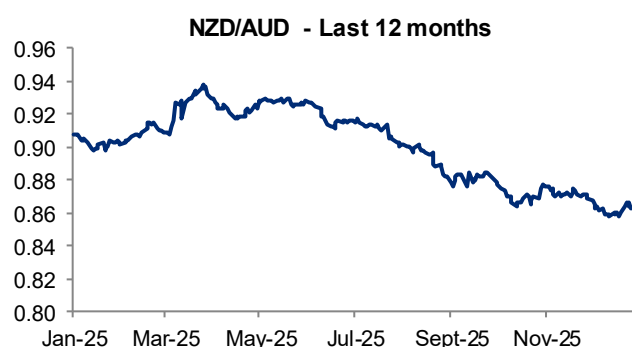
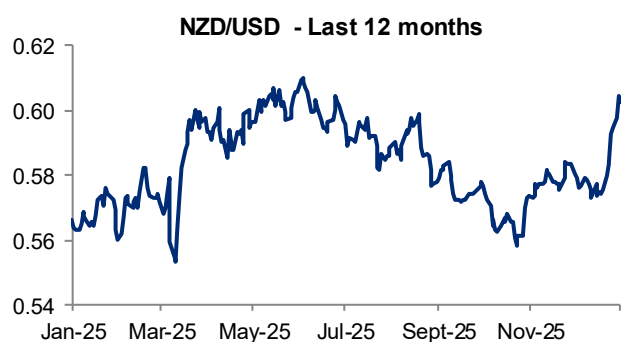
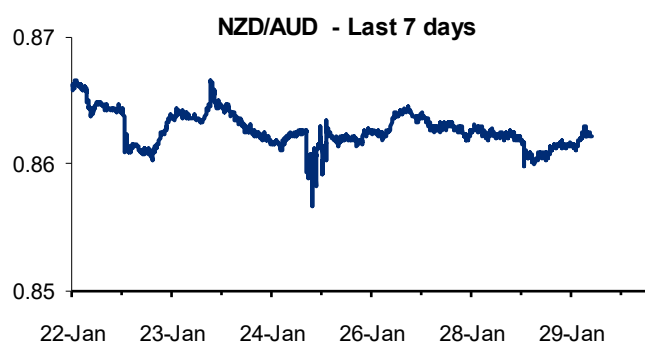
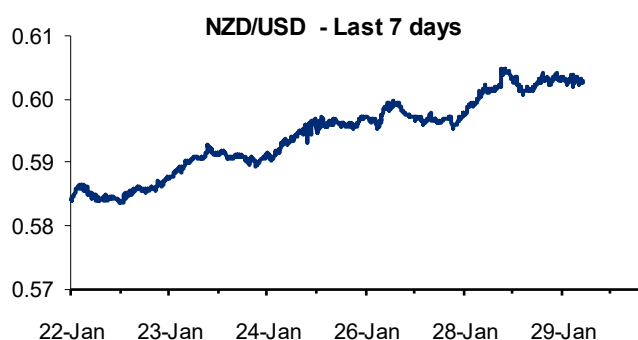
29/01/2026 6:41 am		Prev. NY close
USD	0.6026	0.6046
GBP	0.4375	0.4366
AUD	0.8622	0.8624
EUR	0.5051	0.5021
JPY	92.58	92.03
CAD	0.8186	0.8208
CHF	0.4644	0.4602
DKK	3.7718	3.7497
FJD	1.3396	1.3439
HKD	4.7016	4.7155
INR	55.32	55.46
NOK	5.8098	5.7907
PKR	168.67	169.20
PHP	35.41	35.72
PGK	2.5734	2.5827
SEK	5.3452	5.3038
SGD	0.7622	0.7626
CNY	4.1879	4.2048
THB	18.72	18.77
TOP	1.4102	1.4133
VUV	72.11	72.44
WST	1.6363	1.6409
XPF	61.00	60.92
ZAR	9.5976	9.5905

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	6.35	6.61
3 Months	20.05	20.55
6 Months	37.74	38.74
9 Months	49.80	51.80
1 Year	55.96	59.04

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	9.33	9.83
3 Months	31.13	32.27
6 Months	65.72	68.14
9 Months	98.32	103.03
1 Year	127.07	133.95



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