

Markets Outlook

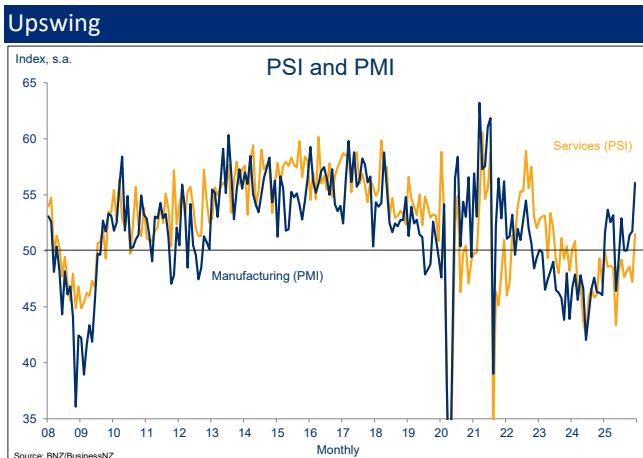
20 January 2026

Optimism to kick off the New Year

- PMI, PSI and QSBO jump higher
- Suggest upside risk to near-term GDP forecasts
- Q4 CPI seen at 2.9% y/y
- Supports RBNZ's November pivot
- Migration, tourism and ECT data due

Following the hiatus over the holiday season, resumed data flow over the last week suggests that New Zealand ended 2025 on a more optimistic note. We have not been surprised at the extent of the moves, but that they are occurring a little faster than we had anticipated.

The December PSI released this morning showed a sharp lift to 51.5, its first reading above the breakeven 50 mark since mid-2023. The PSI is not strong, but the direction of travel is positive. Combined with the jump in the December PMI to 56.1, it is encouraging to see more timely indicators showing a recovery. Looking under the hood, the new orders component was the highest sub-index for both the PMI and PSI, suggesting some improvement in underlying demand.



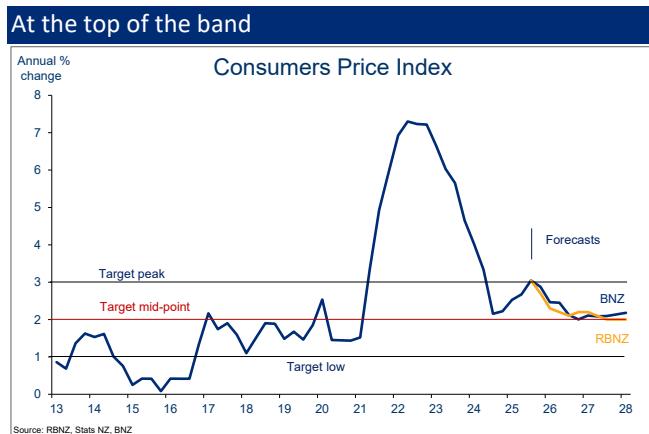
Last week's Quarterly Survey of Business Opinion (QSBO) was also notably positive. Combining the messages of the QSBO, PMI and PSI reports, we see clear upside risk to our near-term growth projections. We were genuinely surprised by the strength shown in the QSBO. Not only did indicators of expected activity pick up, but the important investment and employment indicators also showed signs of strength.

From an RBNZ perspective, the most disconcerting aspect will be that a net 25% of businesses intend to raise selling prices. This is a solid jump from the 7% who thought likewise a quarter ago. Moreover, the level is consistent with annual inflation moving well into the top half of the RBNZ's target band.

On balance, this is a clear argument for the market to be pondering the timing of rate hikes, and a nail in the coffin for any further cuts. Nonetheless, the RBNZ should not be pressing the panic button but rather feeling comfortable that its November pivot from dovish to neutral was a shift in the right direction.

The RBNZ's Kiwi-GDP nowcasts unsurprisingly jumped on the back of recent survey (QSBO, PMI) strength. RBNZ's nowcast for Q4 lifted to 0.9% (from 0.6%). For Q1, the Bank's nowcast was even stronger, lifting to 1.4%. No one is forecasting anything like this sort of growth. Our forecasts for Q4 and Q1 growth currently sit at 0.5% and 0.7% q/q.

Turning to the week ahead, the main data focus will be Friday's Q4 CPI where annual inflation is expected to print higher than the RBNZ's November forecast. We published a full preview on Friday and summarise the key points below. Our Q4 CPI inflation forecast is 0.4% q/q and 2.9% y/y. This would see annual inflation marginally lower than Q3's 3.0%, and just edge back inside the RBNZ's target band.



The balance of risk around our forecast is tilted more upwards than downwards. Our forecast is higher than the RBNZ's November MPS forecast of 0.2% q/q and 2.7% y/y.

In theory, inflation a couple of ticks higher than the RBNZ expected should not trouble the Bank too much. But combined with better looking growth indicators of late there is a question mark over the RBNZ's projection that annual inflation will fall quickly towards the mid-point of the 1-3% target range.

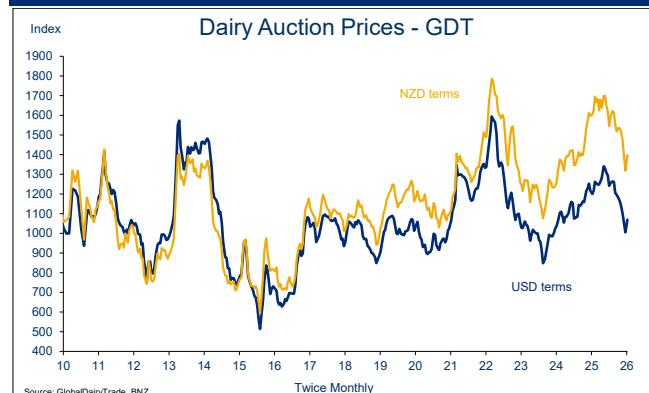
As for December quarter price movements, the cost of household energy (largely electricity prices) is expected to make another material positive contribution to quarterly inflation along with transport fuels, international airfares, and accommodation prices. The biggest offset is expected from lower food prices. An easing in CPI ex food and energy and non-tradeables may provide the RBNZ an element of comfort if headline inflation surprises on the high side.

A bunch of other monthly indicators are due Thursday:

- Net migration has long shown hints of turning higher, only for the upticks to be subsequently revised away. So, we will be more interested in any revisions than the initial estimate for the month of November.
- Short term visitor arrivals in November are expected to be well up on a year earlier, perhaps by around 8%, facilitated by more airline capacity. However, visitor numbers are expected to remain below pre-Covid levels.
- Electronic Card Transactions for December will give some steer to spending in the final run up to Christmas. Indicators and anecdotes have been generally underwhelming.
- The Crown Financial Statements for the 5-months to November will be the first to be lined up against the updated (larger deficit) baselines from December's HYEFU.

The latest GDT dairy auction is early Wednesday morning. The GDT Price Index bounced 6.3% at the early January auction, so it will be interesting to see whether or not price declines have at least stopped for the time being.

Far below May peak



December REINZ data are also likely to be published at some stage during the week. We recently pared back our forecast for annual house price inflation to 2% for calendar 2026, as the housing market remains in a broad state of balance. The usual caveat applies that the error bounds around any sort of house price forecast are wide.

It is also worth keeping an eye on developments offshore. Over the weekend, US President Trump threatened to impose 10% tariffs on European countries from February and 25% from June until they support his ambition to acquire Greenland. The new tariffs would represent an escalation in global tensions though it is not clear if they will be implemented.

matt_brunt@bnz.co.nz

Global Watch

- US core PCE seen at 0.2% m/m
- BoJ to remain on hold
- Australia and UK labour market data due
- Global PMIs to show latest activity pulse

In Australia, December employment data is Thursday in an otherwise quiet week. Our colleagues at NAB expect the unemployment rate to hold at 4.3% and +40k employment, anticipating some payback from recent soft outcomes. There is nothing scheduled from the RBA.

In the US, the data calendar features November Personal Income and Spending data, including the Fed's preferred core PCE inflation gauge. The third estimate of Q3 GDP is Thursday, final UMich consumer sentiment is Friday. Beyond the data, the US Supreme Court will hear oral arguments in the Lisa Cook case on Wednesday, and the watching brief for a possible IEEFA tariff ruling remains.

Globally, the annual World Economic Forum in Davos will generate no shortage of headlines as Trump leads the largest ever US delegation. ECB's Lagarde speaks Wednesday, although FOMC officials are in pre-meeting blackout period. Preliminary S&P Global PMIs for January are Friday. Interest will be in whether Eurozone services, which fell back in December, can resume what had been a clear uptrend.

In the UK, labour market data on Tuesday will be watched for whether the downtrend in earnings growth and uptrend in unemployment remains. CPI follows on Wednesday. It could tick higher on tobacco excise and airfares in December data, but easing through early 2026 should keep the BoE on track to ease another 50bp by year-end.

In China, LPR rates (Tuesday) are seen steady, but a RRR or seven-day reverse repo cut could be on its way in coming weeks.

In Japan, the Bank of Japan is universally expected to be on hold on Friday, after a hike last month. New forecasts will be in focus to sharpen anticipated timing of the next move. Politics is in focus, with PM Takaichi officially calling an early election for 8 February. A new tie-up among opposition parties could complicate the bid to win a greater public mandate.

Key Event Previews

Thursday

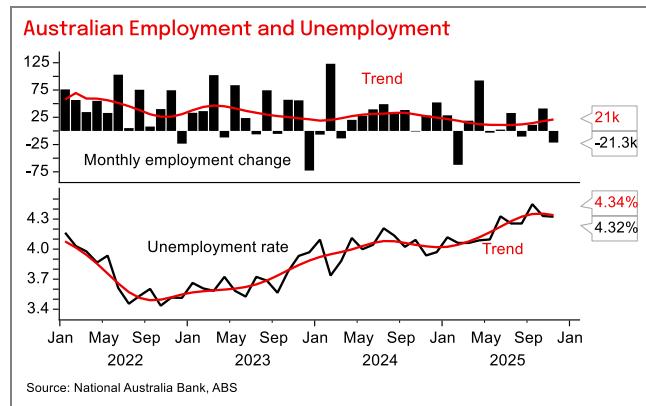
AU Unemployment (December)

NAB expect the unemployment rate to hold steady at 4.3% on Thursday and for 40k employment growth, reflecting a bit of payback from surprising softness in recent

employment growth. The prospect of a rebound in participation leaves the risk skewed higher on the unemployment rate.

Rotation groups, however, point to a healthy employment print in December, with the outgoing eighth of the sample having a 0.4ppt higher unemployment rate and 1.2ppt lower employment rate than the full sample.

The RBA saw unemployment flat at 4.4% in the Nov SoMP.

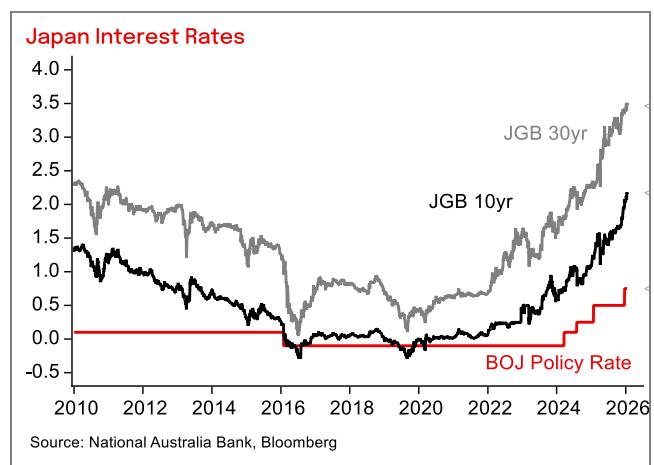


Friday

JN Monetary Policy Decision (Dec)

The Bank of Japan meets Friday. After a hike at the December meeting, a hold is widely expected by markets. Focus instead is on updated forecasts. The last forecasts showed year ahead CPI ex energy falling to 2.0% and remaining there.

Governor Ueda as recently as last week continued to indicate that the BoJ "will keep raising rates and adjust the degree of monetary easing in line with the improvement in the economy and inflation if our outlook materializes."



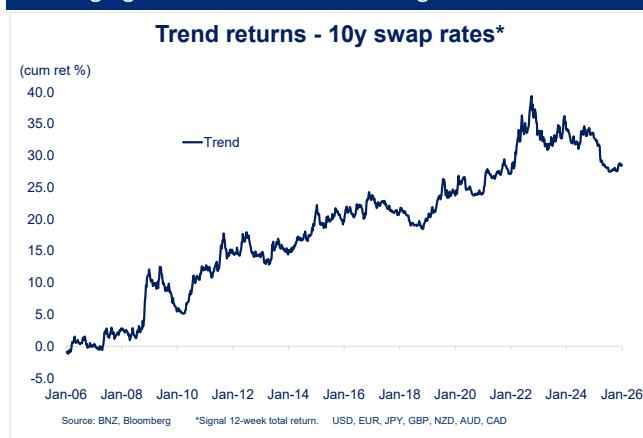
matt_brunt@bnz.co.nz

Fixed Interest Market

The retracement in front end rates from the mid-December yield peak has lost momentum amid firm domestic activity data. The Quarterly Survey of Business Opinion provided further evidence that the economic recovery is gaining momentum and contributed to a pickup in the RBNZ's nowcast estimate of Q4 GDP to 0.9% q/q. The partial inflation data in December suggest Q4 CPI will print marginally above the central bank's projection from the November Monetary Policy Statement, and close to the topside of the target band.

However, we think the market has adequately discounted the recent data flow. There is more than 40bp of hikes priced for this year and close to 125bp of cumulative tightening priced by the end of 2027. We forecast the RBNZ will keep rates steady through this year, suggesting modest downside for short end rates, and the steep curve provides attractive carry dynamics. It appears the pay-side flow from bank balance sheets, related to the hedging of mortgage books, has eased from late last year.

Challenging returns for trend following in 10Y rates



10-year NZ rates have been confined to a narrow range over the past month, reflecting the lack of directional bias across global markets. For example, 10-year US treasuries have traded in the narrowest trading range in several years. This price action has contributed to the MOVE index of implied volatility for the treasury market falling to levels last seen towards in late 2021.

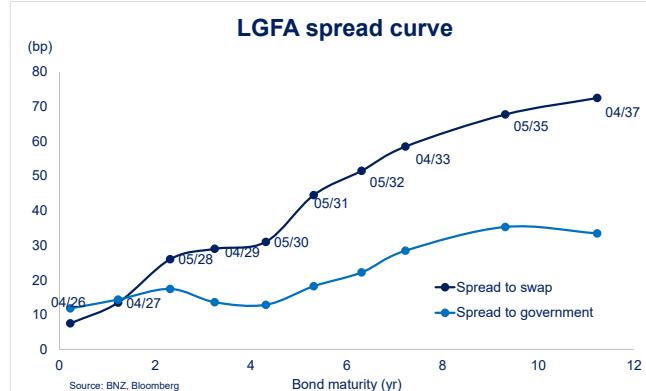
The fall in implied volatility is curious set against the elevated uncertainty about a broad range of issues. The divergent views within the FOMC suggest there is a wide range of potential outcomes for monetary policy. Elevated political pressure has increased concerns about the Federal Reserve's independence and there is uncertainty about who will lead the central bank when Chair Powell's term expires in May. And these factors are set against a backdrop of rising geopolitical tensions.

The lack of sustained directional moves in the 10-year curve segment for developed markets has negatively impacted the

Reuters: BNZL, BNZM Bloomberg: BNZ

performance of a rules-based trend following system. This strategy has had its largest drawdown in more than 20-years as indicated by the previous chart. An extension of the range-bound regime, and low implied volatility, is likely to contribute to ongoing demand for NZ fixed income. NZ government bonds continue to screen well within the global sovereign universe. The relatively steep curve is attractive in a world where capital returns are likely to be a relatively small component of total returns.

LGFA at tight spreads relative to the government curve



NZ Local Government Funding Agency (LGFA) released its December quarterly funding update last week. The forecast 2025/26 programme has been reduced by NZ\$300 million to NZ\$4.85 billion due to high levels of liquidity and lower than expected council borrowing. This implies a further NZ\$2.9 billion of issuance over the remainder of the fiscal year. Issuance will comprise of monthly bond tenders – the January tender takes place tomorrow – and LGFA expects to undertake syndications in both NZD and foreign currency. Spreads to the government curve are tight and offer limited potential for compression from current levels. Reduced NZD supply has contributed to the move as LGFA diversified its funding sources into foreign currencies.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.50	2.49 - 2.52
NZ 2yr swap (%)	3.03	2.89 - 3.03
NZ 5yr swap (%)	3.63	3.50 - 3.68
NZ 10yr swap (%)	4.14	4.02 - 4.22
2s10s swap curve (bps)	112	112 - 120
NZ 10yr swap-govt (bps)	-35	-40 - -26
NZ 10yr govt (%)	4.50	4.40 - 4.51
US 10yr govt (%)	4.22	4.10 - 4.23
NZ-US 10yr (bps)	27	23 - 35
NZ-AU 2yr swap (bps)	-101	-116 - -101
NZ-AU 10yr govt (bps)	-24	-44 - -24

*Indicative range over last 4 weeks

stuart_ritson@bnz.co.nz

Foreign Exchange Market

Over the past month or so, currency markets have remained well-contained. Since mid-December, NZD/USD has traded within a narrow range of 0.5710 to 0.5850 on rounded figures — less than a 1½ cent fluctuation. Currently, NZD 3-month volatility is the lowest it has been over the past five years. The bond market reflects similar suppressed volatility. So far this year, the NZD and AUD have been the strongest major currencies, albeit both up a modest 0.6%, against a backdrop where the USD has been modestly stronger against GBP, EUR, CAD and JPY. Thus, while NZD/AUD is flat, the NZD is higher so far for 2026 on all the other key crosses.

The NZD narrowly missed our end-2025 target of 0.59, peaking at 0.5853 on Christmas Eve. As 2026 begins, we do not see the need for significant changes to our currency projections, which have remained unchanged since mid-October. Except for a possible 1-cent adjustment here or there, only our JPY projections require more than a minor revision. In Japan, policy continues to favour currency debasement, supporting a stronger NZD/JPY cross rate for an extended period. In collaboration with our NAB colleagues, we plan to provide updated projections in a note next week.

Currently, our forecasts show the NZD reaching 0.60 by the end of this quarter and 0.63 by year-end. Based on recent price action, we'd put the first line of resistance around 0.5850/60. The 200-day moving average currently sits just below 0.5870. We see the first support level around 0.57.

2026 has commenced with President Trump actively raising geopolitical risks, particularly involving Venezuela, Colombia, Iran, Greenland, Mexico, and Cuba. The currency market has rightly avoided overreacting to these developments, and we remain focused on macroeconomic factors as the primary drivers of currency movements.

On that note, US economic data continue to indicate underlying resilience — including in the labour market — while inflation appears less threatening than anticipated. Following three consecutive Fed rate cuts, the central bank will likely maintain its current policy stance for at least the next few months. From a macro perspective, there are no immediate threats to the USD. Any case for a weaker USD hinges on Supreme Court decisions related to tariff legality and President Trump's authority to dismiss Fed Governor Cook, as well as concerns about the Fed's independence in conducting monetary policy.

Outside of economic data, Trump's eyes on Greenland and his tariff threats against Europe if they don't allow the US to take over the country is a hot topic and raises the chance a near-term lift in currency volatility.

Reuters pg BNZWFWDs Bloomberg pg BNZ9

Domestically, economic data show clear signs of recovery, and inflation figures released this week should confirm that inflation remains persistent. This supports the view that the RBNZ's easing cycle has ended, and the market is rightly focused on the timing of the first rate increase this year. Domestic factors were a significant negative influence on the NZD last year. Although negative short-term NZ-US rate spreads still present a headwind for NZD/USD, this risk is diminishing as we look further ahead.

While the NZD is expected to perform better in 2026 than in 2025, and we see more upside than downside potential from current levels, several factors must align before a sustained move above 0.60 can be anticipated. For NZD/AUD, we continue to see risks skewed to the downside.

In the coming week, domestic attention will focus on the Q4 CPI release, where inflation is likely to exceed the RBNZ's projection of 2.7% y/y. The key question will be how much higher, with a good chance that the result will match last quarter's 3.0% outcome. Globally, CPI data will be released for the UK and Japan, while the US will publish its PCE deflators. Additionally, Australian labour market figures and global PMIs are scheduled for release. The first central bank meeting of the year will be held by the BoJ, though another rate hike is highly unlikely following the increase just before Christmas.



Cross Rates and Recent Ranges

	Current	Last 3-weeks range*
NZD/USD	0.5793	0.5710 - 0.5840
NZD/AUD	0.8627	0.8550 - 0.8700
NZD/GBP	0.4314	0.4260 - 0.4330
NZD/EUR	0.4974	0.4890 - 0.4960
NZD/JPY	91.57	90.00 - 91.80

*Indicative range over last 3 weeks, rounded figures

jason.k.wong@bnz.co.nz

Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.5850/60 (ahead of 0.60)
 ST Support: 0.57 (ahead of 0.56)

The NZD has consolidated between about 0.5700-0.5850 over the past month or so and these should be considered near-term support/resistance levels.



NZD/AUD

Outlook: Downside risk
 ST Resistance: 0.87 (ahead of 0.8950)
 ST Support: 0.8550

Risk remains to the downside with the recent low just over 0.8550 the first line of support.

jason.k.wong@bnz.co.nz



NZ 5-year Swap Rate

Outlook: Neutral
 ST Resistance: 3.74
 ST Support: 2.92

5-year swap retraced back higher last week. Recent ranges remain wide with swap rates volatile. Should we see a consolidation we may look to tighten the ST range.

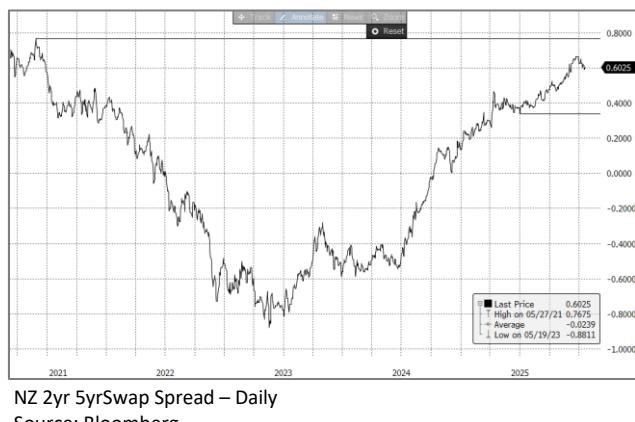


NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Higher
 ST Resistance: 0.76
 ST Support: 0.26

2s5s spread flattened slightly last week as it continued to move off recent highs.

matthew.herbert@bnz.co.nz



Quarterly Forecasts

Forecasts as at 20 January 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified

Forecasts

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-1.0	1.1	0.5	0.7	0.9	0.6	0.6	0.5	0.5	0.5
Retail trade (real s.a.)	0.7	1.9	0.4	1.0	0.9	0.8	0.7	0.7	0.7	0.7
Current account (ann, % GDP)	-3.7	-3.5	-3.3	-3.4	-3.5	-3.7	-3.7	-3.7	-3.7	-3.7
CPI (q/q)	0.5	1.0	0.4	0.5	0.5	0.7	0.3	0.6	0.5	0.7
Employment	-0.2	0.0	0.3	0.5	0.7	0.8	0.7	0.6	0.5	0.5
Unemployment rate %	5.2	5.3	5.3	5.3	5.1	4.9	4.8	4.7	4.7	4.7
Pr. avg hourly earnings (ann %)	4.6	4.1	3.4	4.1	3.2	3.2	3.4	3.3	3.2	3.2
Trading partner GDP (ann %)	3.3	3.2	2.5	2.7	2.7	2.8	3.0	2.9	2.8	2.8
CPI (y/y)	2.7	3.0	2.9	2.5	2.5	2.1	2.0	2.1	2.1	2.1
GDP (production s.a., y/y)	-1.1	1.3	1.7	1.3	3.2	2.8	2.8	2.7	2.3	2.2

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Cash	Government Stock			Swaps			US Rates			Spread
		90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR	US 10 yr	3 month	NZ-US
2025 Mar	3.92	3.84	3.99	4.58	3.47	3.71	4.15	4.30	4.45	0.13	
Jun	3.33	3.38	3.85	4.55	3.19	3.57	4.10	4.30	4.35	0.19	
Sep	3.08	3.09	3.67	4.42	2.99	3.40	3.95	4.20	4.25	0.17	
Dec	2.33	2.51	3.51	4.26	2.71	3.26	3.85	3.80	4.10	0.17	
Forecasts											
2026 Mar	2.25	2.40	3.65	4.55	2.80	3.40	4.15	3.60	4.25	0.30	
Jun	2.25	2.40	3.65	4.65	2.85	3.40	4.25	3.35	4.35	0.30	
Sep	2.25	2.40	3.85	4.80	3.20	3.60	4.40	3.10	4.50	0.30	
Dec	2.25	2.55	4.10	4.80	3.60	3.90	4.45	3.10	4.50	0.30	
2027 Mar	2.50	3.05	4.25	4.80	3.90	4.10	4.50	3.10	4.50	0.30	
Jun	3.00	3.50	4.30	4.80	4.00	4.20	4.55	3.10	4.50	0.30	
Sep	3.50	4.00	4.25	4.80	4.00	4.20	4.60	3.10	4.50	0.30	
Dec	4.00	4.15	4.25	4.80	4.00	4.25	4.65	3.10	4.50	0.30	

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.58	0.67	1.16	1.34	158
Mar-26	0.60	0.69	1.20	1.35	144
Jun-26	0.62	0.71	1.21	1.36	140
Sept-26	0.63	0.72	1.23	1.38	135
Dec-26	0.63	0.71	1.22	1.37	135
Mar-27	0.63	0.70	1.21	1.36	135
Jun-27	0.62	0.69	1.20	1.35	135
Sept-27	0.62	0.69	1.20	1.34	133
Dec-27	0.62	0.69	1.20	1.32	133

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.58	0.86	0.50	0.43	91.6	66.7
Mar-26	0.60	0.87	0.50	0.44	86.4	68.1
Jun-26	0.62	0.87	0.51	0.46	86.4	69.3
Sept-26	0.63	0.88	0.51	0.46	85.1	69.9
Dec-26	0.63	0.89	0.52	0.46	85.1	69.9
Mar-27	0.63	0.90	0.52	0.46	85.1	70.1
Jun-27	0.62	0.90	0.52	0.46	83.7	69.2
Sept-27	0.62	0.90	0.52	0.46	82.5	69.2
Dec-27	0.62	0.90	0.52	0.47	82.5	69.3

TWI Weights

16.2% 17.8% 9.2% 4.0% 4.7%

Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 20 January 2026	March Years				December Years				
	Actuals		Forecasts		Actuals		Forecasts		
	2024	2025	2026	2027	2023	2024	2025	2026	
GDP - annual average % change									
Private Consumption	1.1	0.0	1.7	2.3	1.1	-0.2	1.6	2.0	2.3
Government Consumption	1.1	-1.3	2.3	0.2	0.1	-0.9	1.9	0.7	-0.4
Total Investment	-1.1	-5.0	2.3	6.2	-0.3	-4.9	0.2	6.1	4.3
Stocks - ppts cont'n to growth	-1.4	0.4	0.2	0.4	-1.2	0.4	-0.2	0.6	0.0
GNE	-0.9	-1.1	2.2	3.2	-0.7	-1.1	1.1	3.4	2.3
Exports	8.6	3.4	2.9	4.9	11.5	4.7	2.7	4.9	3.8
Imports	-1.4	1.5	4.9	5.0	-0.7	1.7	3.4	5.5	3.4
Real Expenditure GDP	1.5	-0.7	1.3	3.1	2.1	-0.3	0.7	2.9	2.3
GDP (production)	1.8	-0.9	0.8	2.9	2.2	-0.3	0.3	2.5	2.3
GDP - annual % change (q/q)	1.6	-0.7	1.3	2.7	1.4	-1.6	1.7	2.8	2.2
Output Gap (ann avg, % dev)	1.2	-0.7	-1.3	-0.2	1.3	-0.2	-1.2	-0.4	0.1
Nominal Expenditure GDP - \$bn	417	431	449	472	413	427	445	466	489
Prices and Employment - annual % change									
CPI	4.0	2.5	2.5	2.1	4.7	2.2	2.9	2.0	2.1
Employment	0.9	-0.9	0.6	2.8	2.7	-1.2	-0.1	2.7	2.0
Unemployment Rate %	4.4	5.1	5.3	4.7	4.0	5.1	5.3	4.8	4.7
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	4.1	3.3	6.6	4.0	3.4	3.4	3.2
Productivity (ann av %)	-0.6	0.1	1.2	0.5	-0.8	0.1	1.2	0.7	-0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.2	2.7	7.1	4.7	2.6	2.4	3.3
House Prices (stratified, mth)	2.8	-0.6	-0.7	2.9	0.6	-0.8	-0.4	2.1	3.9
External Balance									
Current Account - \$bn	-23.8	-18.3	-15.3	-17.7	-25.8	-20.0	-14.8	-17.4	-17.2
Current Account - % of GDP	-5.7	-4.2	-3.4	-3.7	-6.3	-4.7	-3.3	-3.7	-3.5
Government Accounts - June Yr, % of GDP									
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-2.1	-2.1	-3.0	-2.2					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.8	41.8	43.3	46.0					
Bond Programme - \$bn (Treasury forecasts)	39.3	42.6	35.0	34.0					
Bond Programme - % of GDP	9.4	9.9	7.8	7.2					
Financial Variables ⁽¹⁾									
NZD/USD	0.61	0.57	0.60	0.63	0.62	0.57	0.58	0.63	0.62
USD/JPY	150	149	144	135	144	154	156	135	133
EUR/USD	1.09	1.08	1.20	1.21	1.09	1.05	1.17	1.22	1.20
NZD/AUD	0.93	0.91	0.87	0.90	0.93	0.91	0.87	0.89	0.90
NZD/GBP	0.48	0.44	0.44	0.46	0.49	0.45	0.43	0.46	0.47
NZD/EUR	0.56	0.53	0.50	0.52	0.57	0.55	0.49	0.52	0.52
NZD/YEN	91.1	85.4	86.4	85.1	89.5	88.4	90.3	85.1	82.5
TWI	71.2	67.9	68.1	70.1	72.0	68.5	66.8	69.9	69.3
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	2.50	5.50	4.25	2.25	2.25	4.00
90-day Bank Bill Rate	5.64	3.60	2.40	3.05	5.63	4.26	2.49	2.55	4.15
5-year Govt Bond	4.60	4.00	3.65	4.25	4.50	3.90	3.80	4.10	4.25
10-year Govt Bond	4.60	4.50	4.55	4.80	4.65	4.45	4.45	4.80	4.80
2-year Swap	4.91	3.35	2.80	3.90	4.93	3.53	2.98	3.60	4.00
5-year Swap	4.40	3.65	3.40	4.10	4.43	3.63	3.61	3.90	4.25
US 10-year Bonds	4.20	4.25	4.25	4.50	4.00	4.40	4.15	4.50	4.50
NZ-US 10-year Spread	0.40	0.25	0.30	0.30	0.65	0.05	0.30	0.30	0.30

⁽¹⁾ Average for the last month in the quarter

Source: Statistics NZ, BNZ, RBNZ, NZ Treasury

Key Upcoming Events

All times and dates NZT

	Median	Fcast	Last	Median	Fcast	Last	
Tuesday 20 January				Friday (continued)			
CH 1-Year Loan Prime Rate 20-Jan	3.00%	3.00%		US Real Personal Spending Nov	0.30%		
CH 5-Year Loan Prime Rate 20-Jan	3.50%	3.50%		US PCE Price Index MoM Nov	0.20%		
UK Private Earnings ex Bonus 3M/YoY Nov	3.70%	3.90%		US PCE Price Index YoY Nov	2.80%		
UK ILO Unemployment Rate 3Mths Nov	5.10%	5.10%		US Core PCE Price Index MoM Nov	0.20%		
UK Payrolled Employees Monthly Change Dec	-20k	-38k		US Core PCE Price Index YoY Nov	2.80%		
GE ZEW Survey Expectations Jan	50.0	45.8		EC Consumer Confidence Jan P	-13.0	-13.1	
Wednesday 21 January				NZ CPI QoQ 4Q	0.40%	0.40%	1.00%
US ADP Weekly Employment Change 27-Dec	11.750k			NZ CPI YoY 4Q	2.90%	2.90%	3.00%
US Philadelphia Fed Non-Manufacturing Activity Jan	-21.6			NZ CPI Tradeable QoQ 4Q	0.40%	0.20%	0.80%
NZ GDT Dairy Auction	6.30%			NZ CPI Non Tradeable QoQ 4Q	0.50%	0.50%	1.10%
EC ECB's Lagarde, Villeroy & Nagel speak				AU S&P Global Australia PMI Mfg Jan P			51.6
UK CPI YoY Dec	3.30%	3.20%		AU S&P Global Australia PMI Services Jan P			51.1
UK CPI Services YoY Dec	4.60%	4.40%		JN Natl CPI YoY Dec	2.10%	2.90%	
Thursday 22 January				UK GfK Consumer Confidence Jan	-16	-17	
US Construction Spending MoM Oct	0.10%			UK Retail Sales Inc Auto Fuel MoM Dec	0.0%	-0.1%	
US Pending Home Sales MoM Dec	-0.50%	3.30%		EC HCOB Eurozone Manufacturing PMI Jan P	49.2	48.8	
EC ECB's Lagarde & Nagel speak				EC HCOB Eurozone Services PMI Jan P	52.6	52.4	
NZ NZ Government 5-Month Financial Statements				UK BOE's Megan Greene speaks			
NZ Card Spending Total MoM Dec				UK S&P Global UK Services PMI Jan P	51.7	51.4	
NZ Net Migration SA Nov			2400	UK S&P Global UK Manufacturing PMI Jan P	50.6	50.6	
JN Trade Balance Dec	¥361.3b	¥316.7b		EC ECB's Lagarde speaks			
AU Employment Change Dec	27.0k	40.0k	-21.3k	JN BOJ Target Rate 23-Jan	0.75%	0.75%	
AU Unemployment Rate Dec	4.40%	4.30%	4.30%	JN BOJ Core CPI Ex-Energy Current 1Q			2.80%
Friday 23 January				JN BOJ Core CPI Ex-Energy Current Forecast +1 1Q			2.00%
EC ECB Publishes Account of Dec. 18 Rate Decision				JN BOJ Core CPI Ex-Energy Current Forecast +2 1Q			2.00%
US GDP Annualized QoQ 3Q T	4.30%	4.30%		Saturday 24 January			
US Initial Jobless Claims 17-Jan	210k	198k		US S&P Global US Manufacturing PMI Jan P	52.0	51.8	
US Continuing Claims 10-Jan	1895k	1884k		US S&P Global US Services PMI Jan P	52.9	52.5	
US Personal Income Nov	0.40%			US U. of Mich. Sentiment Jan F	54.0	54	
US Personal Spending Nov	0.50%			US Kansas City Fed Services Activity Jan			3

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	2.25	2.25	2.25	4.25	2 years	3.03	2.93	3.00	3.55
1mth	2.40	2.40	2.41	4.31	3 years	3.28	3.18	3.27	3.60
2mth	2.45	2.45	2.46	4.15	4 years	3.47	3.38	3.49	3.68
3mth	2.50	2.50	2.51	4.05	5 years	3.63	3.54	3.66	3.77
6mth	2.55	2.55	2.55	3.85	10 years	4.14	4.08	4.19	4.15
GOVERNMENT STOCK					FORBGN EXCHANGE				
04/27	2.75	2.71	2.73	3.70	NZD/USD	0.5795	0.5738	0.5842	0.5679
05/30	3.67	3.62	3.73	4.10	NZD/AUD	0.8631	0.8585	0.8716	0.9051
05/32	4.05	3.99	4.13	4.41	NZD/JPY	91.63	91.28	91.25	88.31
05/35	4.39	4.33	4.45	4.66	NZD/EUR	0.4977	0.4928	0.4953	0.5446
04/37	4.60	4.55	4.67	4.84	NZD/GBP	0.4316	0.4274	0.4322	0.4599
05/41	4.87	4.82	4.94	5.04	NZD/CAD	0.8038	0.7968	0.7994	0.8133
05/54	5.14	5.09	5.19	5.21	TWI	66.7	66.4	67.2	67.6
GLOBAL CREDIT INDICES (ITRXX)									
Nth America 5Y	49	49	50	48					
Europe 5Y	52	50	51	54					

Contact Details

BNZ Research

Stephen Toplis

Head of Research

Doug Steel

Senior Economist

Matt Brunt

Economist

Jason Wong

Senior Markets Strategist

Stuart Ritson

Senior Interest Rate Strategist

Mike Jones

BNZ Chief Economist

Main Offices

Wellington

Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland

80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch

111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

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