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Market Movements

23rd January 2026

Market Update

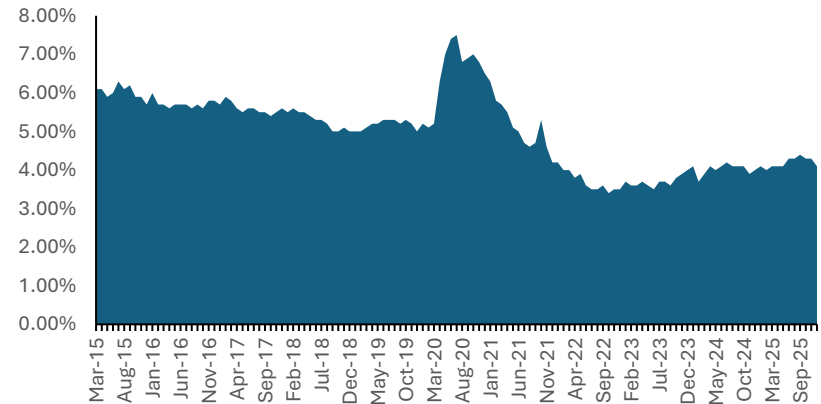
RBA Policy Watch: Inflation Data Holds the Casting Vote



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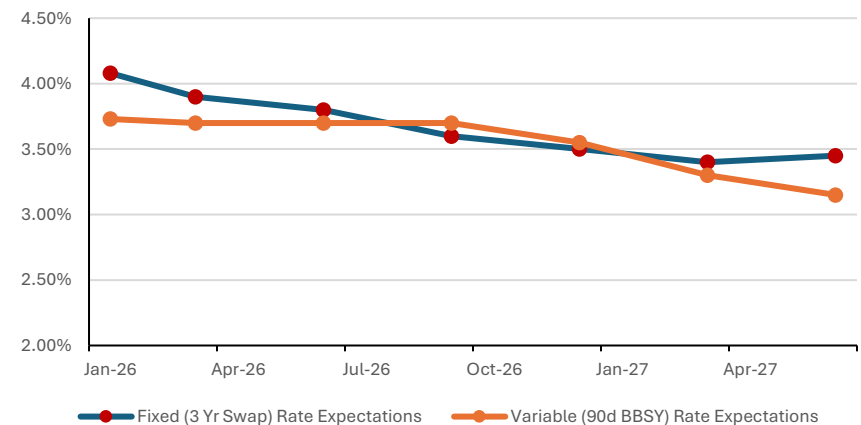
- Australia's unemployment rate fell to 4.1% in December, down from 4.2%, as employment rose by a strong 65,000, well above expectations. The increase was broad-based, led by full-time jobs, with participation lifting to 66.7% and hours worked reaching a record high, reinforcing the picture of a tight labour market. Underemployment and underutilisation also declined, suggesting spare capacity in the labour market is continuing to shrink.
- Against this backdrop, inflation slowed to 3.4% in November, its lowest level since August, but remains above the RBA's 2–3% target band. Housing inflation eased, helped by slower electricity price growth, while price pressures moderated across several discretionary categories. Core inflation, measured by the trimmed mean, eased slightly to 3.2%, and monthly CPI was flat.
- Westpac argues the RBA does not mechanically react to inflation prints, but when other data are finely balanced, the CPI (particularly the trimmed mean) effectively gets the casting vote. With labour market and spending data stronger than expected, this threshold is now lower.
- Westpac notes that while demand appears firm, supply capacity may be expanding faster than assumed, making the outlook more nuanced than “the economy running too hot”. Even so, an upside inflation surprise next week would likely tip the RBA toward a February rate hike.
- If a hike occurs, Westpac expects it to be “one and done”, warning that pushing rates back near prior peaks to remove the final half-point of inflation risks unnecessary economic drag later on.

Unemployment Rate (Seasonally Adjusted)



Source: ABS

Fixed vs Variable Expectations (Westpac)



Source: Westpac Weekly (19th January)

Consumer Confidence

Confidence drops 5.2pts

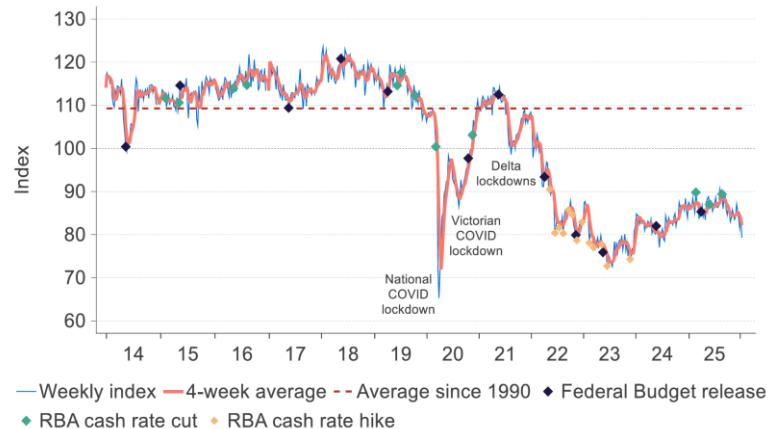


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Consumer Confidence

“ANZ-Roy Morgan Consumer Confidence declined 5.2pts last week to 79.3pts. This was the sharpest weekly drop in confidence since February 2023 (when the RBA increased the cash rate to 3.35%). Consumer confidence, which saw some improvement following Stage 3 tax cuts introduced in July 2024, has now plummeted to its lowest level since the tax cuts. The ‘time to buy a major household item’ subindex eased to its lowest level since late April 2025. This pullback follows an upward trend over the second half of 2025, supported by sales events and moderating inflation. Household confidence in the five-year economic outlook dropped to its weakest level in over two decades, perhaps impacted by the possibility of rate hikes in 2026. While we expect the RBA to be on an extended hold in 2026, we consider the risks of a rate hike in the first half of this year have risen.” – Sophia Angala, ANZ Research.

ANZ-Roy Morgan Australian Consumer Confidence dropped 5.2pts last week

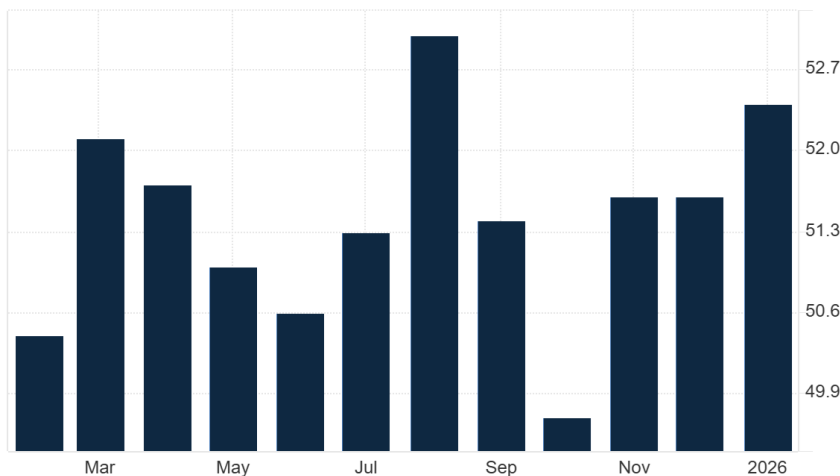


Source: ANZ-Roy Morgan, Macrobond, ANZ Research

Manufacturing Momentum: Steady Expansion, Mixed Cost Signals

- Australia’s Manufacturing PMI rose to 52.4 in January 2026, up from 51.6, signalling continued expansion and improving business conditions across the sector.
- Manufacturing PMI (Purchasing Managers’ Index) is a monthly survey of manufacturers covering output, new orders, employment, supplier deliveries and input costs; readings above 50 indicate expansion, while below 50 signal contraction.
- Growth was driven by renewed strength in new orders and output, supported by both domestic demand and a pickup in overseas orders for manufactured goods.
- Business confidence remains positive, with firms expecting stronger output over the year ahead as expansion plans continue and broader economic conditions improve.

Australia S&P Global Manufacturing PMI (points)



Source: tradingeconomics.com | S&P Global

Disclaimer: This summary is for informational purposes only and should not be considered financial advice. Always consult a professional before making investment decisions.

Foreign Exchange

Aussie Dollar Rallies on Risk and Rates



- The Australian dollar strengthened to around US\$0.679, reaching a sixteen-month high, as improving global risk sentiment and strong domestic data combined to support the currency. The move marked a sharp reversal from earlier weakness, reflecting a more optimistic tone in global markets.
- Geopolitical and trade-related tensions eased, with US President Donald Trump ruling out the use of force to take Greenland and signalling he would not impose new tariffs on European nations. He also announced that a framework for a deal had been reached, helping lift confidence across equity and currency markets and supporting risk-sensitive currencies like the Aussie dollar.
- On the domestic front, labour market data surprised to the upside, with employment jumping by 65,200 in December, well above forecasts. The unemployment rate fell to 4.1%, a seven-month low, reinforcing the view that labour market conditions remain tight.
- The strong jobs result, alongside evidence of rising household spending, suggests the Australian economy may be accelerating faster than previously expected, reducing concerns about an imminent slowdown.
- As a result, markets aggressively repriced interest rate expectations, lifting the probability of a 25bp RBA rate hike at the February 3 meeting to around 56%, up from 27% prior to the data. A hike is now fully priced by May.
- Attention now turns to December-quarter CPI, due next week, where any upside surprise in core inflation could bring forward policy tightening and provide further support for the Australian dollar in the near term.

Australian Dollar / US Dollar



The week ahead

Tuesday January 27 2026			Previous	Forecast
11:30 AM	AU	NAB Business Confidence DEC	1	2
Wednesday January 28 2026			Previous	Forecast
11:30 AM	AU	Inflation Rate MoM DEC	0.0%	0.3%
11:30 AM	AU	Inflation Rate YoY DEC	3.4%	2.9%
Thursday January 29 2026			Previous	Forecast
11:30 AM	AU	Export Prices QoQ Q4	-0.9%	-0.5%
11:30 AM	AU	Import Prices QoQ Q4	-0.4%	0.5%
Friday January 30 2026			Previous	Forecast
11:30 AM	AU	PPI QoQ Q4	1%	0.6%
11:30 AM	AU	Housing Credit MoM DEC	0.6%	0.6%
11:30 AM	AU	PPI YoY Q4	3.5%	3.3%
11:30 AM	AU	Private Sector Credit MoM DEC	0.6%	0.6%
11:30 AM	AU	Private Sector Credit YoY DEC	7.4%	7.4%



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Lending Expertise.
People Focused.

Why Mannix?

Lending expertise. People focused.

At **Mannix Capital**, we understand that success in banking is built on relationships. With over 13 years of industry experience, we've developed deep connections with key lenders, giving our clients access to competitive rates and exclusive lending solutions.

We take the time to understand you

We believe that the best lending outcomes are achieved by understanding our clients deeply, which is why we take the time to get to know your business.

We utilise our market relationships

Our strong network allows us to:

- Negotiate better terms by leveraging trusted relationships.
- Secure fast approvals through our direct access to decision-makers.

We draw on our expertise, particularly on complex deals

We go beyond standard solutions to structure and negotiate lending that truly fits your business needs, including:

- Offering the right level of security for the lending.
- Negotiation of financial and non-financial covenants.
- Achieving optimal lending amounts and costs.



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Over 60 Lenders



Supporting You

Navigating Commercial Lending

Where we support you

Commercial Retail

- Lending up to ~\$3m
- Instant approval loans
- Fast approval loans
- Lease Doc Lending
- No financial covenants
- Standard corporate structures
- Typically fully secured
- Some unsecured lending options

Commercial Wholesale

- Lending up to ~\$10m
- Financial and non-financial covenants may be included
- Fully secured and partially secured lending
- Industry specialisations
- Scope for complex transactions and structures

Emerging Corporate

- Lending up to ~\$100m
- Financial and non-financial covenants
- Fully secured and partially secured lending
- Unsecured lending
- Industry specialisations
- Multibank arrangements and complex security arrangements

Get in touch

Let's grab a coffee



Ready to Get Started?

Let's chat! Whether you need guidance on your first home loan or a complex commercial transaction, we've got you covered. Feel free to reach out—we'd love to discuss how we can help you achieve your financial goals.

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Master of Economics (Econometrics)

Diploma in Finance and Mortgage Broking Management