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# Market Movements

31<sup>st</sup> January 2026

# Market Update

## Inflation Isn't Done Yet. Rate Hike Likely.

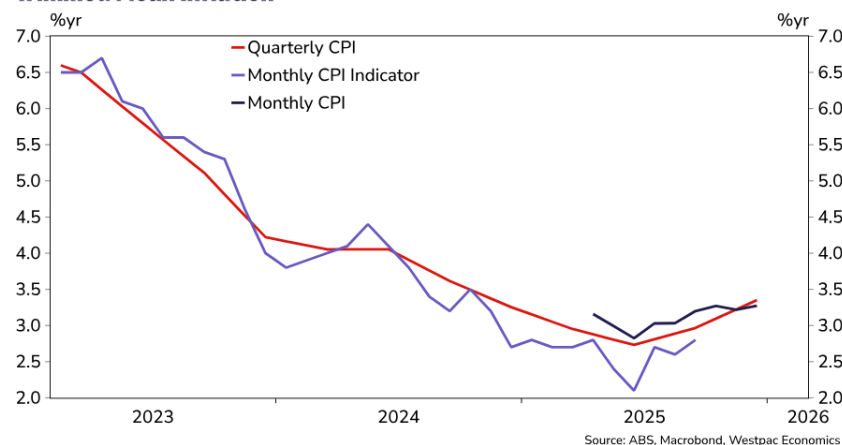
Inflation outcomes for the December quarter were firmer than expected, particularly at the core level.

- Headline CPI rose 3.8% over the year to December, slightly stronger than expected, reinforcing that inflation pressures remain elevated even as some categories show signs of cooling.
- The Trimmed Mean rose 0.9% over the quarter and 3.4% over the year, exceeding Westpac's forecasts and reinforcing expectations that the RBA will raise the cash rate at its February meeting.
- Housing-related inflation was more encouraging. Rent growth moderated, and new dwelling construction costs rose at their slowest pace in seven months, suggesting building-cost inflation may be nearing a peak and rental pressures are beginning to ease.
- Price pressures were uneven across categories. Holiday travel and recreation recorded stronger-than-expected increases, while electricity, fuel, clothing and footwear were weaker than forecast. This unevenness highlights that while some areas are cooling, others remain persistent.
- Monthly inflation data showed tentative signs of improvement, with the monthly Trimmed Mean easing to 3.3% annually. However, core inflation remains above the RBA's target band, meaning the Bank is likely to maintain a cautious and restrictive policy stance. Looking ahead, while further moderation is expected through 2026, the balance of risks remains tilted toward inflation staying higher for longer, particularly in services-related categories.

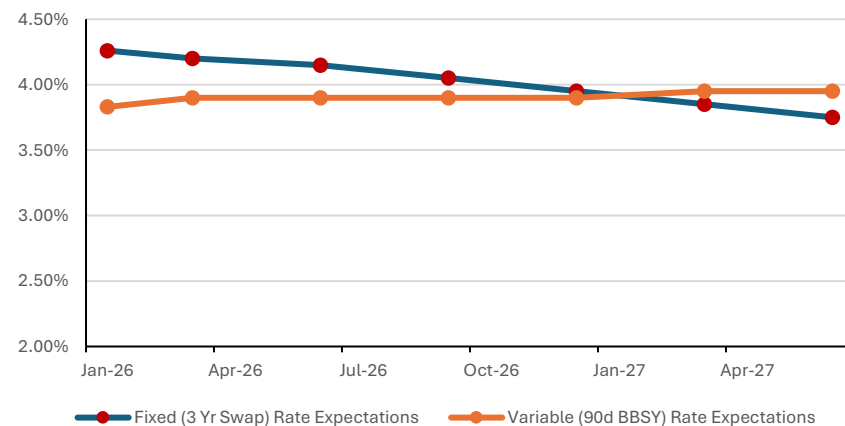


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### Trimmed Mean Inflation



### Fixed vs Variable Expectations (Westpac)



Source: Westpac Weekly (30<sup>th</sup> January)

# Consumer Confidence

## Confidence rises 4.7pts

### Consumer Confidence

“ANZ-Roy Morgan Consumer Confidence rose 4.7pts to 84.0pts last week though it remains below the 2025 average (86.3pts). Last week’s improvement was driven by improving household confidence in their current finances and economic conditions over the next year, likely supported by strong labour market data.” – Sophia Angala, ANZ Research.

Note: The above data was released prior to ABS CPI release.

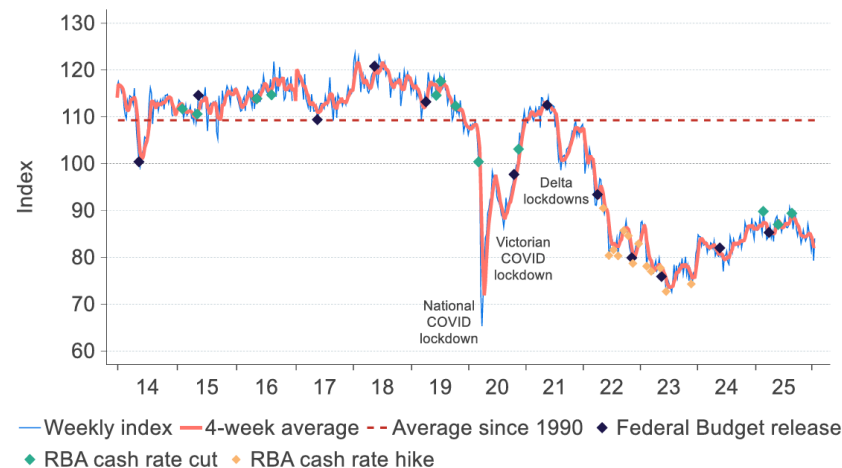
### Private Sector Credit: Momentum Builds Despite Rate Headwinds

- Private sector credit rose 0.8% month-on-month in December, beating expectations and marking the fastest monthly pace since mid-2022. Annual growth lifted to 7.7%, the strongest in five years, signalling resilient demand despite restrictive interest rates.
- Housing credit (over 60% of total credit) accelerated to 0.7% m/m, one of the strongest readings of the cycle. Sentiment remains mixed, with affordability pressures weighing in Sydney and Melbourne, even as price expectations stay elevated.
- Investor credit jumped 1.0% m/m, the sharpest rise in over 18 years, reflecting stronger risk appetite and fewer affordability constraints compared with owner-occupiers, who continued steady growth at 0.5% m/m.
- Credit growth is likely to stay elevated near term, helped by income recovery and solid spending. However, a potential RBA rate hike in February could quickly shift housing and business credit risks, particularly for investors.



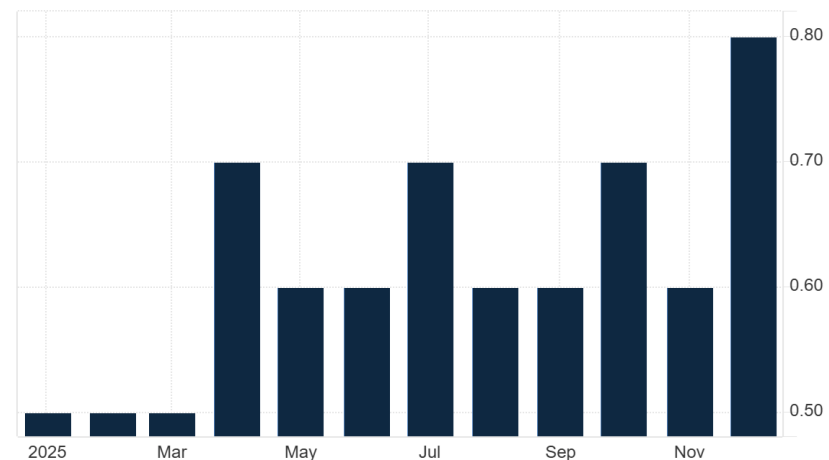
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ANZ-Roy Morgan Australian Consumer Confidence rose 4.7pts last week



Source: ANZ-Roy Morgan, Macrobond, ANZ Research

Australia Private Sector Credit (%)



Source: tradingeconomics.com | Reserve Bank of Australia

**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

## Australian Dollar Supported by Policy Divergence



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- The Australian dollar has been trading around US\$0.701, near its highest level in three years, supported by a weaker US dollar and growing expectations of a near-term RBA rate hike.
- Financial markets are pricing roughly a 70% chance of a 25 basis point increase at next week's RBA meeting, with expectations for around 50 basis points of tightening over the year following stronger inflation data.
- All four major Australian banks expect the RBA to lift the cash rate to 3.85%, although there is some uncertainty around whether the decision will be unanimous and how firm the Bank's guidance will be.
- If the RBA proceeds with a hike, it would place Australia alongside Japan as one of the few developed economies still raising interest rates, in contrast to the United States, where the Federal Reserve is expected to begin cutting rates later this year.
- This divergence in monetary policy has weighed on the US dollar, which is also facing pressure from renewed tariff concerns and elevated geopolitical tensions.
- While economists expect the RBA to adopt a hawkish tone, many view the move as a one-off adjustment rather than the start of an extended tightening cycle. Even so, the combination of firm domestic policy expectations and a softer US dollar is likely to keep the Australian dollar well supported in the near term, with volatility increasing around central bank decisions.

Australian Dollar / US Dollar



### The week ahead

Monday February 02 2026			Previous	Forecast
09:00 AM	AU	S&P Global Manufacturing PMI Final	51.6	52.4
11:30 AM	AU	ANZ-Indeed Job Ads MoM JAN	-0.5%	-0.1%
11:30 AM	AU	TD-MI Inflation Gauge MoM JAN	1%	
04:30 PM	AU	Commodity Prices YoY JAN	-3.8%	-4.4%
	AU	Cotality Dwelling Prices MoM JAN	0.5%	0.8%
Tuesday February 03 2026			Previous	Forecast
11:30 AM	AU	Private House Approvals MoM Prel DE	1.3%	
02:30 PM	AU	RBA Interest Rate Decision	3.6%	3.85%
03:30 PM	AU	RBA Press Conference		
Wednesday February 04 2026			Previous	Forecast
04:00 PM	AU	RBA Jones Speech		
Thursday February 05 2026			Previous	Forecast
11:30 AM	AU	Balance of Trade DEC	A\$2.936B	A\$ 4.9B
11:30 AM	AU	Exports MoM DEC	-2.9%	
11:30 AM	AU	Imports MoM DEC	0.2%	



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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.

### Contact Us

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