

LONG-TERM FORECASTS



Interest rates

	13-May-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Australia																
Cash	0.35	0.75	1.25	1.75	2.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
90 Day BBSW	0.98	0.95	1.45	1.95	2.20	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.50	2.50
3 Year Swap	3.11	3.25	3.15	3.10	3.00	2.90	2.80	2.75	2.75	2.75	2.75	2.75	2.75	2.70	2.65	2.60
3 Year Bond	2.79	3.05	2.95	2.90	2.80	2.70	2.60	2.55	2.55	2.55	2.55	2.55	2.55	2.50	2.45	2.40
10 Year Bond	3.36	3.30	3.15	2.90	2.65	2.50	2.40	2.30	2.20	2.15	2.10	2.05	2.05	2.05	2.05	2.05
10 Year Spread to US (bps)	51	40	35	30	25	20	20	20	15	15	10	5	5	5	5	5
New Zealand																
Cash	1.50	2.00	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.75	2.50	2.25	2.00
90 Day Bill	2.12	2.40	2.90	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.00	2.75	2.50	2.25	2.10
2 Year Swap	3.55	4.00	3.90	3.80	3.70	3.50	3.30	3.10	2.90	2.70	2.55	2.45	2.35	2.30	2.25	2.20
10 Year Bond	3.59	3.80	3.70	3.50	3.30	3.20	3.10	3.00	2.90	2.80	2.75	2.70	2.70	2.70	2.70	2.70
10 Year Spread to Aus	23	50	55	60	65	70	70	70	70	65	65	65	65	65	65	65
10 Year Spread to US	74	90	90	90	90	90	90	90	85	80	75	70	70	70	70	70
United States																
Fed Funds	0.875	1.375	2.125	2.625	2.625	2.625	2.625	2.625	2.375	2.375	2.125	2.125	2.125	2.125	2.125	2.125
10 Year Bond	2.85	2.90	2.80	2.60	2.40	2.30	2.20	2.10	2.05	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Euro area																
ECB Policy Rate*	-0.50	-0.50	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
10 Year Bund	0.84	1.10	1.10	1.00	0.85	0.80	0.75	0.70	0.75	0.80	0.90	0.95	1.00	1.00	1.00	1.00
10 Year Spread to US	-201	-180	-170	-160	-155	-150	-145	-140	-130	-120	-110	-105	-100	-100	-100	-100
United Kingdom																
BoE Bank Rate	1.00	1.25	1.50	1.75	1.75	1.75	1.75	1.75	1.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00
10 Year Gilt	1.66	1.95	1.90	1.75	1.65	1.65	1.65	1.65	1.65	1.65	1.70	1.70	1.70	1.70	1.70	1.70
10 Year Spread to US	-119	-95	-90	-85	-75	-65	-55	-45	-40	-35	-30	-30	-30	-30	-30	-30

Source: Bloomberg, Westpac Economics

*ECB interest rate forecast refers to deposit rate until it is back to 0.00% then the refi rate.

Note, New Zealand forecasts may have been updated since this monthly publication was released. For the latest forecasts, see Westpac New Zealand's Economics and Financial Forecasts.

<https://www.westpac.co.nz/business/tools-rates-fees/economics/>

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LONG-TERM FORECASTS



Australian dollar

	13-May-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
AUD vs																
USD	0.6873	0.72	0.74	0.76	0.77	0.78	0.79	0.80	0.80	0.80	0.80	0.80	0.79	0.79	0.78	0.78
JPY	88.33	92.9	94.7	95.8	96.3	96.7	96.4	96.8	96.0	95.2	94.4	93.6	91.6	91.6	89.7	89.7
EUR	0.6618	0.69	0.69	0.70	0.69	0.69	0.69	0.70	0.69	0.68	0.68	0.68	0.68	0.68	0.67	0.67
NZD	1.1001	1.11	1.10	1.10	1.10	1.10	1.10	1.11	1.11	1.11	1.13	1.13	1.11	1.13	1.11	1.13
CAD	0.8951	0.92	0.93	0.95	0.95	0.97	0.99	1.00	1.00	1.01	1.01	1.02	1.00	1.01	1.00	1.00
GBP	0.5631	0.59	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
CHF	0.6894	0.71	0.71	0.73	0.74	0.74	0.75	0.76	0.76	0.75	0.75	0.75	0.74	0.75	0.74	0.74
DKK	4.9250	5.10	5.15	5.19	5.16	5.14	5.16	5.18	5.11	5.09	5.09	5.09	5.03	5.03	5.01	5.01
SEK	6.9766	7.23	7.29	7.35	7.31	7.28	7.31	7.33	7.24	7.21	7.21	7.21	7.12	7.12	7.09	7.09
NOK	6.7816	7.03	7.09	7.15	7.11	7.08	7.10	7.13	7.04	7.01	7.01	7.01	6.92	6.92	6.89	6.89
ZAR	11.06	11.3	11.5	11.6	11.7	11.8	11.9	11.9	11.9	11.9	11.9	11.9	12.0	12.0	12.1	12.1
SGD	0.9596	1.00	1.01	1.03	1.03	1.04	1.05	1.06	1.05	1.04	1.05	1.05	1.03	1.03	1.01	1.01
HKD	5.3954	5.65	5.81	5.93	6.01	6.05	6.12	6.20	6.20	6.20	6.20	6.20	6.12	6.12	6.05	6.05
PHP	36.16	37.4	38.1	38.4	38.1	37.8	38.3	38.7	38.7	38.6	38.7	38.7	38.2	38.2	37.7	37.7
THB	23.88	24.6	24.8	25.1	24.6	24.2	24.5	24.8	24.8	24.7	24.8	24.8	24.5	24.5	24.2	24.2
MYR	3.0197	3.13	3.18	3.19	3.20	3.20	3.24	3.28	3.27	3.27	3.28	3.28	3.23	3.23	3.19	3.19
CNY	4.6611	4.79	4.81	4.83	4.81	4.84	4.86	4.92	4.88	4.84	4.84	4.84	4.74	4.74	4.68	4.68
IDR	10033	10490	10730	10982	11088	11154	11282	11409	11393	11362	11399	11399	11225	11225	11083	11083
TWD	20.51	21.2	21.5	21.7	21.6	21.5	21.7	22.0	21.9	21.9	22.0	22.0	21.6	21.6	21.4	21.4
KRW	886	922	925	927	924	920	929	937	933	926	930	930	911	911	900	900
INR	53.18	54.7	55.5	56.2	56.2	56.6	56.9	57.6	57.2	56.8	56.8	56.4	55.7	55.3	54.6	54.6

New Zealand dollar

	13-May-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
NZD vs																
USD	0.6248	0.65	0.67	0.69	0.70	0.71	0.72	0.72	0.72	0.72	0.71	0.71	0.71	0.70	0.70	0.69
JPY	80.29	83.9	85.8	86.9	87.5	88.0	87.8	87.1	86.4	85.7	83.8	83.1	82.4	81.2	80.5	79.4
EUR	0.6017	0.62	0.63	0.63	0.63	0.63	0.63	0.63	0.62	0.62	0.61	0.61	0.61	0.60	0.60	0.59
AUD	0.9090	0.90	0.91	0.91	0.91	0.91	0.91	0.90	0.90	0.90	0.89	0.89	0.90	0.89	0.90	0.88
CAD	0.8137	0.83	0.84	0.86	0.87	0.88	0.90	0.90	0.90	0.91	0.89	0.90	0.90	0.90	0.90	0.88
GBP	0.5119	0.53	0.54	0.55	0.55	0.55	0.55	0.54	0.54	0.54	0.53	0.53	0.54	0.53	0.53	0.53
CNY	4.2397	4.32	4.36	4.38	4.38	4.40	4.43	4.43	4.39	4.36	4.30	4.30	4.26	4.20	4.20	4.14

Source: Bloomberg, Westpac Economics

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LONG-TERM FORECASTS



US Dollar

	13-May-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
USD vs																
DXY index	104.85	103.9	102.2	100.4	98.8	97.2	96.2	95.3	94.3	93.9	93.9	93.8	93.8	93.9	94.5	94.5
JPY	128.52	129	128	126	125	124	122	121	120	119	118	117	116	116	115	115
EUR	1.0384	1.05	1.07	1.09	1.11	1.13	1.14	1.15	1.16	1.17	1.17	1.17	1.17	1.17	1.16	1.16
AUD	0.6873	0.72	0.74	0.76	0.77	0.78	0.79	0.80	0.80	0.80	0.80	0.80	0.79	0.79	0.78	0.78
NZD	0.6248	0.65	0.67	0.69	0.70	0.71	0.72	0.72	0.72	0.72	0.71	0.71	0.71	0.70	0.70	0.69
CAD	1.3024	1.28	1.26	1.25	1.24	1.24	1.25	1.25	1.25	1.26	1.26	1.27	1.27	1.28	1.28	1.28
GBP	1.2207	1.23	1.24	1.26	1.28	1.30	1.32	1.34	1.34	1.34	1.33	1.33	1.32	1.32	1.31	1.31
CHF	1.0030	0.99	0.97	0.96	0.95	0.95	0.95	0.95	0.95	0.94	0.94	0.94	0.94	0.94	0.95	0.95
ZAR	16.09	15.7	15.5	15.3	15.2	15.1	15.0	14.9	14.9	14.9	14.9	14.9	15.2	15.2	15.5	15.5
SGD	1.3963	1.39	1.37	1.35	1.34	1.33	1.33	1.32	1.32	1.31	1.31	1.31	1.30	1.30	1.30	1.30
HKD	7.8499	7.85	7.85	7.80	7.80	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
PHP	52.48	52.0	51.5	50.5	49.5	48.5	48.5	48.4	48.4	48.3	48.4	48.4	48.3	48.3	48.3	48.3
THB	34.74	34.2	33.5	33.0	32.0	31.0	31.0	31.0	31.0	30.9	31.1	31.1	31.0	31.0	31.0	31.0
MYR	4.3937	4.35	4.30	4.20	4.15	4.10	4.10	4.09	4.09	4.08	4.09	4.09	4.09	4.09	4.09	4.09
CNY	6.7861	6.65	6.50	6.35	6.25	6.20	6.15	6.15	6.10	6.05	6.05	6.05	6.00	6.00	6.00	6.00
IDR	14597	14570	14500	14450	14400	14300	14281	14261	14242	14203	14249	14249	14209	14209	14209	14209
TWD	29.85	29.5	29.0	28.5	28.0	27.5	27.5	27.4	27.4	27.3	27.4	27.4	27.4	27.4	27.4	27.4
KRW	1291	1280	1250	1220	1200	1180	1176	1171	1167	1158	1162	1162	1153	1153	1153	1153
INR	77.44	76.0	75.0	74.0	73.0	72.5	72.0	72.0	71.5	71.0	71.0	70.5	70.5	70.0	70.0	70.0

Euro & British Pound Sterling

	13-May-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
euro vs																
USD	1.0384	1.05	1.07	1.09	1.11	1.13	1.14	1.15	1.16	1.17	1.17	1.17	1.17	1.17	1.16	1.16
JPY	133.45	135	137	137	139	140	139	139	140	139	138	137	136	136	133	133
GBP	0.8507	0.85	0.86	0.87	0.87	0.87	0.86	0.86	0.87	0.87	0.88	0.88	0.89	0.89	0.89	0.89
CHF	1.0415	1.04	1.03	1.05	1.06	1.07	1.08	1.09	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
DKK	7.4407	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44
SEK	10.5413	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
NOK	10.2462	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3
sterling vs																
USD	1.2207	1.23	1.24	1.26	1.28	1.30	1.32	1.34	1.34	1.34	1.33	1.33	1.32	1.32	1.31	1.31
JPY	156.87	159	159	159	160	161	161	162	161	159	157	156	153	153	151	151
CHF	1.2243	1.22	1.20	1.21	1.22	1.24	1.25	1.27	1.27	1.26	1.25	1.25	1.24	1.25	1.24	1.24
AUD	0.5631	0.59	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60

Source: Bloomberg, Westpac Economics

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LONG-TERM FORECASTS



Key macroeconomic forecasts

	2022				2023		2024				2025					
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP %qtr	0.2	1.9	1.4	0.9	0.6	0.7	0.6	0.6	0.5	0.4	0.5	0.6	0.6	0.6	0.6	0.6
%yr	2.5	3.7	7.1	4.5	4.9	3.7	2.8	2.5	2.4	2.1	2.0	2.0	2.1	2.3	2.5	2.5
Unemployment rate %	4.1	3.7	3.3	3.2	3.2	3.2	3.3	3.4	3.6	3.7	3.8	3.9	3.9	3.9	3.9	3.9
Wages (WPI) %qtr	0.8	0.8	0.8	1.0	1.0	0.9	0.9	1.1	0.9	0.9	0.9	1.0	0.9	0.8	0.8	0.9
%yr	2.5	2.9	3.1	3.4	3.7	3.8	3.9	4.0	3.8	3.8	3.7	3.6	3.7	3.6	3.6	3.5
CPI Headline %qtr	2.1	0.9	1.0	1.5	0.9	0.5	0.5	0.6	0.8	0.5	0.5	0.6	1.0	0.5	0.6	0.5
%yr	5.1	5.2	5.4	5.6	4.3	3.9	3.5	2.6	2.6	2.5	2.5	2.5	2.7	2.7	2.8	2.7
Core inflation – trimmed mean	1.4	1.0	1.0	1.0	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.8	0.6	0.6	0.6
%yr	3.7	4.2	4.5	4.4	3.8	3.5	3.2	3.0	3.0	3.0	3.0	3.0	3.0	2.9	2.8	2.7
Australian commodities index#	338	366	389	403	391	368	342	320	301	285	269	254	242	233	227	225
World growth year-average	-	-	-	3.4	-	-	-	3.3	-	-	-	3.5	-	-	-	3.2

Calendar year changes are through the year for Australian GDP, wages and inflation. The unemployment rate is shown on a quarter-average basis, as is the commodities index. World growth is forecast on a year-average basis. GDP forecasts are reviewed following the release of quarterly national accounts.

Chain weighted index: weights are Australian export shares.

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