AUSTRALIA & NEW ZEALAND WEEKLY.

Week beginning 22 May 2023

Editorial: Minutes to May Board meeting make strong case to justify rate increase.

Australia: Westpac-MI Leading Index, retail sales.

NZ: RBNZ policy decision, Q1 real retail sales, consumer confidence.

China: industrial profits.

UK: CPI, retail sales.

US: FOMC minutes, housing updates, personal income and spending, PCE deflator, durable goods orders.

Global: S&P Global PMIs.

Key economic & financial forecasts.

INFORMATION CONTAINED IN THIS REPORT CURRENT AS AT 19 MAY 2023.

WESTPAC INSTITUTIONAL BANK

Minutes to May Board meeting make strong case to justify rate increase

The Minutes of the Reserve Bank Board meeting make a strong case for the surprise decision to raise the cash rate at the May Board meeting.

In interpreting these Minutes we must be mindful that when a central bank makes a decision that is not expected it will go out of its way to justify the decision.

The key change in the rhetoric which certainly enforces the case for the rate hike is the recognition that the current forecast for inflation does not have it reaching the top of the target band until mid-2025. In previous communications the Board made a virtue of that long period as the 'price' to pay for maintaining most of the employment gains of recent years. Now we are hearing that the strategy is risky, leaving "little room for upside surprises to inflation given that inflation would have been above the target for around four years by that time". This risk, which has been part of the policy scenario since the Bank began the tightening cycle, now appears to be unnerving the Board.

The upside risks, which are not new, centre on: services inflation in other countries, which has been persistently high; strong population growth; upward pressures on rents; weak productivity growth boosting unit labour costs; and a potential shift in inflation expectations (although still no evidence so far that this is occurring, and actual inflation is now declining).

The Board now also points directly at asset markets, the pause in April seen as likely partly contributing to a lift in house prices and lower Australian dollar. Commentary on both of these links them to the outlook for activity and inflation rather than implying policy is targeting asset markets. Concerns about a wealth effect from the housing market at this stage of the cycle seem to be a marked over-reaction.

The case for a pause was familiar: weak consumption; rising aggregate mortgage rates as low fixed rate mortgages expire; and a forecast increase in unemployment that might see inflation slow more quickly than forecast. The argument here is to hold steady to gain more information.

Given this rhetoric it seems surprising that "the arguments were finely-balanced" rather than overwhelmingly in favour of the hike.

That 'finely balanced' assessment also seems inconsistent with the return in the rhetoric to the February approach of discussing multiple rate hikes, although the phrasing "are likely to be needed" is replaced by "may still be required".

Also, in the concluding line of the 'Considerations for monetary policy' section – "Members also agreed that further increases in interest rates may still be required, but it would depend on how the economy and inflation evolves" – the phrasing 'further increases' has replaced 'monetary policy may need to be tightened' which comes across as stronger language.

So we are left with a somewhat confusing message. The decision was 'finely balanced' but the case for tightening was made much more strongly than the case to hold.

The importance of the clear slowing in activity and its implications for demand-related inflation pressures seems to be underplayed. There is now a 'cost' of pausing – boosting asset prices.

The attraction of pausing to assess the cumulative impact of the most rapid tightening cycle we have seen seems to have less weighting, e.g. "there was a case to hold the cash rate steady in order to gather more information." And the high frequency of meetings no longer rates a mention.

How the productivity argument can impact the near term outlook for policy is not explained – productivity, which is driven by the supply side of the economy, will evolve over the medium term and should not be a factor affecting the immediate policy outlook unless the Board is convinced that Australia is set for an extended period of further productivity erosion in which case the tightening cycle would have significantly further to run.

This week, we also received updates on wage inflation and the labour market.

The 0.8% gain in WPI over March quarter raised the annual rate of wage inflation to 3.7%, a level which can still be perceived as relatively comfortable from the RBA's perspective. The underlying detail was also constructive, particularly the trend moderation in private sector wages growth (1.2% in September, 0.9% in December, 0.8% in March) and the fact that the proportion of those getting a wage rise under individual bargaining in March – the arrangement which is responsible for the bulk of aggregate wages growth – was no larger than it was last year, signalling that labour market tightness, and thus wage pressures, has found a peak.

Additionally, according to the April labour force survey, employment declined by –4.3k and the unemployment rate rose from 3.5% to 3.7% (at two decimal points, it rose by 0.12ppt from 3.54% to 3.66%). While this echoes the sentiment found in the wages data, the unique seasonality issues around the timing of Easter holidays and the survey reference period makes it difficult to retrieve a clear interpretation of the underlying trend. Nevertheless, this still represents a clear shift in tone away from the robust strength evident over February and March.

Despite the RBA Board's stronger advocacy for an interest rate increase in May as evinced by the Minutes, the wages and labour market updates received this week would have eased its concerns around the need for an immediate increase in interest rates at the upcoming policy meeting in June.

Conclusion

We still expect that the Board will choose to pause at the next Board meeting on June 6.

The concerns the Board has around the risks to its inflation target are understandable but so are the signals around the sharp slowdown in spending and the likely feedback this will have on inflation and labour markets.

As the Board has outlined, the decision in May was 'finely balanced', therefore given the relentless frequency of Board meetings the case for a pause in June is respectable.

Given the softer updates on wages and the labour market this week, the Board's the next 'live' meeting should still be August 2 when there will be more information on the Board's progress towards its inflation target while evidence around the consumer slowdown will be clearer.

As was the case in May, the arguments in August will again be 'finely balanced' although our forecasts point to an 'on hold' decision.

Bill Evans, Chief Economist, Westpac Group

THE WEEK THAT WAS

The near-term path for interest rates was in the spotlight this week. For Australia, it was chiefly through the lens of the labour market; in the US, the rhetoric of policymakers was the focus.

The May RBA meeting minutes provided a fairly mixed assessment of what was labelled a 'finely balanced' decision between a pause and the eventual outcome of a 25bp rate hike. It was interesting to note renewed concern around the medium-term path for inflation, specifically the upside risks – persistent services inflation, strong population growth (as evinced by ongoing strength in permanent and long-term net arrivals) and pressure on rents. Also noted was that, having inflation return to the top of the target range by mid-2025 leaves "little room for upside surprises… given that inflation would have been above the target for around four years by that time".

The data that followed the minutes however eased expectations of further increases in interest rates, at least for the near-term.

The 0.8% gain in the wage price index over the three month to March raised the annual rate of wage inflation to 3.7%, a level which can still be viewed as relatively comfortable for the RBA. The underlying detail was also constructive, particularly the trend moderation in private sector wages growth (from 1.2% in September to 0.9% in December and 0.8% in March) as well as the fact that the proportion of those getting a wage rise under individual bargaining arrangements in March – which represents the majority of wages growth – was no larger than it was last year.

Meanwhile, the April labour force survey provided the largest surprise in the week, with employment declining by 4.3k and the unemployment rate rising from 3.5% to 3.7% (3.54% to 3.66% at two decimal points). The unique seasonality issues around the timing of Easter holidays and the survey reference period makes it difficult to interpret the underlying trend clearly. Nevertheless, this still represents a shift in tone following robust strength through February and March.

Taken together, these updates are likely to ease the Board's immediate concerns around upside risks to inflation. Note, the chief risk for policy is centred on the August Board meeting when the next quarter of CPI data will be assessed. We continue to believe the cash rate is sufficiently restrictive to ensure inflation's return to target, allowing the RBA to remain on hold over 2023 and cut in 2024. But momentum in price and labour data requires continued careful assessment.

Highlighting the impact of recent policy announcements, Westpac-MI Consumer Sentiment fell 7.9% to 79.0, a deeply pessimistic level. While the RBA's surprise rate hike in May certainly played a role, the Budget also had an adverse effect, with sentiment amongst post-Budget respondents 7.4% lower than those sampled prior. The detail was more positive though, with the difference between self-assessed 'budget losers' and 'budget winners' favourable versus history, perhaps suggesting that households believe the Government's measures will deliver some relief on the cost-of-living.

This week in New Zealand, there have been two key releases, our Economics team's latest Quarterly Economic Overview and the Government's 2023 Budget. The Overview updates on our New Zealand team's latest expectations for the economy and the RBNZ, the take-home being that New Zealand's economy is now expected to avoid recession thanks to resurgent population growth. Tight supply and the increase in demand to come as a result of migration will require the RBNZ to increase rates a little further to a peak of 6.0% at September, with rates then on hold until mid-2024.

This week's US data was of limited significance. Total advance retail sales surprised to the downside, rising 0.4% in April against an expectation of 0.8%; however, part of the March decline was revised away, from -1.0% to -0.7%, leaving the two-month movement in line with expectations. Control group retail sales meanwhile surprised to the upside, gaining 0.7%; but this beat was partly offset by a negative revision to March, to a decline of -0.4%. Overall, nominal retail sales growth remains positive but modest. April's housing data was meanwhile decidedly mixed, starts up 2.2% after a 4.5% decline in March as permits fell another 1.5% following a 3.0% decline in March. Constructively, the NAHB housing index provided evidence of a stabilisation in home builder confidence at weak levels, the index rising from 45 to 50 in May.

The focus for market participants was instead on a slew of comments from FOMC members. Each speaker brought their own perspective and degree of hawkishness, but their collective intent was clear: to keep financial conditions contractionary while upside inflation risks linger. In our view, the FOMC does not need to hike again to get inflation back near target over the coming year; but it does need to hold policy at a restrictive setting for the remainder of 2023. If the leading indicators for shelter prove correct, then annualised inflation will be back around 2.0% by December as slack builds in the labour market. From then on, the focus of the FOMC will pivot to the weak state of activity and downward skew of risks. From December 2023 to December 2024, 225bps of rate cuts are expected.

Also of note this week was China's activity data for April. As was the case last week, the market was looking for weakness and found it in disappointing industrial production and fixed asset investment, respectively 3.6% and 4.7% year-to-date versus 2022. A degree of disappointment is unsurprising for investment in early-2023, with private investment yet to fire and the pipeline for housing construction only beginning to build, residential sales having risen 11.8% year-to-date against 2022. However, the strength of exports to Asia; China's continued structural development; and the capacity of Chinese consumers, retail sales up 8.5% year-to-date, give us confidence that GDP growth can print above 6.0% in 2023 and hold between 5.0% and 6.0% in 2024 and 2025. At a time of weakness for the developed-world, this would be an exceptional result.

Week ahead & data wrap

Frills and thrills

The 2023 Budget proved to be a lot more spendy than expected, capping off a dramatic week that has seen financial market pricing shift sharply towards the prospect of even more OCR hikes. Next week's RBNZ statement will no doubt provide further excitement.

On Tuesday we released our latest quarterly *Economic Overview*. The key update to our forecasts is that we now expect the Official Cash Rate to peak at 6% this year, from 5.5% previously. There is evidence that the tightening in monetary policy to date is getting traction, and inflation is now on the way down from its highs. But with some fresh upside risks emerging, we think that the Reserve Bank has a bit more work to do to ensure its success.

We still expect the economy to slow down significantly in the year ahead, as homeowners continue to roll on to higher mortgage rates. Higher interest rates, along with rising living costs, will be a drain on many households' budgets, forcing them to wind back their spending.

But in contrast to our previous forecasts, we don't expect to see the economy slip into outright recession. The key reason for this is the resurgence in migration inflows that we've seen since New Zealand reopened its international border last year. Net migration has risen to 65,000 people in the year to March, compared to a net outflow of 20,000 in the previous year. And the pace has accelerated significantly in the last few months.

We expect these flows to continue for a while longer – we now expect a net inflow of 100,000 people over the course of this year. With population growth expected to hit around 2.5% this year, it would be difficult to get the economy to shrink outright.

Admittedly this is an unusual combination of views. People generally move to where they see opportunity, so New Zealand typically sees strong migrant inflows when the economy is doing well. But the current migration surge is not a product of the economic cycle, but of the restrictions that were in place during the Covid pandemic. There's clearly a high degree of pent-up demand to live and work in New Zealand that is now being unleashed. These inflows will eventually run their course, but there's a great deal of uncertainty about where they might peak in the meantime.

Migration has complex effects on the economy, adding to both capacity and demand to varying degrees across different sectors. The key point here, though, is that the RBNZ regards migration as an inflationary force on balance. And with the RBNZ already stretching the limits of meeting its inflation target over the 'medium term', it doesn't have a lot of room to wait and see how the effects of how this migration surge play out.

Migration was one of the emerging risks to the inflation outlook that the RBNZ brought up in its April policy review. The other key risk was the fiscal stance. The prospect of a boost to fiscal spending has been on the cards for some time – not least because, as the Treasury has been pointing out, the existing spending allowances would not be enough to keep up with cost pressures in public services.

That risk has now materialised, with yesterday's Budget revealing more than $8bn of additional spending over five years. The operating balance is now expected to remain in deficit until the June 2026 fiscal year, and even the wafer-thin surpluses that are projected beyond that point could be at risk if the economy doesn't live up to the Treasury's optimistic growth forecasts in those later years.

This was a lot less conservative than the "no-frills" Budget that the Government had been signalling in the weeks prior. It's difficult to translate this into what it might mean for the level of demand and inflation pressures in the economy, but it clearly adds to the pressure for a higher OCR peak than the RBNZ was previously looking at.

We expect the RBNZ to lift the OCR by another 25 basis points to 5.5% at next Wednesday's *Monetary Policy Statement*, and to signal the likelihood of at least one further increase. Beyond that, the RBNZ will want to manage market expectations about the timing and extent of future rate cuts. The fight against inflation is one for the long haul, and they certainly won't be thinking about taking their foot off the brake by the end of this year, as the market has been pricing in.

We don't necessarily expect the RBNZ to immediately snap to our view of a 6% peak – that will come down to the strength of the assumptions that it makes around the extent of the migration rebound, the inflationary impact of the Budget, and the emerging signs of life in the housing market. However, if they did lift their OCR projections to as high as 6% now, past behaviour suggests that they would be eager to get to that endpoint quickly – a 50 basis point hike next week is a real possibility.

While our forecast of a 6% OCR peak emerged only a few days ago, market opinion has already swung strongly in that direction. Many of the other major forecasters are now looking for a peak of at least 5.75% this year, and interest rate markets are now pricing in a peak of around 5.85% (and a reasonably high chance of a 50bp hike next week).

Michael Gordon, Senior Economist

Round-up of local data released over the last week

Date	Release	Previous	Actual	Westpac f/c
Mon 15	Apr BusinessNZ PSI	53.8	49.8	–
Wed 17	GlobalDairyTrade auction (WMP)	5.0%	0.3%	0.0%
Fri 19	Apr trade balance $mn	–1586	427	100

DATA PREVIEWS

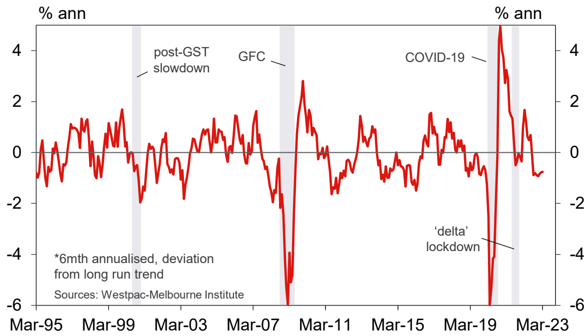
Aus Apr Westpac–MI Leading Index

May 24, Last: –0.75%

The Leading Index continued to send a weak signal in March, the six-month annualised growth rate lifting only slightly to –0.75% in March from –0.79% in February. The Index continues to point to an extended period of below-trend growth.

The April report is likely to be a similar story. Component updates are again mixed, aggregate hours worked posting a solid 2.6% gain and slight improvements in equities and US industrial production occurring as consumer sentiment based measures retrace sharply and commodity prices fell about 5% in AUD terms.

Westpac-MI Leading Index



Aus Apr retail trade

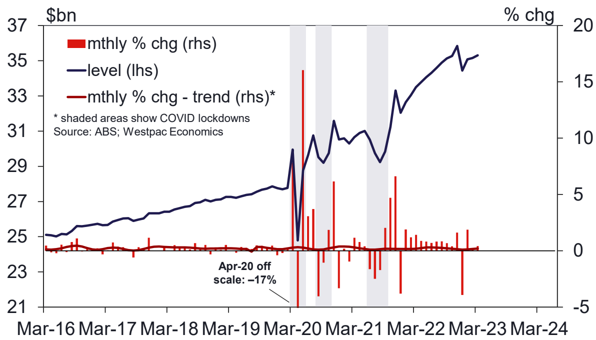
May 26, Last: 0.4%, WBC f/c: –0.2%
Mkt f/c: 0.2%, Range: –0.2% to 0.6%

Retail sales posted a 0.4% rise in March but were still relatively soft, nominal sales holding flat for Q1 as a whole.

Our **Westpac Card Tracker** suggests retail segments had a mixed month in April, soft overall but with a brief lift in food segments around the Easter break. The official ABS retail estimates adjust for regular seasonal variations but can struggle with Easter due to shifts in the holiday timing and proximity to other holidays.

More generally, population gains and high inflation provide something of a base to growth in the dollar-value of sales. Judging the extent of this support against the extent of underlying weakness now showing through more clearly in the consumer sector remains tricky. On balance we expect April retail sales to show a slight 0.2% dip but there are risks to either side.

Monthly retail sales



NZ Q1 retail spending volumes

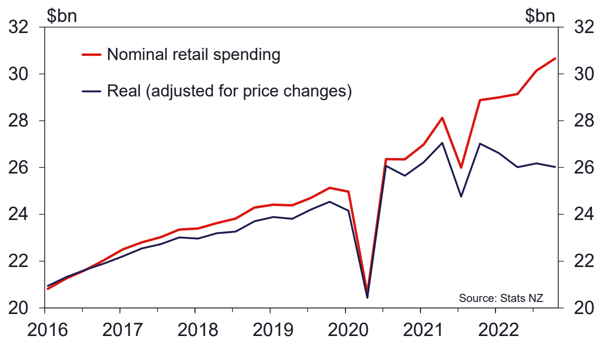
May 24, Last: –0.6%, Westpac f/c: –0.5%

Over the past year, nominal spending has continued to rise at a brisk pace. However, while households are splashing out more cash, the actual amount of goods we've been purchasing hasn't been rising. That's because large price rises have been eroding households spending power.

We expect that the March quarter retail report will again highlight that financial pressures, including high inflation and rising interest rates, are squeezing households' purchasing power. We're forecasting a 0.5% drop in the volume of goods sold, even as nominal spending levels continue to push higher.

With prices for some durable items dropping back over the quarter, there is some upside risk to our forecast. However, that would still leave us with a picture of flat retail volumes over the past year.

NZ retail spending



Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

RBNZ May Monetary Policy Statement

May 24, Last: 5.25%, Westpac f/c: 5.50%, Market f/c: 5.50%

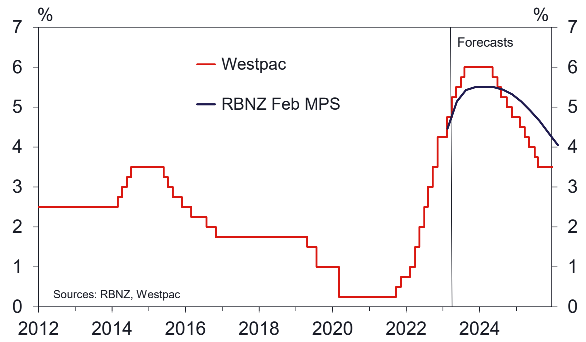
We expect the Reserve Bank to lift the OCR by 25 basis points to 5.5% next week.

Fiscal spending and a surge in migration suggests the need for a higher peak in interest rates than the RBNZ signalled in February.

While the RBNZ may not move immediately to our forecast of a 6% OCR peak, it will signal an openness to getting there. If it were to move into line with our forecast now, then the chance of a 50-point hike next week is high.

We expect an ongoing tightening bias to warn markets off pricing in rate reductions any time in the near future.

RBNZ Official Cash Rate



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For the week ahead

		Last	Market median	Westpac forecast	Risk/Comment
Mon 22					
Jpn	Mar machinery orders	-4.5%	0.5%	–	Capital spending has been supportive of late.
Eur	May consumer confidence	-17.5	-16.9	–	Confidence is resilient given cost-of-living and rates.
US	Fedspeak	–	–	–	Bullard, Bostic, Barkin.
Tue 23					
Aus	RBA Head of Domestic Mkts, Jacobs	–	–	–	Speaking at Fixed Income Forum, Tokyo, 5:10pm AEST.
Jpn	May Nikkei manufacturing PMI	49.5	–	–	Manufacturers are finding some relief in easing disruptions…
	May Nikkei services PMI	55.4	–	–	… as services benefits from reopening demand.
Eur	May HCOB manufacturing PMI	45.8	46.0	–	Manufacturing under intense pressure as demand weakens…
	May HCOB services PMI	56.2	55.5	–	… tourism's recovery is key to services' outperformance.
UK	May S&P Global manufacturing PMI	47.8	–	–	The UK's own experience looks broadly in line with Europe…
	May S&P Global services PMI	55.9	–	–	… as manufacturing struggles while services advance.
US	May S&P Global manufacturing PMI	50.2	50.0	–	Improvements in manufacturing and services short-lived…
	May S&P Global services PMI	53.6	52.6	–	… as growth slowdown materialises upon rates impact.
	Apr new home sales	9.6%	-3.4%	–	Longer-term uptrend will come as supply comes online.
	May Richmond Fed index	-10	–	–	Regional investment detail pointing to subdued outlook.
	Fedspeak	–	–	–	Logan.
Wed 24					
Aus	Apr Westpac-MI Leading Index	-0.75%	–	–	Pointing to an extended period of below-trend growth.
NZ	Q1 real retail sales	-0.6%	–	-0.5%	Price rises continuing to weigh on spending.
	RBNZ policy decision	5.25%	5.50%	5.50%	Upward pressure on the OCR track from Budget, migration.
Ger	May IFO business climate survey	93.6	93.0	–	Optimism on outlook is growing despite tough conditions.
UK	Apr CPI %yr	10.1%	–	–	Moderation in food and discretionary services is key.
US	FOMC May meeting minutes	–	–	–	On hold or one more; consensus opinion critical to assess.
Thu 25					
US	Initial jobless claims	242k	–	–	Has lifted in recent weeks but still low versus history.
	Q1 GDP, annualised	1.1%	1.1%	–	No change anticipated in second estimate.
	Apr Chicago Fed activity index	-0.19	–	–	In line with broader evidence of weakening economy.
	Apr pending home sales	-5.2%	–	–	No indication of sustained improvement for now.
	May Kansas City Fed index	-10	–	–	Regional investment detail pointing to subdued outlook.
Fri 26					
Aus	Apr retail sales	0.4%	0.2%	-0.2%	Consumer slowdown becoming clearer.
NZ	May ANZ consumer confidence	79.3	–	–	Financial pressures continue to weigh on sentiment.
UK	Apr retail sales	-0.9%	–	–	Disposable income pressures weighing on retail spending.
US	Apr personal income	0.3%	0.4%	–	Slowing income growth and elevated inflation…
	Apr personal spending	0.0%	0.4%	–	… to keep pressure on household's spending capacity.
	Apr PCE deflator	0.1%	0.3%	–	Attention is centred on services inflation.
	Apr durable goods orders	3.2%	-1.0%	–	Weakness in core orders pointing to subdued demand.
	Apr wholesale inventories	0.0%	–	–	Inventories at risk given uncertainty over activity outlook.
	May Uni. of Michigan sentiment	57.7	57.7	–	Final estimate.
Sat 27					
Chn	Apr industrial profits ytd %yr	-21.4%	–	–	Profit growth will take time to recover from COVID-zero.

Forecasts

Interest rate forecasts

Australia	Latest (19 May)	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Cash	3.85	3.85	3.85	3.85	3.60	3.35	3.10	2.85
90 Day BBSW	3.93	3.95	3.95	3.97	3.72	3.47	3.22	2.97
3 Year Swap	3.71	3.60	3.50	3.40	3.30	3.10	2.90	2.80
3 Year Bond	3.32	3.20	3.15	3.05	3.00	2.85	2.70	2.60
10 Year Bond	3.59	3.40	3.30	3.20	3.00	2.80	2.70	2.50
10 Year Spread to US (bps)	-4	-10	-10	-10	-10	-10	-10	-10
US								
Fed Funds	5.125	5.125	5.125	4.875	4.375	3.875	3.375	2.875
US 10 Year Bond	3.63	3.50	3.40	3.30	3.10	2.90	2.80	2.60
New Zealand								
Cash	5.25	5.50	6.00	6.00	6.00	5.75	5.25	4.75
90 day bill	5.83	5.90	6.10	6.10	6.00	5.55	5.05	4.75
2 year swap	5.49	5.20	5.00	4.80	4.50	4.30	4.10	4.00
10 Year Bond	4.40	4.20	4.15	4.10	3.95	3.80	3.75	3.70
10 Year spread to US	77	70	75	80	85	90	95	110

Exchange rate forecasts

Australia	Latest (19 May)	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
AUD/USD	0.6644	0.69	0.72	0.74	0.75	0.76	0.76	0.77
NZD/USD	0.6237	0.64	0.66	0.67	0.68	0.68	0.68	0.68
USD/JPY	138.19	132	130	128	127	126	125	124
EUR/USD	1.0783	1.11	1.11	1.12	1.13	1.14	1.15	1.16
GBP/USD	1.2416	1.25	1.25	1.26	1.26	1.27	1.28	1.29
USD/CNY	7.0323	6.75	6.60	6.50	6.40	6.30	6.20	6.10
AUD/NZD	1.0632	1.08	1.09	1.10	1.11	1.13	1.13	1.13

Australian economic growth forecasts

	2022			2023				Calendar years			
% change	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	2021	2022	2023f	2024f
GDP % qtr	0.9	0.7	0.5	0.4	0.2	0.1	0.2	–	–	–	–
%yr end	3.1	5.9	2.7	2.5	1.8	1.2	1.0	4.6	2.7	1.0	1.5
Unemployment rate %	3.8	3.5	3.5	3.6	3.5	3.9	4.5	4.7	3.5	4.5	5.0
Wages (WPI)	0.8	1.1	0.8	0.8	1.0	1.0	1.0	–	–	–	–
annual chg	2.6	3.2	3.3	3.5	3.8	3.7	4.0	2.4	3.3	4.0	3.2
CPI Headline	1.8	1.8	1.9	1.4	1.1	0.7	0.7	–	–	–	–
annual chg	6.1	7.3	7.8	7.0	6.3	5.2	4.0	3.5	7.8	4.0	3.1
Trimmed mean	1.6	1.9	1.7	1.2	1.0	0.6	0.7	–	–	–	–
annual chg	5.0	6.1	6.9	6.6	6.1	4.7	3.7	2.7	6.9	3.7	3.1

New Zealand economic growth forecasts

	2022			2023				Calendar years			
% change	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	2021	2022	2023f	2024f
GDP % qtr	1.6	1.7	-0.6	-0.2	1.0	0.4	0.2	–	–	–	–
Annual avg change	1.1	2.7	2.4	2.8	3.2	1.7	1.6	6.0	2.4	1.6	0.9
Unemployment rate %	3.3	3.3	3.4	3.4	3.5	3.7	3.9	3.2	3.4	3.9	4.9
CPI % qtr	1.7	2.2	1.4	1.2	1.0	1.9	0.5	–	–	–	–
Annual change	7.3	7.2	7.2	6.7	5.9	5.6	4.7	5.9	7.2	4.7	2.9

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

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