
# WESTPAC WAVE

## Fiji Quarterly Economic Update
## July 2023

**National Budget to add further impetus to the Fijian Economy**

# EXECUTIVE SUMMARY

- Globally, the themes are much the same, with central banks remaining focused on taming inflation. While headline inflation measures are now well off their 2022 highs, the pace of cooling is slow and inflation, in most instances, is still well above central bank targets. With inflationary pressures particularly persistent in the services sector and labour markets generally still very tight, the concern is that monetary tightening to date may still not be enough to ensure a timely return to stable low inflation. Nonetheless, despite strong headwinds, mostly related to the ripple effects of the Russia-Ukraine war and high inflation, the global economy has proven tough so far this year and is on track for a gradual recovery.

- Domestically, growth in the Fijian economy rebounded strongly last year as the recovery from pandemic-related restrictions mostly ran its course. The swift recovery in the tourism industry and flow-on effects in all related sectors combined with improvement in the labour market have led to higher disposable incomes and supported consumer spending in the first half of 2023. Additionally, the 2023-2024 National Budget on balance adds positively to the general economic outlook through higher spending in key priority sectors, which will further enhance growth momentum.

- Thus, the GDP growth forecast for 2023 is now around 7.8 percent, compared to the 7.2 percent forecasted earlier, led by an upward revision in growth for net taxes, accommodation & food services, transport & storage, wholesale & retail sales, manufacturing, finance & insurance, construction, and real estate sectors. With a more conducive business environment, moderating inflationary pressures (compared to last year) and pickup in investments, the economy is projected to grow by a further 4.3 percent in 2024. We expect the economy to cool appreciably in 2025, with output growth of 3.0 percent.

- Recovery in the domestic economy has led to a positive general outlook for the financial system, with the restoration of profit and capital levels, alongside the transition to normalcy over the past year. System liquidity is ample due to high levels of foreign reserves leading to historic low interest rates. With the pickup in borrowing appetite and the expected increase in commercial banks' lending to private sector business entities, system credit growth will continue its steady growth trajectory.

- Overall, while there are some downside risks to the outlook posed by weakening trading partner economies, increased probability of recession, rise in outward migration, and potential natural disasters, the Fijian economy is generally on track. Inflationary pressures have moderated from the high levels of the past two years, and the smooth transition of the new government administration, increased consumer and business confidence, and the ongoing boost in tourism activity all bode well for the economy in the near to medium term.

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# Fiji's Current Economic Conditions in a Nutshell

The tourism industry continues its robust performance...

327,397 visitor arrivals in the year to May 2023

Visitor arrivals expected to surpass 2019 levels in 2023

636,312 visitor arrivals in 2022

... supported by government initiatives to grow key sectors in the 2023-2024 National Budget...

Government Revenue: $3,700.7m — 2023-2024

Government Expenditure: $4,339.9m — 2023-2024

Net Deficit: 4.8% of GDP — 2023-2024

... resulting in an upward revision of the GDP projection for 2023...

GDP

2023f
- Fijian economy to grow by 7.8%

2024f
- Fijian economy to grow by 4.3%

2025f
- Fijian economy to grow by 3.0%

...cascading into improved financial sector performance...

Liquidity

Ample at above $2.4 billion

Foreign Reserves

Adequate at above $3.4 billion

MORI of above 6.0 months

...inflation has also moderated but is expected to increase slightly by year-end...

Inflation moderated to 0.8% in May 2023

Year-end inflation expected at around 3.0%

...and as is always the case, some risks and challenges remain.

Slowing trading partner economies

Natural disasters

Increased migration

# Fijian economy poised to grow further

**Despite the fragile global economy, the Fijian economy has performed above expectations in the first half of 2023, led by a robust tourism sector, increased certainty in the business environment and pent-up demand.** The gradual uptick in visitor arrivals since the reopening of Fiji's international borders in December 2021, supported by the lifting of all COVID-19 restrictions, resulted in a substantial turnaround in all key economic sectors in 2022 and spillover effects in the first half of 2023. Visitor arrivals reached 636,312 in 2022 (71% of 2019 levels), a vast increase from 31,618 in 2021, and the momentum continues in 2023. In the year to May 2023, visitor arrivals stood at 327,392, already 51.5 percent of 2022 levels and 36.6 percent of total arrivals in 2019. With peak tourism season underway, it is highly probable that visitor arrivals will surpass pre-pandemic levels earlier than expected.

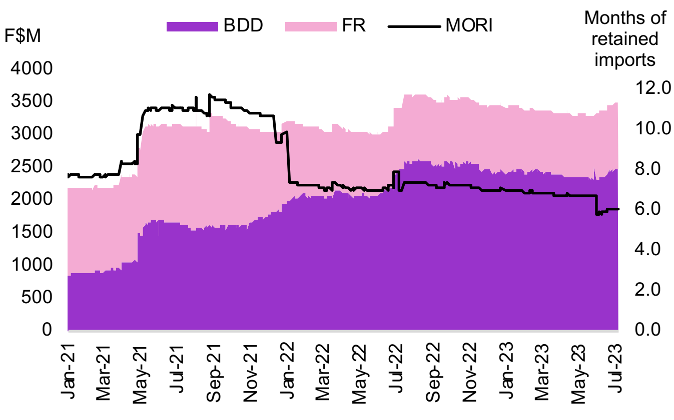
**Adding to this momentum is the positive impact of the 2023-2024 National Budget, which targets post-pandemic economic recovery while emphasising macroeconomic stability and fiscal sustainability.** At the end of FY2022-2023, the Government is expected to record a net deficit of around $750.3 million, equivalent to -6.2 percent of GDP, lower than the budgeted net deficit of -7.4 percent and -11.9 percent net deficit for FY2021-2022. The National Budget on balance adds positively to the general economic outlook through higher spending in key priority sectors, which will further enhance growth momentum. At the same time, the reforms and realignment of tax policies and incentives will provide a conducive environment for investment, rebuild confidence and ensure sustainable inflows of government revenues. Overall, the net deficit for FY2023-2024 is budgeted at -4.8 percent of GDP, much lower than the last four consecutive years. Consequently, the debt-to-GDP ratio will fall to 79.3 percent.

**In tandem with tourism recovery, the labour market in Fiji is also improving, ultimately supporting increased aggregate demand.** The Reserve Bank of Fiji's job advertisement survey shows an upward trend in the number of jobs advertised in Fiji. As such, consumer spending has increased in the economy, which is evident by the increase in gross Value Added Tax (VAT) collections. Consumption is also supported by the continued influx of inward remittances, which rose in the first four months of 2023. Commercial banks' new lending for consumption purposes also noted growth in the year to May as borrowing appetite improves, particularly for the wholesale, retail, hotels & restaurants sector. Similarly, commercial banks' new lending for investment purposes, which remained subdued for the past two years, is showing signs of pickup.

**Consistent with the robust demand in the economy, improvement in employment, ongoing fiscal and monetary support, and year-to-date sectoral outcomes, the Fijian economy is well on track to grow further in 2023.** The Fijian economy is estimated to have rebounded strongly with a double-digit growth outcome last year, led by a broad-based recovery in the services sector backed by a better-than-expected performance in tourism and related sectors. Thus, we project real GDP to grow by 7.8 percent this year, led mainly by tourism-related sectors, particularly accommodation & food services, transport & storage, and wholesale & retail sales. Additionally, net taxes, manufacturing, finance & insurance, construction, and real estate sectors are also expected to contribute slightly higher towards growth outcomes for this year. For 2024, the economy is projected to grow further by 4.3 percent, with spillover effects from the National Budget combined with the ongoing recovery in the tourism sector. The Fijian economy is expected to grow moderately by around 3.0 percent in 2025.

**Fiji's financial and external sectors remain stable on the back of record levels of system liquidity and foreign reserves, and it is expected to remain so in the medium term.** The Reserve Bank of Fiji maintains an accommodative monetary policy stance, with the Overnight Policy Rate (OPR) unchanged at 0.25 percent. The latest data show that the out-turns in the financial sector are aligned with the improvements noted in the domestic economy. Credit growth continues to grow gradually, led by higher lending by commercial banks and other financial institutions. Liquidity in the banking system remains ample, which has kept interest rates at historic lows. As at end of June 2023, banking system liquidity stood at above $2.4 billion, supported by foreign reserves, which stand at above $3.5 billion, sufficient to cover more than 6.0 months of retained imports. Foreign reserves are projected to remain comfortable into the medium term, once again on the back of borrowings as the government gross deficit will be financed through borrowings from multilateral and bilateral development partners. Liquidity in the banking system is also expected to remain at comfortable levels in the medium term.

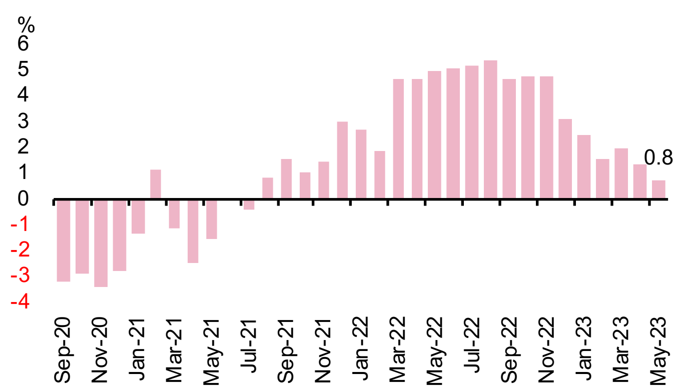
## Chart 1: System Liquidity and Foreign Reserves




**Source: Reserve Bank of Fiji**

**Globally, inflation has started to show signs of easing from the multi-decade highs reached in many countries following Russia's full-scale invasion of Ukraine.** In Fiji, inflation stood at 0.8 percent in May 2023, significantly lower than most of our trading partner economies. The relatively low inflation is mainly driven by the recent moderation in imported inflation as a result of softening global food and oil prices and the stabilising of domestic prices. Annually, lower prices were noted in alcoholic beverages, tobacco & narcotics (kava), transport, housing & utilities (fuel), and education categories. We expect year-end inflation to be around 3.0 percent due to the changes in VAT rates and customs measures announced in the FY2023-2024 National Budget, which will put upward pressure on inflation.

## Chart 2: Headline Inflation in Fiji




**Source: Fiji Bureau of Statistics**

**Overall, while the Fijian economy has largely recovered, some challenges and risks remain.** The slowdown and potential recession in Fiji's major source markets could impact visitor arrivals and the projected growth path. The global outlook remains uncertain, with plausible scenarios for both stronger and weaker growth and inflation. In Fiji, natural disasters and adverse weather conditions pose some downside risks to the growth outlook and could derail the expected recovery of the Fijian economy.

# National Budget 2023-2024 & Public Finance

## Budget Snapshot – Fiscal Framework

### Key Government Revenue Policies

- Revenue budgeted at $3.7 billion.
- Streamline and review the tax system to make it more palatable to promote investment in key priority sectors.
- VAT rates changed from three-tier to two rates of 0 percent and 15 percent.
- Corporate tax rate increased from 20 percent to 25 percent.
- Effective 1 January 2024, SRT is to be incorporated into the PAYE brackets and reduction of 5 percent for PAYE income brackets above $270,000.

### Key Government Expenditure Policies

- Expenditure budgeted at $4.3 billion to account for increased social protection funding and prioritise maintenance and upgrade of public infrastructure.
- Government will focus on zero-based budgeting in the medium term to tighten control on operational expenditures and undertake a holistic review to right-size the civil service and contain the public sector wage bill.
- Encourage more private sector participation in infrastructure projects through Public-Private Partnerships.

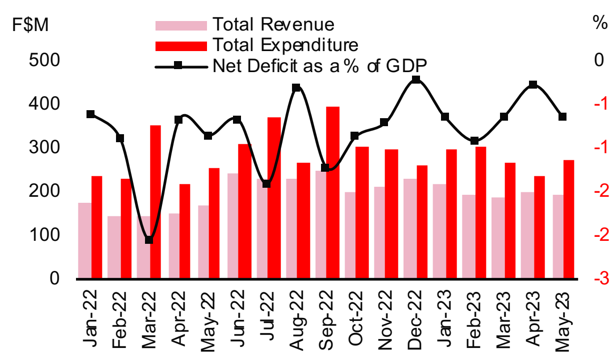
### Government Deficit & Debt

- The fiscal deficit, in double-digit levels for the last two consecutive fiscal years, has been more than halved to around -4.8 percent of GDP for FY2023-2024.
- Consequently, the debt-to-GDP ratio will fall to 79.3 percent of GDP. In the medium term, net deficit targets for FY2024-2025 and FY2025-2026 are set at -3.5 percent and -3.0 percent, respectively.
- Hence, debt as a percent of GDP will fall to 78.7 percent in FY2024-2025 and 77.9 percent in FY 2025-2026.

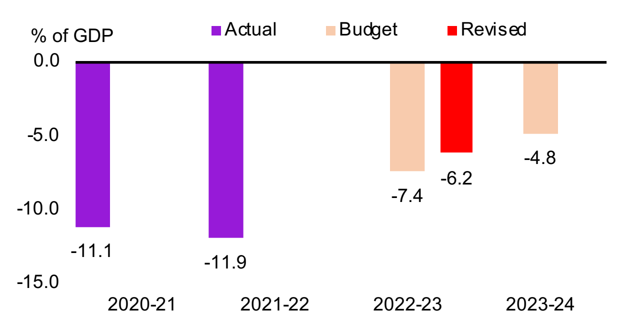
**Source: Supplement to the 2023-2024 Budget Address**

- The 2023-2024 National Budget was announced on 30 June, emphasising macroeconomic stability and fiscal sustainability. It aims to ensure adequate funding is channelled towards rebuilding infrastructure, improving public service delivery, social welfare, education and health, and supporting economic sectors such as agriculture.
- The new coalition Government has taken an expansionary stance in its first budget, which is expected to broadly have a positive impact on the economy. While raising the VAT rate and certain excise and fiscal duties will put some upward pressure on inflation, it will likely be balanced out by the reduction in other excise and fiscal duties. The increase in the VAT rate from 9 percent to 15 percent while maintaining zero-rated VAT on 21 basic items (with the addition of prescribed medicines) is expected to increase net VAT collections to around $445.6 million in the new fiscal year.
- Additionally, with the simplification and streamlining of the tax system, investments are expected to increase in the medium term, which had been lagging for some time given the cautious approach of many potential investors.
- At the end of FY2022-2023, the Government is expected to record a net deficit of around $750.3 million, equivalent to -6.2 percent of GDP, lower than the budgeted net deficit of -7.4 percent and -11.9 percent net deficit for FY2021-2022.
- In the first 10 months of FY2022-2023, the Government collected $1,859.3 million in tax revenues, almost 82.6 percent of the revised tax revenue estimates. Compared to the same period in the last financial year (August 2021 to May 2022), overall tax collections have increased by $544.4 million or 41.4 percent.
- In line with the Medium-Term Fiscal Strategy (MTFS) and the positive economic outlook for 2023, the net deficit for FY2023-2024 is budgeted at $639.1 million or -4.8 percent of GDP. The targeted fiscal deficit for FY2023-2024 will be financed with a combination of domestic ($765.2m) and concessional external ($390.2m) borrowing.
- The fiscal policy going forward will be geared towards reducing the deficit level to put the debt-to-GDP ratio on a downward path and further enhance long-term debt sustainability. This will be supported by revenue reforms guided by the principles of fairness, simplicity, and revenue adequacy complemented by major control of the overall public expenditure, including the reprioritisation of fiscal resources to better achieve socio-economic and other development goals.

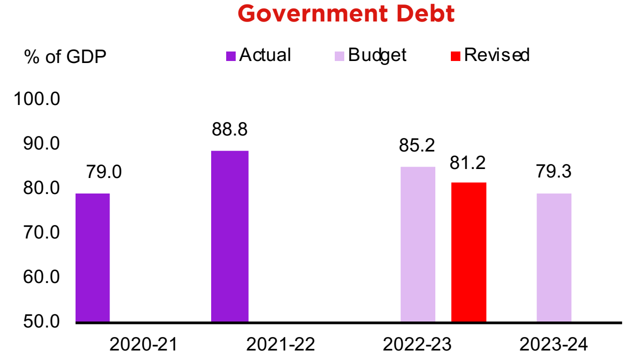
**Government Cash Flow**




**Government Net Defict**

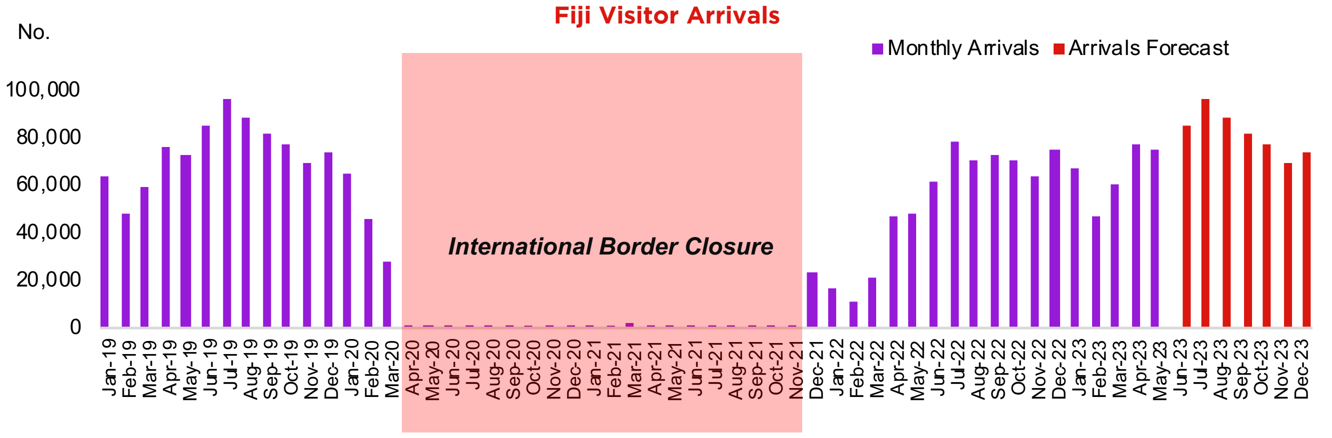



**Government Debt**

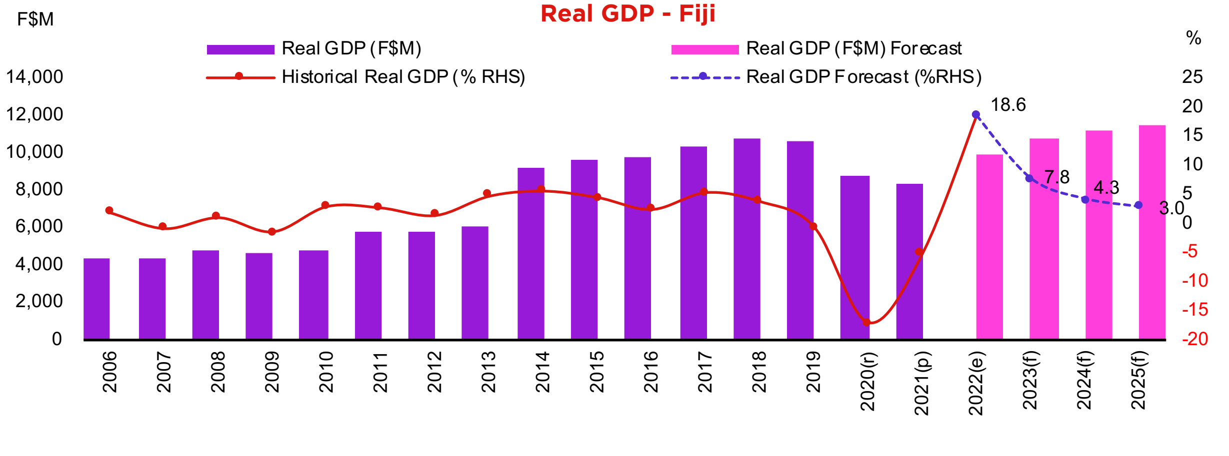



**Source: Ministry of Finance and Westpac Fiji calculations**

# Revised Gross Domestic Product (GDP)



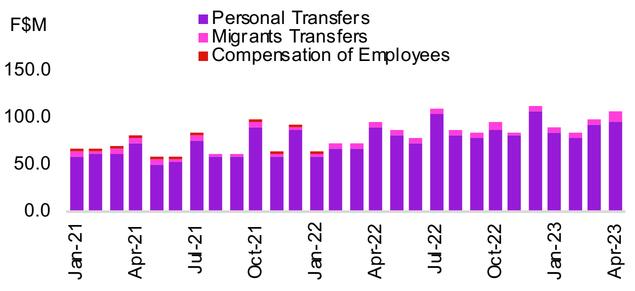

- Halfway through 2023, the Fijian economy is well on track for a year of solid growth, primarily due to the out-turn in the tourism industry. The economy is estimated to have rebounded strongly in 2022, following three consecutive years (2019-2021) of economic contraction.
- Visitor arrivals to Fiji in 2022 was slightly above 70 percent of 2019 levels, following the reopening of international borders in December 2021. Despite a slow start in the first few months of 2022 due to a spike in COVID-19 cases caused by the Omicron variant, visitor arrivals increased gradually as the situation normalised and more countries opened their international borders. Visitor arrivals in 2022 rose by 1,912.5 percent to a total of 636,312, most of which were from Australia (54.2%), New Zealand (24.0%) and the United States (11.0%).
- Actual data for the first five months of 2023 indicate that Fiji is well-placed to surpass pre-pandemic visitor levels (2019) earlier than anticipated. Cumulative to May 2023, visitor arrivals grew by 128.3 percent to a total of 327,392 visitors, 1.7 percent higher than the arrivals recorded in the same period in 2019. With peak tourism season underway combined with increased flights, new flight routes and marketing Fiji as a safe and attractive travel destination, visitor arrivals are projected to grow by about 40 percent in 2023. With tourism contributing to around 40 percent of Fiji's GDP, the increase in visitor arrivals is expected to have flow-on effects in the tourism-related sectors of the economy and directly translate into growth outcomes.
- Adding to this is the positive impact of the successful general election in Fiji in December 2022 with the new coalition Government in place and the recent announcement of the 2023-2024 National Budget. The Government's commitment to economic reforms and policies to accelerate post-pandemic economic recovery and respond to the changing global and domestic landscape will create a more conducive environment for reinvigorating private sector-led growth, supporting social enhancement, building climate resilience and maintaining overall macro-fiscal sustainability.
- Against this backdrop, we revise our real GDP forecast for this year and project a higher economic expansion of 7.8 percent (from the 7.2 percent forecasted in our last report), led by increased growth projections for net taxes, accommodation & food services, transport & storage, wholesale & retail sales, manufacturing, finance & insurance, construction, and real estate sectors. The 2023-2024 National Budget adds positively to the economic outcomes for this year and is supported by general economic activity propelled by increased business and consumer confidence.
- For 2024, we project the economy to grow further with a real GDP growth of 4.3 percent, led by investment-related sectors. The economy is expected to moderate in 2025 and grow by 3.0 percent.
- While the economy is currently well positioned for medium-term growth, downside risks remain due to the uncertainty surrounding global and trading partner economies outlook as well as some domestic development. The ongoing Russia-Ukraine war continues to affect the global economy, although the magnitude of the impacts has subsided. Fiji's major tourism source markets, Australia and New Zealand, are experiencing weaknesses with an increased probability of a recession that can potentially impact the tourism industry and pose some risks to growth outcomes. Recently, there has been increased migration, which has led to some labour shortages and can derail the expected recovery. Additionally, as is always the case, Fiji faces the risk of natural disasters, which can significantly affect the projected path of the economy.



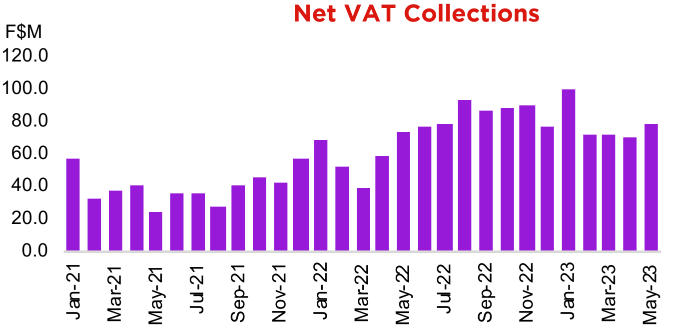

**Source: Fiji Bureau of Statistics and Westpac Fiji calculations**

# Consumption & Investment Activity in Fiji

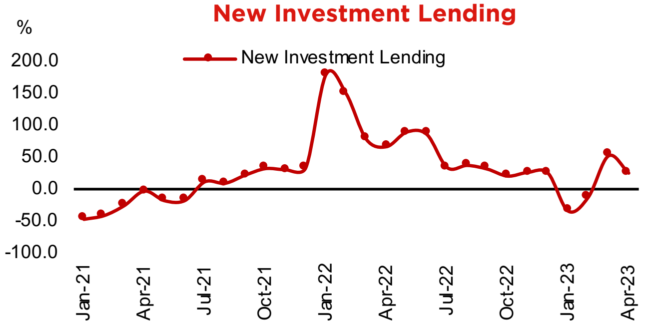
Inward Personal Remittance



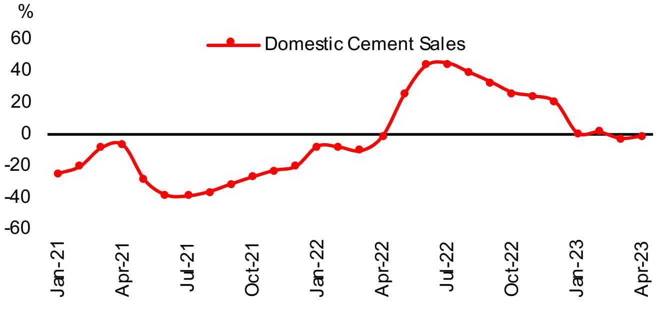

Net VAT Collections




New Investment Lending




Domestic Cement Sales




**Source: Reserve Bank of Fiji and Westpac Fiji calculations**

- Consumption and investment activity combined make up the largest share of aggregate demand in Fiji, which in turn contributes to the growth and development of the economy. The measure of consumption activity in Fiji is through partial indicators such as net VAT collections, new and second-hand vehicle sales and registrations, the inflow of personal remittances, and commercial banks' new lending for consumption purposes. The level of investment activity is measured by partial indicators such as commercial banks' new lending for building & construction and real estate sectors, domestic cement sales, and value of work put in place, among others.

- After the lacklustre performance in 2020 and 2021 due to the COVID-19 pandemic and the resulting impacts on employment and income, consumption growth was strong in 2022, supported by rising aggregate incomes and government transfers. Incomes were buoyed by the high demand for labour in the post-pandemic period.

- Consumption is estimated to have further expanded in the first half of 2023, supported by higher visitor arrivals, employment opportunities, higher credit, and an increased inflow of personal remittances. Commercial banks' new consumption loans rose by 16.0 percent in the year to May 2023 to around $600.0 million, led by an increase in new loans to wholesale, retail, hotel & restaurant, personal transport, and unsecured personal loans. In the same period, net VAT collections also rose by 34.9 percent, showing an increase in consumer spending. Similarly, inward remittances continue to grow and support the consumption patterns of households. Cumulative to April 2023, personal remittances grew by 25.2 percent to a total of $379.5 million, mainly due to an increase in the inflow of personal transfers (which consists of all current transfers in cash received by resident households) and migrants' transfers (capital transfers related to all the financial assets that migrants bring with them when they move to the host country, or when they return to their home country).

- Consumption is expected to pick up over the coming months as the labour market improves further and income increases. Given the current low interest rate environment, lending is expected to increase. Additionally, the 2023-2024 National Budget will augur well for consumption activity with the retention and expansion of zero-rated VAT items and the changes to certain excise and fiscal duties, with a focus on increased support for the vulnerable and disadvantaged.

- While consumption activity has bounced back rapidly, investment spending over the past year has remained slow, owing to supply chain disruptions, high inflationary pressures and the generally cautious approach of investors. In the first five months of 2023, following the successful general election and post-COVID recovery, investment spending has improved relative to last year, as shown by the increase in commercial banks' new lending for investment purposes by 23.0 percent. This, however, remains below pre-pandemic levels.

- The Government, in the recent National Budget, is also focusing on the Ease of Doing Business initiative. The Government recognises that investment is critical for creating jobs, boosting productivity, and improving social and economic well-being. It is committed to promoting Fiji as an attractive investment destination for both local and foreign investors, with a business-friendly and conducive environment. As such, we anticipate business investment to pick up in the near to medium term as businesses continue to respond to elevated capacity pressures and rebuild work post-pandemic. The Government has also established the Investment Facilitation Committee, which has been tasked to provide a platform for investors and established businesses to raise concerns on recurring or unresolved issues that hinder investment and business. This should further help facilitate new and existing investments.

- Government consumption and investment are expected to evolve in line with the macroeconomic and fiscal forecasts in the 2023-2024 National Budget. Government investment, particularly in infrastructure, is projected to increase considerably as repair and rebuild work continues. However, challenges and risks remain for investment activity. The weaknesses of global and trading partners are likely to slow business investment by adding to the uncertainty about future global and domestic demand.

# Financial Sector Outcomes for Fiji

- Following the recovery in the real sector, the financial sector has also bounced back and is on the path to solid recovery. In fact, Fiji's financial sector has remained resilient throughout the COVID-19 pandemic while supporting its customers in terms of repayment holidays. These have now been phased out, and the overall outlook for the financial system is positive.

- The commercial banking sector is central to the financial system and continues to make up the largest share of aggregate credit due to its core intermediation function in the economy. The financial system's annual private sector credit (PSC) growth continues to increase; total credit was up by 6.5 percent to a total of $9.4 billion at the end of May 2023, an improvement from the 2.5 percent reported in May 2022.

- The sustained growth in PSC is mostly led by the increase in commercial banks' lending to the private sector. Commercial banks' outstanding loans rose by 9.9 percent at the end of May to a total of $8,049.4 million, compared to a 5.5 percent growth in May last year. This outcome was attributed to the higher credit extended to the real estate, wholesale, retail, hotels & restaurants, transport & storage, private individuals, and building & construction sectors.

- Commercial bank lending continued to be concentrated in the private individual (household) sector at 28.2 percent, followed by wholesale, retail, hotels & restaurants (20.1%), real estate (19.3%), and building & construction (9.3%) sectors. The household sector's credit stood at $2.2 billion as of May 2023. Regarding risk concentration, 87.2 percent of household debt sits with the banking sector, of which 80.5 percent is concentrated in housing loans.

- As the economy recovers, we expect a pick-up in households' disposable income and renewed consumer confidence. Demand for loans for housing, personal transport, and unsecured personal loans is also expected to increase.

- Non-performing loans (NPLs) have decreased compared to last year due to the improvement in debt serviceability. NPLs are noted to be concentrated mainly in the wholesale, retail, hotels & restaurants sector at 23.9 percent, followed by private individuals (22.1%), real estate (20.0%), building & construction (14.3%), and transport & storage (13.9%) sectors.

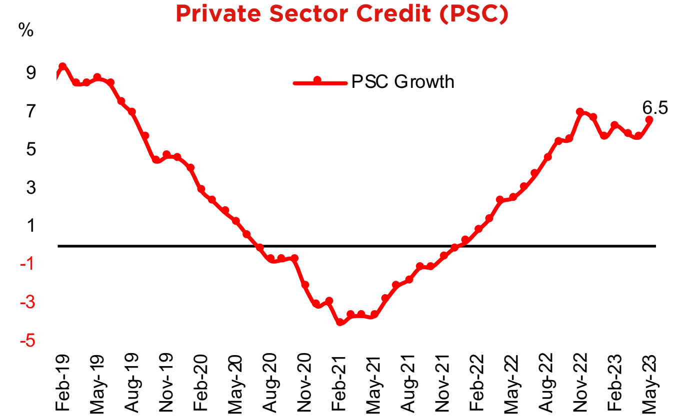
- Commercial banks' liquidity position remained satisfactory over the year as the liquid assets ratio, which is an indicator of the liquidity available to meet expected and unexpected demand for cash, remained at satisfactory levels. The loan-to-deposit ratio slightly increased to 76.1 percent.

- Given the high levels of liquidity, commercial banks' interest rates have continued on a general downward trend this year. The weighted average outstanding lending rate continued to fall, reaching an all-time low of 5.05 percent in May, down from 5.52 percent in May 2022. The time deposit rate also fell to 1.11 percent in the same period from 1.62 percent in May 2022.

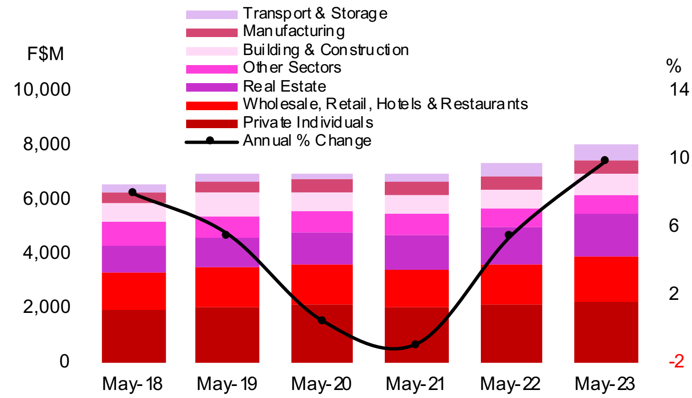
- The overall condition of the commercial banking industry, being the largest part of the financial system, is assessed as marginal based on marginal asset quality and earnings and is supported by satisfactory levels of capital and liquidity.

**Notes:**
1. 'Other Sectors' in commercial banks' lending categories include electricity, gas & water, agriculture, mining & quarrying, non-bank financial institutions, public enterprise, professional & business services, central & local government, and others.

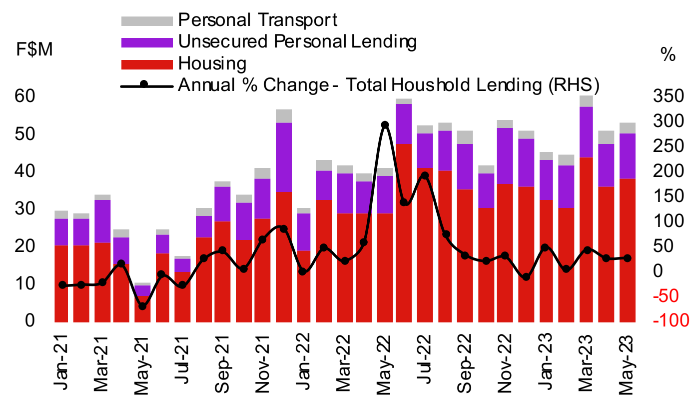
**Private Sector Credit (PSC)**



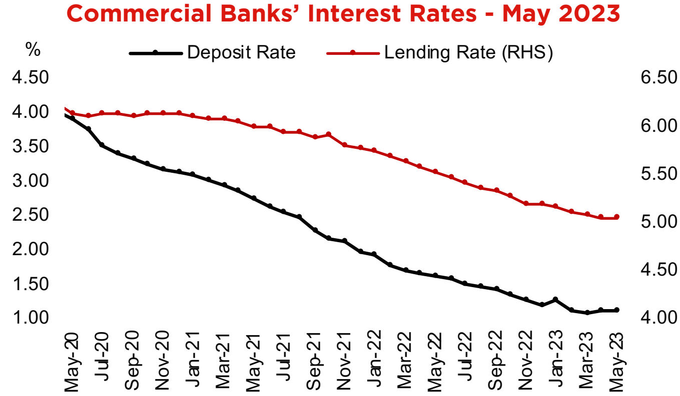

**Commercial Banks' Total Loans & Advances**




**Commercial Banks' New Household Lending**




**Commercial Banks' Interest Rates - May 2023**



# Economic & Financial Statistics/Forecasts

## Economic Statistics (annual unless otherwise stated)

| Fiji | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 |
|---|---|---|---|---|---|---|
| Visitor Arrivals (%) | 317.0 | 258.4 | 163.9 | 128.3 | n.a | n.a |
| Net VAT (%) | 42.6 | 53.3 | 44.5 | 34.9 | n.a | n.a |
| Personal Remittance (%) | 28.7 | 31.3 | 25.2 | n.a | n.a | n.a |
| Private Sector Credit (%) | 6.3 | 5.9 | 5,7 | 6.5 | n.a | n.a |
| Liquidity (F$M) | 2,450.8 | 2,413.5 | 2,342.1 | 2,226.5 | 2476.76 | 2,521.3 |
| Foreign Reserves (F$M) | 3,364.8 | 3,323.0 | 3,332.9 | 3,318.5 | 3485.81 | 3,549.10 |
| MORI | 5.9 | 5.9 | 5.9 | 5.8 | 6.0 | 6.2 |
| Inflation (%) | 1.5 | 2.0 | 1.5 | 0.8 | n.a | n.a |
| Overnight Policy Rate (OPR) | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |

**Source: Reserve Bank of Fiji, Fiji Bureau of Statistics and Ministry of Economy   n.a. – data not available**

## Exchange Rate Forecast

| Cross | Latest | Sep-23 | Dec-23 | Dec-24 | Dec-25 | Dec-26 |
|---|---|---|---|---|---|---|
| FJD-USD | 0.4491 | 0.4634 | 0.4788 | 0.4759 | 0.4759 | 0.4801 |
| FJD-AUD | 0.6624 | 0.6436 | 0.6218 | 0.6345 | 0.6345 | 0.6317 |
| FJD-EUR | 0.4035 | 0.4252 | 0.4163 | 0.4067 | 0.4067 | 0.4139 |
| FJD-JPY | 62.91 | 62.10 | 59.37 | 57.10 | 57.10 | 55.21 |
| FJD-NZD | 0.7206 | 0.7022 | 0.7041 | 0.6998 | 0.6998 | 0.6957 |

**Source: Reserve Bank of Fiji and Westpac Fiji calculations**

## Interest Rate Forecast

| Australia | Latest | Sept-23 | Dec-23 | Mar-24 | Jun-24 | Sept-24 | Dec-24 |
|---|---|---|---|---|---|---|---|
| Cash | 4.10 | 4.60 | 4.60 | 4.60 | 4.35 | 4.10 | 3.85 |
| 10 Year Bond | 4.22 | 3.90 | 3.70 | 3.50 | 3.30 | 3.20 | 3.10 |
| US | | | | | | | |
| Fed Funds | 5.125 | 5.375 | 5.375 | 4.875 | 4.375 | 3.875 | 3.375 |
| US 10 Year Bond | 4.03 | 3.70 | 3.50 | 3.30 | 3.10 | 3.00 | 2.90 |
| New Zealand | | | | | | | |
| Cash | 5.50 | 5.75 | 5.75 | 5.75 | 5.75 | 5.25 | 4.75 |
| 10 Year Bond | 4.81 | 4.60 | 4.40 | 4.20 | 4.00 | 3.90 | 3.80 |

**Source: Westpac Economics**

## Global & Trading Partner Growth Forecast (%)

| % | 2019 | 2020e | 2021f | 2022f | 2023f | 2024f |
|---|---|---|---|---|---|---|
| World Economy | 2.8 | -3.1 | 6.0 | 3.5 | 3.0 | 3.0 |
| US | 2.2 | -3.4 | 5.7 | 2.1 | 1.8 | 1.0 |
| Eurozone | 1.3 | -6.4 | 5.2 | 3.5 | 0.9 | 1.5 |
| Australia | 2.0 | -2.1 | 4.9 | 3.7 | 1.6 | 1.7 |
| New Zealand | 2.9 | -2.1 | 5.6 | 2.4 | 1.1 | 0.8 |
| Japan | 0.3 | -4.5 | 1.7 | 1.1 | 1.4 | 1.0 |
| China | 6.0 | 2.2 | 8.1 | 3.0 | 5.2 | 4.5 |
| India | 4.2 | -6.6 | 8.7 | 7.2 | 6.1 | 6.3 |

**Source: International Monetary Fund and World Economic Outlook**