AUSTRALIA & NEW ZEALAND WEEKLY.

Week beginning 17 July 2023

Editorial: New RBA Governor certainly fits the bill.

RBA: Minutes from the July meeting.

Australia: Westpac-MI Leading Index, labour force survey.

NZ: Q2 CPI, GlobalDairyTrade auction.

China: Q2 GDP, retail sales, industrial production, fixed asset investment.

UK: CPI, retail sales.

US: retail sales, industrial production, housing updates (starts, sales), leading index, regional surveys.

Key economic & financial forecasts.

INFORMATION CONTAINED IN THIS REPORT CURRENT AS AT 14 JULY 2023.

WESTPAC INSTITUTIONAL BANK

New RBA Governor certainly fits the bill

The government; financial institutions; and economic agents in general can be well satisfied with the choice of Michele Bullock to become Australia's first female Reserve Bank Governor.

Michele's appointment follows a recent tradition in the Reserve Bank of the Deputy Governor being appointed to replace the Governor when their term is completed.

The two previous Governors – Ian MacFarlane and Glenn Stevens were given second shorter terms of three years following the original seven year term mainly to allow the Deputy Governor more time to gain appropriate experience at the top of the Reserve Bank.

Michele Bullock has only served as Deputy Governor since April 2022 – less time than was the case for previous Deputy Governors before they stepped up to the top role although in a very short time, she has established herself as perceptive; confident and prepared to address the key issues.

In July last year, she delivered a speech outlining the Bank's research on the impact on households' cash flows and balance sheets from interest rate policy; later in September she addressed the markets on the implications of the Bank's bond purchase program (quantitative easing); she provided insights into the policy making process at the Reserve Bank; and last month directly addressed the issue of what level of unemployment was consistent with the Bank's inflation target.

Of course, there were many other public contributions but these four speeches, which were scrupulously researched, were all highly relevant and valuable communications. It was clear that the Deputy Governor had that unusual instinct for identifying the important issues of the day and addressing them with clear research that proved to be valuable for understanding the economy and the Reserve Bank's role in policy.

With that record it seems that Bullock will be very well positioned to implement the changes to the Reserve Bank's operating procedures outlined by Governor Lowe earlier in the week.

The case for change at the Bank was made in the Review with many of the key recommendations outlined by the Governor this week as the agreed way forward. It was not necessary to appoint an outsider once those changes had been agreed. Indeed Bullock, who has been in the Bank since 1985; has served as Head of the Payments Policy Department; Assistant Governor Business Services; and Assistant Governor (Financial System), clearly has the leadership, administrative skills and understanding of the Bank to implement the change.

The Review has recommended that the Monetary Policy Board will be made up of the Governor and Deputy Governor and seven external appointees. That is a different model to other central banks such as FOMC; BoE; BoC; and RBNZ. The Governor will be charged with relying on convincing research and persuasive arguments around the Board table to carry the majority of directors who will be appointed on the basis of their monetary policy expertise.

It remains to be seen whether the new Governor is more or less "hawkish" than Dr Lowe.

Certainly, Bullock's decision to outline in last month's speech that, in her thinking, the NAIRU is 4.5% - nearly 1ppt above the current unemployment rate - points to a convincing determination to achieve the inflation target by mid-2025.

For those reasons we expect that the path Lowe has set for policy will be equally promoted by Bullock. This is an observation for the medium term.

As Governor until mid-September, Lowe will be chairing his last two Board meetings in August and September.

We see no reason to change our forecast that the Board will decide to raise the cash rate by 0.25% at the upcoming August meeting with a further increase likely at the September meeting.

Lowe has had a distinguished career at the Reserve Bank. For me a particular highlight has been the prolific flow of speeches covering policy and economics. The insights and the clarity of coverage has consistently allowed for a better understanding of the issues he has been addressing.

His body of work through both speeches and research stands above anyone I have seen.

In addition, his commitment to public service since he joined the Reserve Bank in 1980 has been remarkable.

There is little doubt that he has so much more to contribute to Australia and I look forward to following his progress.

Bill Evans, Chief Economist (WestpacGroup)

Beginning in Australia, the **Westpac-MI Consumer Sentiment** survey delivered a lacklustre update on confidence. At 81.3, the headline index remains firmly entrenched at extremely pessimistic levels, an outcome that has only been associated with major economic dislocations over the survey's near fifty-year history. Driving this sustained weakness in sentiment has been a marked deterioration in views over the economy's prospects and family finances for the year ahead, with these sub-indexes now 10% and 16% below their respective long-run averages. The cost-of-living remains a considerable constraint for households, the sub-index covering spending intentions on 'major household items' nearly 40% below its long-run average.

Another key theme discussed by Chief Economist Bill Evans after the July survey's release is the impact of inflation and interest rates on confidence. Curiously, the RBA's decision to leave the cash rate unchanged in July offered no support; indeed, sentiment was much weaker after the meeting than before (77.9 vs. 88.0). Available data gives context to this result. Evidence over the past year suggests inflation has had a greater impact on confidence than interest rates. May's deceleration in the Monthly CPI Indicator from 6.8%yr in April to 5.6%yr and the consequent rally in sentiment pre-RBA to 88.0 also supports this thesis. However, in noting "Some further tightening of monetary policy may be required", the RBA made clear that policy will likely have to be tightened further to get inflation sustainably back to target. The material chance of further hikes and a lengthy period of above-target inflation arguably drove confidence back down to 77.9 post-RBA, 1.6% below the final June outcome.

The emerging weakness evident in business conditions is becoming more consistent with consumers' pessimistic view on the state of the economy. The **NAB business survey** indicates that the current assessment of business conditions has taken a material step back over the last two months, down from +15 in April to +9 in June. With forward orders posting consecutive declines over May/June against a backdrop of soft and fragile business confidence, the survey's shift in tone is clear, foreshadowing the prospect of a further slowing in the economy over the remainder of the year.

Before moving offshore, it is worth highlighting that RBA Deputy Governor Michele Bullock has been appointed as RBA Governor for a seven year term commencing September 18. This development comes at a time where the RBA's monetary policy processes and communication guidelines are being assessed and modified in light of the Government's Review. For more detail see page 2.

Events offshore this week also provided a number of notable headlines.

The **Bank of Canada** raised rates again by 25bps to 5% as fears of persistent inflation prompted action. This is the second rate hike since the BoC decided to pause earlier this year. Inflation has eased off the back of lower energy prices; however, broad-based strength remains elsewhere. Spending data shows evidence of excess demand across the economy, with household consumption driving GDP growth in the March quarter and more timely indicators like retail sales suggesting consumers have plenty of cash to splash. This comes alongside a housing market that is starting to find its floor. New projections suggest the CPI will hover around 3% for a year. The BoC experience is a perfect example of why central banks must be wary of the risks of ending their tightening cycle too soon.

South of the border, the **US CPI** made headlines as it came in softer than expected at 0.2%mth for both headline and core inflation. There were clear signs of a broad-based deceleration as momentum in goods and services ex-shelter continued to slow. However, shelter continues to cause concern, contributing a whopping 2.1ppts to annualised headline inflation in Q2 thanks to its 35% weight and 6.0% gain. Here is evidence that shelter has the capacity to create at or above target outcomes for inflation by itself should rent inflation hold up rather than decelerate as is our base expectation.

The Federal Reserve's July **Beige Book** was also constructive for the inflation outlook. Economic activity was reported to have "increased slightly since May", employment only "modestly". Most significant for inflation is that the "unusually high [labour market] turnover rates in recent years appear to be returning to pre-pandemic norms" and contacts "in multiple Districts reported that wage increases were returning to or nearing pre-pandemic levels". Despite this, signs of labour market slack have yet to show up meaningfully. **Initial jobless claims** fell to 237k, driving down the four-week average to 246.8k.

Across the Tasman meanwhile, the **Reserve Bank of New Zealand** kept rates steady at 5.5% in line with expectations. The statement noted "monetary conditions are constraining domestic spending as expected" and there was nothing to indicate their thinking had changed vis a vis keeping the OCR on hold until the second half of 2024. The next meeting will reflect the Committee's view of the June CPI print and labour report. Should either come in stronger than expected, the central bank will be keen to get on the front foot and raise the policy rate by 25bps. It is Westpac's view that they likely will.

Over east, the Chinese June **price outcomes** were weak, the CPI flat year-over-year and the PPI down 5.4%yr. Base effects are significant for these outcomes, the impact of Russia's invasion of Ukraine on supply chains and energy and commodity prices falling out. However, excess capacity across the economy and a continued push to grow industry further amid a modest post-COVID rebound is also at play.

To counteract some of this weakness, the government has eased key policy rates and increased liquidity. They are also likely encouraging lending by the banks behind the scenes. Aided by these steps, **M2 money supply** rose 11.3%yr off a strong base in 2022, and **new loans** came in well above expectation in June at CNY3050bn. Benefitting both now and the medium-term, the **trade balance** remained wide in June at US$70.6bn albeit shy of expectations, US$74.9bn. To sustain this sizeable income inflow, Asian demand has to make up for weak and deteriorating developed-world demand.

Week ahead & data wrap

RBNZ remains on hold; Westpac still sees an August hike as markets refocus on the data.

The key domestic event over the past week has been the Reserve Bank's review of monetary policy. As expected by Westpac and the market, the RBNZ maintained the OCR at 5.5%. The statement accompanying the decision provided no surprises either, with the Bank repeating much of the language used in its previous post-meeting statement. The RBNZ's comfort with recent developments was front and centre, with the statement opening with the observation that "The level of interest rates are constraining spending and inflation pressure as anticipated and required." So unsurprisingly, the Bank also restated that it is confident that maintaining interest rates at restrictive levels for some time will allow CPI inflation to move back within the target range. In the minutes of the meeting, it was stated that MPC members consider the risks around the inflation projection to be "broadly balanced".

Westpac remains of the view that the OCR will be increased by 25bps to 5.75% at the August Monetary Policy Statement. As we have written previously, since the May Statement there wasn't enough data to significantly shift the RBNZ's strong view for a protracted period of unchanged rates. However, the month ahead will see some key information in the form of the June quarter CPI and labour market report. These will provide more information on the persistence of core inflation pressures and the strength of the labour market, and hence prospects for a fall in GDP during the second half of this year. Partial indicators suggest the labour market has not cracked yet, which raises the likelihood that the RBNZ will need to upgrade its growth forecasts for this year. This would add some upside risk to the inflation outlook and lengthen the already protracted period over which inflation remains above the target range. So, we aren't yet convinced that the door to an August tightening has been closed, although the hurdle to moving through that door remains high.

With this week's meeting now out of the way, attention has returned to the local economic data. The news from the household sector has been a little more upbeat. Consumer spending in the retail sector rebounded 1.0% in June, albeit owing much to a lift in spending on fuel. However, led by further weakness in hospitality – perhaps pointing to a clampdown on discretionary spending – core spending was flat in June after a 1.4% decline in May. Meanwhile, the housing market continued to establish a base in June. After adjusting for seasonal factors, sales rose 2.2% – the fourth consecutive increase – and were almost 15% higher than a year earlier. While the median days to sell remains elevated, the house price index increased 1.2%, reducing the annual decline in prices to 9.0%. While the RBNZ seems comfortable with recent trends, going forward the housing market will be an important area to monitor.

The lift in housing activity likely owes in part to the strength of migrant inflows earlier this year. On that score, a net inflow of almost 5000 permanent and long-term migrants arrived in New Zealand in May. While recent outturns are prone to revision, this is well down from the pace seen earlier this year. This month, a notable feature was a further lift in non-resident departures to above pre-COVID levels. The annual inflow appears on track to peak at around 85,000-90,000. Although this is a little less than had seemed likely a few months ago, picking the exact peak is a second-order issue; going forward, what will be far more important is understanding the impact on the labour and housing markets, and ultimately the required level of interest rates.

The news from the corporate sector was mixed. The BNZ-Business NZ manufacturing PMI fell 1.2pts to 47.5 in June, led by a 6.4pt decline in the new orders index to 43.8 – in both cases the lowest readings this year and indicating ongoing malaise in the manufacturing sector. But in some good news for the hospitality industry, short-term visitor arrivals appear to have recovered further in May. That said, while visitor arrivals were more than double last year's level, they remain down by more than a quarter compared with the equivalent pre-Covid level.

Looking ahead to the coming week, the local economic diary is dominated by the Wednesday's June quarter CPI release. Following news of a large increase in food prices in June, Westpac has finalised its forecast of quarterly headline inflation at 0.9%, a result which would be 0.2ppts below the forecast the RBNZ made back in May. That would see annual inflation slipping to 5.9%, down from 6.7% previously. A sharp 2.5% increase in food prices will make the largest upward contribution to quarterly inflation, while the decline in annual inflation owes almost entirely to lower fuel prices. Non-tradeables inflation – of greatest importance to the RBNZ – also seems likely to print at 0.9%. Thanks to a slower pace of increase in the construction sector, this will lower annual inflation slightly to 6.2%. While down from a last quarter's peak of 6.8%, domestic inflation remains highly elevated and will need to decline much further if the Reserve Bank is to meet its inflation target.

Other news to look out for over the coming week include the services PMI and the latest GDT dairy auction. The services PMI has only a loose correlation with measured activity in the sector, but will likely trend lower over time as monetary policy tightening gains traction. Meanwhile, futures contracts indicate that whole milk powder price may move lower at the auction, as they did a fortnight earlier – perhaps reflecting ongoing weak sentiment coming out of China.

Darren Gibbs, Senior Economist

Round-up of local data released over the last week

Date	Release	Previous	Actual	Westpac f/c
Wed 12	RBNZ policy decision	5.50%	5.50%	5.50%
	May net migration	7633	4939	–
Thu 13	Jun REINZ house sales %yr	1.6%	14.6%	–
	Jun REINZ house prices %yr	-11.2%	-9.0%	–
	Jun manufacturing PMI	48.7	47.5	–
	Jun card spending	-1.9%	1.0%	0.8%
	Jun food price index	0.3%	1.6%	1.6%

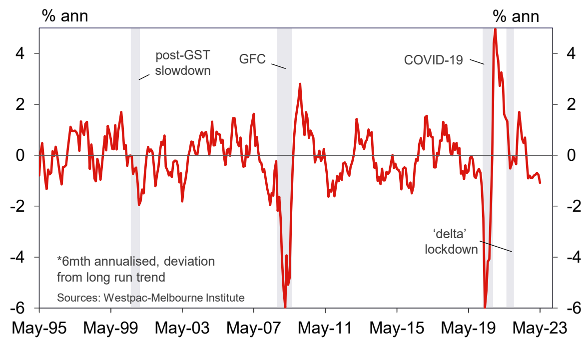
Aus Jun Westpac–MI Leading Index

Jul 19, Last: –1.09%

The Leading Index continued to send a weak signal in May, the six-month annualised growth rate declining to –1.09%, the lowest read since the pandemic and continuing the run of negative growth rates that began back in August last year. The picture remains consistent with weak growth running well below trend.

The June read will include a mixed bag of updates with a big, but likely temporary, bounce in dwelling approvals (+20%) and slightly better reads on equity markets (the ASX200 up 1.6% in June) and the Westpac-MI Consumer Expectations Index (up 4.5%) but another big decline in commodity prices (down -12.8% in AUD terms). The net result may see a slight lift in the overall index growth rate but another negative read looks likely.

Westpac-MI Leading Index



Aus Jun Labour Force - employment chg, '000

Jul 20, Last: 75.9k, WBC f/c: +25k
Mkt f/c: 14k, Range: –10k to +36k

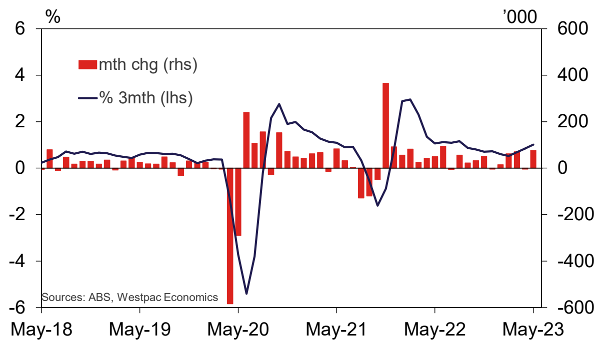
April's modest decline in employment (–4.0k), associated with a seasonal anomaly, was followed by a sizeable gain in May (+75.9k), exceeding even Westpac's near top-of-the-range forecast.

By way of context, jobs growth has lifted by 220k year-to-date in 2023. This is only moderately below the 254k that was observed in 2022, back when Australia finally emerged from lockdowns and the reopening 'burst' of activity was well and truly in full swing.

The historically elevated level of vacancies has proven immensely supportive to employment growth, reflective of lasting strength in labour demand amid a robust recovery in population growth.

For June, we have pencilled in an around-trend lift in employment of +25k. That said, momentum in jobs growth should slow to a stalling-pace into year-end as economic conditions falter under the weight of rapidly rising interest rates and cost-of-living pressures.

Employment growth: momentum robust



Aus Jun Labour Force - unemployment rate %

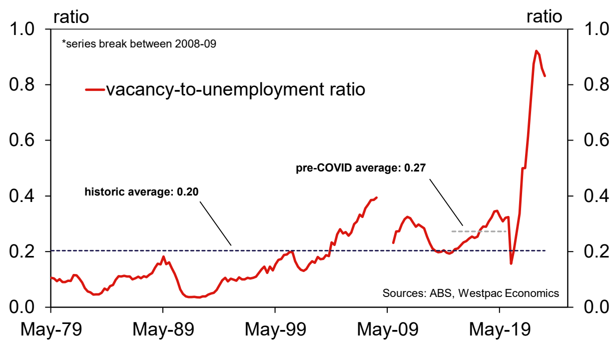
Jul 20, Last: 3.6%, WBC f/c: 3.6%
Mkt f/c: 3.6%, Range: 3.5% to 3.7%

In May, the participation rate rose to a historic high of 66.9%. This saw the labour force expand by a sizeable 59.4k, but with jobs growth also lifting strongly, the unemployment rate managed to fall from 3.7% to 3.6% (or 3.55% to two decimal places).

Critical to the near-term evolution for unemployment is the strength of labour demand. Vacancies have barely moderated from its peak in May 2022 and business surveys are only now beginning to more convincingly reflect an unfolding softening in labour demand. On balance, this points to downside risk for the unemployment rate this year, which we have now revised down from 4.2% to 4.0%.

For the June survey, we expect the participation rate will be unchanged, at 66.9%, which would result in the unemployment rate holding flat at 3.6%.

Vacancy-to-unemployment ratio



DATA PREVIEWS

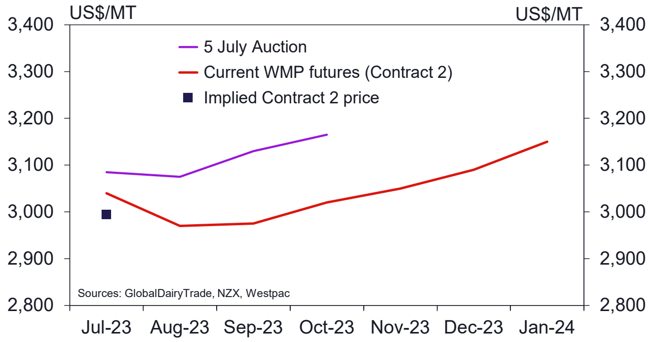
NZ GlobalDairyTrade auction, whole milk powder prices

Jul 19, Last: –0.7%, Westpac: –3.0%

We expect whole milk powder prices (WMP) to fall by 3% at the upcoming auction. If prices fall as expected, then this would continue the downward trend seen over recent months. Our pick is similar to the 3.4% drop that the futures market is pointing to as at Thursday 13 July.

We continue to expect that underwhelming Chinese dairy demand will put downward pressure on prices in the short term. Soft underlying global dairy production coupled with and an expected improvement in Chinese dairy demand should support dairy prices in the medium term.

Whole milk powder prices



NZ Q2 CPI

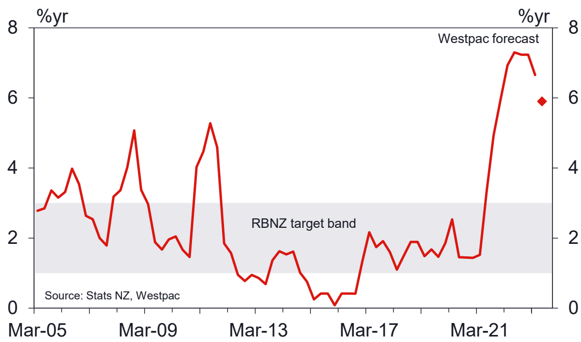
Jul 19, Qty. – Last: +1.2%, Westpac: +0.9%, Mkt f/c: +1.0%
Annual – Last: +6.7%, Westpac: +5.9%, Mkt f/c: +5.9%

We estimate that New Zealand consumer prices rose by 0.9% in the June quarter. That would see annual inflation slipping to 5.9%, down from 6.7% in the year to March. But while headline inflation is dropping back, underlying price pressures remain strong. Measures of core inflation are set to linger at levels of around 5% to 6%.

The June quarter saw a further large increase in food prices. Those increases have been partially offset by falls in fuel prices.

Our forecast is lower than the RBNZ's last published projection reflecting a lower forecast for tradable prices.

NZ Consumers Price Index



China Q2 GDP

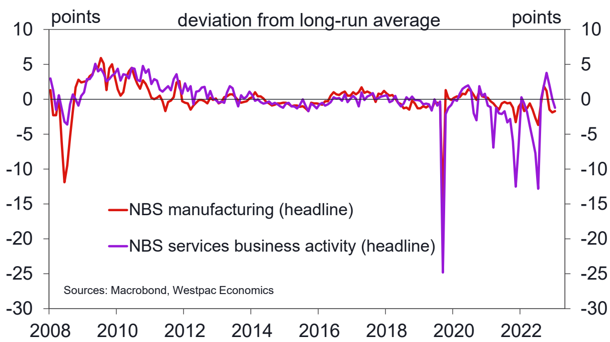
Jul 17: Last: 4.5%yr ytd, WBC f/c: 6.1%yr ytd
Mkt f/c: 6.1%yr ytd

Through Q2, uncertainty over China's near-term outlook continued to grow as confidence amongst consumers waned while local government authorities and property developers remained cash constrained.

Growth in Q2 is therefore likely to be modest, a little short of 4% on an annualised basis. Still, with Q1 growth near 9% annualised, a sub-par outcome in Q2 still leaves the economy on track to register growth circa 5.7% for the full year -- assuming authorities work to remedy consumers' concerns and make liquidity available to businesses and government entities that need it.

The June activity data released with GDP will also be critical, making clear the pulse of key sectors of the economy ahead of Q3.

Chinese PMI's still near long-run average



For the week ahead

		Last	Market median	Westpac forecast	Risk/Comment
Mon 17					
NZ	Jun BusinessNZ PSI	53.3	–	–	Financial headwinds weighing on demand.
Chn	Q2 GDP ytd %yr	4.5%	6.1%	6.1%	Post-COVID reopening has been difficult to navigate…
	Jun retail sales ytd %yr	9.3%	8.0%	–	… but the outlook is constructive, as investment responds…
	Jun industrial production ytd %yr	3.6%	3.5%	–	… to Asia's development and the global green transition…
	Jun fixed asset investment ytd %yr	4.0%	3.4%	–	… trends that will facilitate high quality, sustainable growth.
US	Jul Fed Empire state index	6.6	0.0	–	More volatile than usual, reflective of uncertain conditions.
Tue 18					
Aus	RBA Minutes	–	–	–	More colour around July's pause.
US	Jun retail sales	0.3%	0.5%	–	Car sales a positive; core spending remains fragile.
	Jun industrial production	–0.2%	0.0%	–	PMIs indicative of further downside over near-term.
	May business inventories	0.2%	0.2%	–	Accrual nearing stall speed as economy slows.
	Jul NAHB housing market index	55	–	–	Lack of supply aiding confidence boost.
Wed 19					
Aus	Jun Westpac-MI Leading Index	–1.09%	–	–	Significantly below trend for nine consecutive months now.
NZ	GlobalDairyTrade auction (WMP)	–0.7%	–	–3.0%	Weaker prices to reflect still sluggish Chinese demand.
	Q2 CPI %qtr	1.2%	1.0%	0.9%	Higher food prices offsetting fuel price declines…
	Q2 CPI %yr	6.7%	5.9%	5.9%	… inflation trending down, still elevated.
Eur	Jun CPI %yr	6.1%	5.5%	–	Final estimate to provide key detail around services.
UK	Jun CPI %yr	8.7%	8.3%	–	Base effects support deceleration, but core pressures remain.
US	Jun housing starts	21.7%	–10.2%	–	Partial reversal following May's surge likely…
	Jun building permits	5.6%	–0.9%	–	… risks around pipeline to linger.
Thu 20					
Aus	Jun employment	75.9k	+14k	+25k	Vacancies have greatly support jobs growth year-to-date…
	Jun unemployment rate	3.6%	3.6%	3.6%	… allowing U/E to remain lower, for longer.
Eur	Jul consumer confidence	–16.1	–	–	Uptrend limited by persistent inflation and rates pressures.
US	Initial jobless claims	237k	–	–	Showing few signs of significant slack emerging.
	Jul Phily Fed index	–13.7	–10	–	Sustained downtrend highlights risks for manufacturing.
	Jun existing home sales	0.2%	–1.2%	–	Historically low rate of turnover given supply and affordability.
	Jun leading index	–0.7%	–0.6%	–	Clearly signalling downside growth risks.
Fri 21					
Jpn	Jun CPI %yr	3.2%	3.3%	–	Tentative signs of core inflation cresting.
UK	Jul GfK consumer sentiment	–24	–	–	Uptrend surprisingly resilient given inflation and rates…
	Jun retail sales	0.3%	–	–	… seeing discretionary spending hold up year-to-date.

Forecasts

Interest rate forecasts

Australia	Latest (14 Jul)	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Cash	4.10	4.60	4.60	4.60	4.35	4.10	3.85
90 Day BBSW	4.29	4.80	4.80	4.63	4.38	4.13	3.88
3 Year Swap	4.17	4.30	4.15	4.00	3.80	3.60	3.50
3 Year Bond	3.85	4.00	3.85	3.75	3.55	3.40	3.30
10 Year Bond	3.95	3.90	3.70	3.50	3.30	3.20	3.10
10 Year Spread to US (bps)	19	20	20	20	20	20	20
US							
Fed Funds	5.125	5.375	5.375	5.125	4.625	4.125	3.625
US 10 Year Bond	3.76	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
90 day bill	5.65	5.85	5.85	5.85	5.55	5.05	4.75
2 year swap	5.42	5.30	5.00	4.70	4.40	4.20	4.00
10 Year Bond	4.60	4.60	4.40	4.20	4.00	3.90	3.80
10 Year spread to US	74	90	90	90	90	90	90

Exchange rate forecasts

Australia	Latest (14 Jul)	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
AUD/USD	0.6893	0.69	0.69	0.71	0.72	0.73	0.74
NZD/USD	0.6409	0.62	0.62	0.63	0.64	0.65	0.66
USD/JPY	137.48	138	136	134	132	130	128
EUR/USD	1.1239	1.11	1.12	1.12	1.13	1.14	1.15
GBP/USD	1.3137	1.28	1.28	1.29	1.29	1.30	1.30
USD/CNY	7.1363	7.10	7.00	6.80	6.70	6.60	6.50
AUD/NZD	1.0755	1.11	1.11	1.13	1.13	1.12	1.12

Australian economic growth forecasts

	2022	2023				2024		Calendar years			
% change	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	2021	2022	2023f	2024f
GDP % qtr	0.6	0.2	0.1	0.2	0.1	-0.2	0.2	–	–	–	–
%yr end	2.6	2.3	1.5	1.1	0.6	0.2	0.3	4.6	2.6	0.6	1.0
Unemployment rate %	3.5	3.6	3.6	3.7	4.0	4.2	4.8	4.7	3.5	4.0	5.3
Wages (WPI)	0.8	0.8	1.0	1.1	1.2	0.8	0.7	–	–	–	–
annual chg	3.4	3.7	3.8	3.8	4.1	4.1	3.8	2.3	3.4	4.1	3.3
CPI Headline	1.9	1.4	1.1	0.7	1.0	0.9	0.9	–	–	–	–
annual chg	7.8	7.0	6.3	5.1	4.2	3.7	3.5	3.5	7.8	4.2	3.2
Trimmed mean	1.7	1.2	1.2	0.7	1.0	0.8	1.0	–	–	–	–
annual chg	6.9	6.6	6.1	4.8	4.1	3.7	3.5	2.7	6.9	4.1	3.2

New Zealand economic growth forecasts

	2022	2023				2024		Calendar years			
% change	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	2021	2022	2023f	2024f
GDP % qtr	-0.7	-0.1	0.5	0.5	0.1	0.0	0.0	–	–	–	–
Annual avg change	2.7	2.9	3.0	1.5	1.2	0.9	0.8	6.0	2.7	1.2	0.5
Unemployment rate %	3.4	3.4	3.5	3.7	3.9	4.2	4.5	3.2	3.4	3.9	4.9
CPI % qtr	1.4	1.2	0.9	2.0	0.6	0.6	0.6	–	–	–	–
Annual change	7.2	6.7	5.9	5.7	4.9	4.3	4.0	5.9	7.2	4.9	2.9

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