AUSTRALIA & NEW ZEALAND WEEKLY.

Week beginning 20 November 2023

Editorial: Preserving the gains and timing the turning points.

RBA: Minutes from the November meeting, Governor Bullock speaking.

Australia: Westpac-MI Leading Index.

NZ: GlobalDairyTrade auction, real retail sales, trade balance.

US: FOMC minutes, durable goods orders, leading index, Thanksgiving Day.

Global: S&P Global PMIs.

Key economic & financial forecasts.

INFORMATION CONTAINED IN THIS REPORT CURRENT AS AT 17 NOVEMBER 2023.

WESTPAC INSTITUTIONAL BANK

Preserving the gains and timing the turning points

Labour markets in both Australia and the United States have clearly turned. As Westpac colleague Economist Ryan Wells reported yesterday, the unemployment rate ticked back up to 3.7% in October and total hours worked seems to be leveling out. In the United States, the unemployment rate has risen ½ppt since the beginning of the year. While some of this reflects the belated return of US labour supply, jobs growth has also slowed.

These developments have led market participants to focus on the question of when central banks will reverse course and start cutting policy rates. Yet for Australia, the question remains whether the RBA still has further to go with rate increases. We are often asked why Australia seems likely to be later to reach the rate-cutting phase of the cycle than some other advanced countries. Relatedly, we are also often asked why – even if the RBA were to raise rates further – the peak level seems likely to be materially lower than in the United States, New Zealand and several other peer countries.

Part of the reason for the later peak is simply that Australia has been later to the inflation surge and reversal than many other advanced economies. We were later to open up after the pandemic, thanks to the hard lockdowns during the 2021 Delta wave. We were therefore later to see a mismatch emerge between rebounding demand and a supply side that needed to be reconfigured to recover. Given the extraordinary circumstances, it could not be assumed that Australia would follow the path of countries like the United States. Not every economy followed that path as it opened up. Much depended on whether the policy support during the pandemic phase was enough to fill the income hole created by lockdowns and other health-related restrictions on activity. This couldn't be assessed in advance. Japan and many other Asian economies are clear counterexamples to the US case, with domestic inflation not taking hold in the same way. (See Westpac colleague Economist Illiana Jain's note on 8 November.) So it would not have been reasonable to tighten policy in anticipation of an inflation surge that had not yet occurred and was not certain to do so.

Framed in this way, Australia can be viewed as being six or so months behind some other countries in its disinflation journey. Like the United States earlier in the year, Australia is still in the phase of being surprised how slow services inflation declines at first. A further wrinkle here is that the shock to energy prices following Russia's invasion of Ukraine last year only flowed through to domestic retail electricity costs in July this year. In this sense, the dynamics of the inflation cycle can also be a little slower.

The other main driver of the later expected turning point for rates is that the RBA has, for a variety of reasons, seemingly chosen a 'not quite as high for longer' strategy. Foremost among these reasons is the RBA's stated desire to preserve, as much as possible, the recent gains declines in unemployment. This had been clearly stated by the previous Governor, and Governor Michele Bullock has continued using similar language.

At 3.7% in October, Australia's unemployment rate is around 1½ppts below pre-pandemic levels. The RBA does not want to undo these gains. Other countries' central banks presumably do not feel the same sense of urgency on this, even if they have full employment mandates. The United States, euro area and Canada all achieved multidecade lows for their unemployment rates in the years leading up to the pandemic. So perhaps they are less worried about not being able to do so again.

There is of course a risk involved in the RBA's strategy, in that a longer return to the inflation target raises the chance that inflation expectations will increase, making it harder to get inflation down.

That gamble appears to have paid off so far. Measures of medium-term inflation expectations have largely remained in line with target. In addition, wages growth has not taken off in the same way as it did in the United States, Canada and some other countries. The September quarter read for the Wage Price Index was very high because of the flow-through of award wage increases. But as Westpac colleague Senior Economist Justin Smirk reported on Wednesday, outcomes outside the award system suggest that growth has peaked.

This relatively modest response of wages to the tight labour market contrasts with the experience in other countries. It also connects with some of the other reasons the RBA has been able to adopt this more drawn-out strategy.

The first and best-known of these is that, unlike the United States and Canada, most mortgages in Australia are variable-rate. Monetary tightening therefore passes through to lending rates faster here and affects the incomes of more households earlier. Even if the endpoint for inflation is the same as elsewhere, the costs are different. It is therefore understandable that the RBA might seek to balance the trade-off differently while still meeting its target.

A less well-known difference is that fiscal policy is working in the same direction as monetary policy here, to a greater extent than elsewhere, especially as it pertains to the household sector. As has been noted in the media recently, Australia is one of the countries that does not routinely index tax brackets for inflation. In the United States and Canada, at least, federal tax brackets are indexed. (State/provincial tax rates are a different story.) A consequence of the arrangements in Australia is that higher tax payments are currently dragging more on household incomes than net interest payments are. The RBA routinely publishes graphs in the Statement on Monetary Policy that show this, so they are surely aware of the issue.

The upshot of both differences is that real household disposable income is contracting at present and is likely to do so for a while, despite strong population growth. The household sector is being squeezed in a way we are not seeing elsewhere. It is therefore understandable that policymakers here would make different choices.

Finally, the Board will be aware that there is not much benefit to a more aggressive path for rates. Documents released under FOI in May showed that RBA staff regularly model the likely outcome of different paths for the cash rate. A note written in January, included in that release, modelled the effects of paths for the cash rate based on the actions of the RBNZ and Bank of Canada. It turns out that in the current situation, where much of the inflation surge reflects supply shocks, a more aggressive path does not buy much in terms of an earlier return of inflation to target. It does, however, involve noticeably higher unemployment.

What that note also showed was that market pricing at the time implied that both the RBNZ and Bank of Canada would be cutting rates by now. Obviously things have changed since then. But it does highlight that the success of an aggressive tightening depends on the policymaker being able to reverse course at the right moment. Otherwise, you would end up keeping policy tight for too long and undershooting the inflation target for no real benefit. If you are sufficiently humble about your ability to forecast, you would not bank on getting the timing right on that turning point. That context lends further weight to a strategy more like the one the RBA has chosen. While the February and subsequent meetings are still live, depending on inflation outcomes, it should be understood that the RBA is not following the template set out by other countries.

Luci Ellis, Chief Economist Westpac Group

In Australia, the week began with another sombre update on confidence. The Westpac-MI Consumer Sentiment Index returned to deeply pessimistic levels, down 2.6% to 79.9. The RBA's decision to raise the cash rate was a key factor, as evinced by the sharp fall in sentiment between those surveyed before the decision (83.0) and after (78.2). Cost-of-living pressures and renewed concerns over interest rates point to weak holiday season spending; 40% of households plan to spend less on gifts this Christmas than last. This result is consistent with the family finances and spending on 'major household items' sub-indexes being well below long-run average levels.

The labour market remains a bright-spot amid a gloomy outlook, however. The October labour force survey reported that employment increased by 55,000 (0.4%) in the month and hours worked gained 0.5%. Temporary hiring associated with the 2023 Australian Indigenous Voice referendum may have provided support, but the impact is uncertain.

What remains clear, however, is that Australia's migration boom continues to expand the labour force, the participation rate returning to its post-WWI record high of 67.0% in October, seeing the unemployment rate rise to 3.7% even as employment grew above trend. In the months ahead, a further softening in hours worked is likely before employment experiences a material slowdown below trend.

In-step with the resilience of the labour market, wage outcomes also remain supportive. Q3's 1.3% lift in the wage price index was in line with expectations, but the composition offered some surprises. A larger-than-expected contribution from awards and enterprise bargaining – a consequence of the minimum wage and aged care wage decisions as well as CPI indexation – was offset by a softer outcome from individual bargaining, a segment which tends to be more reactive to labour demand/ supply.

This detail suggests upside risks for aggregate wage growth are limited, increasing the probability of the RBA being able to achieve their aim of preserving the gains made on unemployment since the pandemic while bringing inflation under control.

The latest NAB business survey also continued to report welcome progress regarding inflation. Following a sharp moderation in September, momentum in purchase costs, labour costs and final product prices all continued to ease in October, albeit at a slower pace. These results are within the context of a step-down in business conditions from last year (+13 vs. +25) and weakness in business confidence, the current level below the long-run average (–2 vs. +5).

Moving offshore, US consumer prices were flat in October against expectations for a 0.1% gain, leaving annual inflation at 3.2%yr from 3.7%yr in September. Falling oil prices were the primary cause of the deceleration in the month, although core prices also came in below expectations at 0.2%. Within the core basket, goods prices have, at the margin, declined for five consecutive months. Disinflation also looks to be broadening through services ex-shelter, indicating softer consumer demand and business pricing power. As shelter retreats in coming months, the FOMC's 2.0%yr will come within reach, likely mid-2024.

Retail sales meanwhile were broadly as expected in October, roughly flat for the month and up 2.7%yr. 2023's pattern has been periods of strength followed by a lull. If we are right in expecting GDP growth to slow below trend, sales growth will remain weak through year-end without another acceleration. Savings, real income growth and uncertainty over the outlook are all headwinds.

Despite these developments, commentary from FOMC members remains cautious. Chicago Fed President Goolsbee highlighted the importance of rents to the next leg down in inflation, while San Francisco Fed President Mary Daly warned against prematurely claiming victory over inflation. To manage risks, it is prudent for the FOMC to support term interest rates around current levels into the new year when, on the current trend, the CPI will be much closer to target.

UK consumer prices were also flat in October. Benefitting from 2022's high base – established by strong energy and fuel prices before subsidies took effect – annual inflation also jolted lower in October from 6.7% to 4.6%. Outside energy, substantial progress has been made with goods disinflation; however, services inflation remains sticky, contributing 3.0ppts to the CPI, i.e. two thirds of headline inflation, only 0.2ppts less than September. The Bank of England has said they expect services inflation to remain robust for some time. A meaningful turn must materialise before rates can be cut. Enduring strength in wage growth adds to the uncertainty regarding services inflation. Over the year to September, total wages rose 7.9%yr.

Coming back to Asia, China's October activity data was again mixed. Base effects were favourable for retail sales, the pulse of recent months solid but not strong, 6.9%ytd. Fixed asset investment growth meanwhile continues to be held down by weakness in the property sector, respectively 2.9% and –9.3%ytd. The underlying detail of fixed asset investment ex property remains very positive though, with growth in infrastructure and manufacturing investment holding up. Rumours of significant support for the property sector offer the promise of more balanced investment and improving sentiment amongst households and businesses in 2024 if delivered on by authorities. Our expectation of 5.3% growth in 2023 and 2024 depends on further effective stimulus in the months ahead.

Finally, Japanese GDP fell 0.5%qtr in Q3 driven by weakness in domestic demand. Household consumption declined 0.1%qtr following a 0.9%qtr decline in Q2. Exports increased another 0.5%qtr after a substantial 3.9%qtr increase in Q2, but strength in imports offset much of this gain. These results argue for accommodative fiscal and monetary policy to help mitigate the loss of lost purchasing power experienced by households due to inflation.

Week ahead & data wrap

Inflation down, but not out.

Economic news over the past week will have made the RBNZ more comfortable that domestic demand is cooling and that inflation pressures are easing. This raises the hurdle to the RBNZ delivering the 25bp rate hike that we have pencilled in for the February meeting.

While inflation in New Zealand is cooling, the big uncertainty for the RBNZ is how quickly it will drop back. Recent data suggests that, at least in the near term, it is set to fall faster than we or the RBNZ had anticipated.

This week we revised down our forecast for December quarter inflation to +0.6% from +0.9% previously. That would result in the annual inflation rate falling from 5.6% in the year to September to 4.8% by the end of this year – lower than the RBNZ's last published forecast of 5.2%. This revision follows the release of Stats NZ's expanded monthly prices report. In addition to previously provided information on food prices and housing rents, Stats NZ now also provides monthly information on alcoholic beverages and tobacco, fuel prices, airfares and accommodation services. Combined, the monthly information now provided accounts for around 45% of household spending. As a result, this data provides us with timely information about some of the items that often drive the quarter-to-quarter swings in the overall CPI.

The October price update pointed to softness in some key areas. Most notably, food prices (which account for around 20% of consumer spending) posted a larger than expected 0.9% fall over the month. We also saw sharp falls in airfares, with the cost of international flights down 9.4%, and domestic airfares down 7.5%. Those surprises were only partially offset by an unexpected rise in tobacco prices. Most of the softness in inflation relates to prices for tradable goods (most of which are imported) which have been weaker than both we and the RBNZ had expected over the past year. In part, that's because global prices for many traded goods have been softening as pandemic-related disruptions to supply chains have eased. Tighter monetary policy will also be weighing on demand for imported goods locally. The decline in airfares reflects rising capacity and competition in the sector as demand for travel has begun to normalise. This was to be expected, but the exact timing of these price declines was uncertain.

By contrast, non-tradables inflation – mainly domestic services that are closely tied to the strength of domestic demand – has continued at a brisk pace two years after the RBNZ first raised the OCR. That's consistent with ongoing tightness in the labour market and strength in wage growth, which has only shown signs of peaking quite recently. Importantly, strength in domestic prices means that overall inflation is easing only gradually, even as import prices fall. We expect the CPI excluding food and fuel will rise by 5.2% in the year to December. That's more moderate that the 6.1% rise we saw last quarter, but still highly elevated.

That said, there are signs that pressures in the New Zealand economy are cooling further, with recent data pointing to a weakening in domestic economic conditions. Notably, October's retail spending report revealed that spending levels fell 0.7% in October, following a similar decline in the previous month (that's despite continued increases in consumer prices and extraordinarily strong population growth). Meanwhile, in the businesses sector both the headline PMI and PSI indexes have dropped to contractionary levels, with the details pointing to weakness in both forward orders and hiring.

Recent economic news hasn't all been in one direction, however. Net migration has continued to break records, with arrivals into the country exceeding departures by nearly 119,000 in the year to September. And it's likely that migration will continue to rise further for a few months yet – perhaps into the 125,000-130,000 range. Those large inflows are providing a degree of support to spending and are boosting demand for housing (especially rentals). However, at least at present, that hasn't been sufficient to offset the dampening effects of high inflation and high interest rates.

Recent news on the housing market has been mixed. In broad terms, prices are tracking sideways. Similarly, while sales are off their earlier lows, as yet they aren't displaying a strong upward trend. In part, this 'pause' in the housing market may be related to the timing of October's election, which may have seen some buyers sitting on the sidelines. In addition, the past month saw borrowing costs pushing higher, which will have dampened demand. We continue to expect a pick-up in the housing market over the coming year, supported by the cumulative impact of booming population growth and what are likely to be more investor-friendly policies from the incoming government. Even so, high interest rates will act as a constraint on house price growth over the coming year.

Overall, the recent economic news on consumer prices will have left the RBNZ more comfortable that inflation pressures are continuing to ease. That reinforces our expectations that the OCR will be left on hold at the 29 November meeting (we will have more to say about our expectations for this meeting in a note we will publish next week). While we currently still have a 25bp rate rise pencilled in for February, the faster decline in headline inflation will help reduce the risk that inflation expectations become unanchored and so likely increases the already high hurdle for policy tightening.

The economic calendar over the coming week is fairly light. Highlights include Wednesday's GlobalDairyTrade auction (which we expect will show a rise in prices) and Friday's retail sales report, which we expect will confirm that spending was soft in the September quarter. We're also continuing to await the outcome of coalition negotiations and news on what policy trade-offs have been made by the members of the incoming government. Indications are that an agreement is now close at hand.

Satish Ranchhod, Senior Economist

Round-up of local data released over the last week

Date	Release	Previous	Actual	Westpac f/c
Mon 13	Oct BusinessNZ PSI	50.6	48.9	–
Tue 14	Oct food prices	–0.4%	–0.9%	–0.4%
Wed 15	Sep net migration (annual)	116,000	119,000	–
	Sep retail card spending	–0.7%	–0.7%	0.1%
Thu 16	Oct REINZ house sales %yr	5.1%	8.0%	–
	Oct REINZ house prices %yr	–3.3%	–2.5%	–

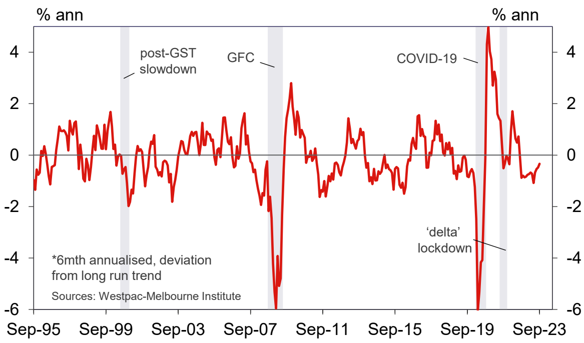
Aus Oct Westpac–MI Leading Index

Nov 22, Last: –0.34%

The Leading Index rose slightly to –0.34% in September from –0.48% in August but continues to point to an extended period of below-trend growth that looks set to carry into 2024.

The October release will include a mixed bag of updates. On the negative side, the ASX200 sold off, declining –3.8% over the month; consumer sentiment weakened again following the RBA's November rate hike and dwelling approvals declined to be back near cycle lows. Against this, commodity prices posted a strong 8.2% rally in AUD terms, the yield spread widened, led by a surge in long term bond rates, and hours worked posted a solid 0.5% gain. Note that some recent market moves for commodity prices, the AUD and bond rates have partially retraced in the first few weeks of November.

Westpac-MI Leading Index



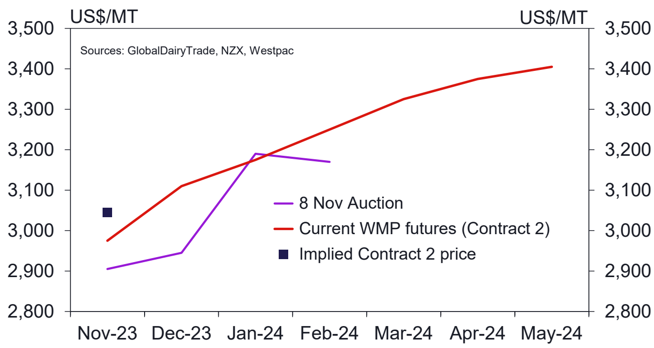
NZ GlobalDairyTrade auction, whole milk powder prices

Nov 22, Last: –2.7%, Westpac: +3.0%

We expect whole milk powder prices (WMP) to rise by 3% at the upcoming auction. If the result is in line with our expectations, then WMP prices will regain the ground lost at the previous auction. Our pick is roughly between the circa 2% rise at the recent mini (GDT pulse) auctions and the circa 5% price lift as indicated by the futures market.

Global dairy prices lifted off their lows over September and October. The likely drivers of the improvement were a lift in demand from Middle East buyers alongside increased drought risk over summer and/or autumn stemming from the El Nino weather pattern. In the short term, New Zealand spring production has been firm and this may explain what is shaping as a mixed result overall over November.

Whole milk powder prices



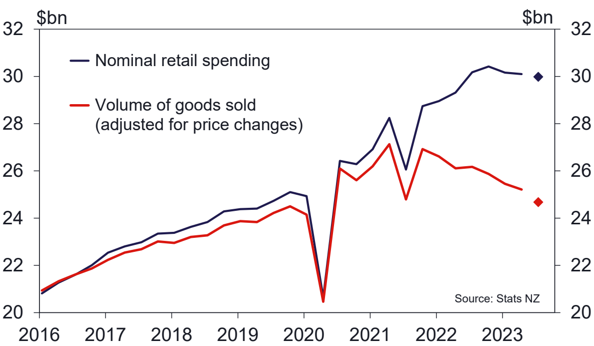
NZ Q3 retail spending (volumes)

Nov 24, Last: –1.0%, Westpac f/c: –2.0%

Retail spending was weak in the June quarter. Despite strong growth in the population and increases in tourism inflows, nominal spending levels fell 0.2% and the volume of goods sold was down 1%. There was particular softness in discretionary spending, with sizeable falls in both hospitality and durables spending.

With financial pressures continuing to eat away at households' purchasing power, we're forecasting further weakness in spending through the September quarter. We expect a 0.4% fall in nominal spending, with the volume of goods sold expected to have dropped 2.0%. Excluding the lumpy fuel and motor vehicle categories, we estimate that the volume of goods sold in 'core' retail categories fell by 0.2% over the quarter.

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.

For the week ahead

		Last	Market median	Westpac forecast	Risk/Comment
Mon 20					
US	Oct leading index	-0.7%	-0.6%	–	Continues to point to below-trend growth.
Tue 21					
Aus	RBA Governor Bullock	–	–	–	Panel participation at ASIC Annual Forum, 10:00am.
	RBA Acting Head of Domestic Mkts	–	–	–	Schwartz speaking at Australian Securitisation Forum, 10:45am.
	RBA Minutes	–	–	–	RBA's views on inflation outlook in focus.
NZ	Oct trade balance $mn	-2329	–	-1800	Earlier weakness in dairy prices leading to wider deficit.
US	Oct Chicago Fed activity index	0.02	–	–	Activity to slow ahead, not halt.
	Oct existing home sales	-2.0%	-1.5%	–	Affordability stretched as high rates and tight supply impact.
	FOMC November meeting minutes	–	–	–	Views on risks and the implications for policy the focus.
Wed 22					
Aus	Oct Westpac-MI Leading Index	-0.34%	–	–	Slight improvement but still materially below trend.
	RBA Governor Bullock	–	–	–	Speaking at the ABE Annual Dinner, 7:35pm.
NZ	GlobalDairyTrade (WMP)	-2.7%	–	3.0%	Dairy prices regaining lost ground from previous auction.
Eur	Nov consumer confidence	-17.9	–	–	Easing inflation and policy pause will aid in time.
US	Oct durable goods orders	4.6%	-3.1%	–	Exceedingly volatile of late; ex transport performing well.
	Initial jobless claims	231k	–	–	To remain at low level, for now.
	Nov Uni. of Michigan sentiment	60.4	60.5	–	Final estimate.
Thu 23					
Eur	Nov HCOB manufacturing PMI	43.1	–	–	Outlook remains downbeat in Europe…
	Nov HCOB services PMI	47.8	–	–	… as growth in new orders continues to fall.
UK	Nov S&P Global manufacturing PMI	44.8	–	–	Similarly in the UK, industry is struggling as demand…
	Nov S&P Global services PMI	49.5	–	–	…, both internal and external, weakens.
US	Thanksgiving Day	–	–	–	Public holiday; markets closed.
Fri 24					
NZ	Q3 real retail sales	-1.0%	–	-2.0%	Financial pressures continue to weigh on spending.
Jpn	Oct CPI %yr	3.0%	3.4%	–	Tokyo CPI points to upside risk for underlying inflation.
	Nov Jibun Bank manufacturing PMI	48.7	–	–	Conditions in manufacturing remain weak…
	Nov Jibun Bank services PMI	51.6	–	–	… while support from services continues to wane.
Ger	Nov IFO business climate survey	86.9	–	–	Consolidating at a weak level.
UK	Nov GfK consumer sentiment	-30	–	–	Volatility reflective of an increasingly uncertain outlook.
US	Nov S&P Global manufacturing PMI	50.0	49.8	–	Manufacturing conditions are beginning to stabilise…
	Nov S&P Global services PMI	50.6	50.5	–	… services sector demand is positive but fragile.

Forecasts

Interest rate forecasts

Australia	Latest (17 Nov)	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Cash	4.35	4.35	4.35	4.35	4.10	3.85	3.60	3.35
90 Day BBSW	4.32	4.55	4.55	4.47	4.22	3.97	3.72	3.47
3 Year Swap	4.27	4.50	4.40	4.30	4.20	4.10	3.90	3.70
3 Year Bond	4.07	4.30	4.20	4.10	4.00	3.90	3.70	3.50
10 Year Bond	4.45	4.70	4.60	4.50	4.40	4.30	4.15	4.05
10 Year Spread to US (bps)	1	-10	-10	-10	-10	-10	-5	-5
US								
Fed Funds	5.375	5.375	5.125	4.875	4.625	4.375	4.125	3.875
US 10 Year Bond	4.44	4.80	4.70	4.60	4.50	4.40	4.20	4.10
New Zealand								
Cash	5.50	5.50	5.75	5.75	5.75	5.75	5.50	5.25
90 day bill	5.63	5.85	5.85	5.85	5.85	5.75	5.50	5.20
2 year swap	5.08	5.79	5.67	5.50	5.29	5.08	4.86	4.65
10 Year Bond	4.91	5.45	5.45	5.40	5.30	5.15	4.90	4.80
10 Year spread to US	47	65	75	80	80	75	70	70

Exchange rate forecasts

Australia	Latest (17 Nov)	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
AUD/USD	0.6468	0.66	0.67	0.68	0.69	0.70	0.71	0.72
NZD/USD	0.5970	0.60	0.61	0.62	0.62	0.62	0.63	0.63
USD/JPY	150.54	149	147	144	141	138	135	132
EUR/USD	1.0854	1.08	1.09	1.11	1.13	1.14	1.15	1.16
GBP/USD	1.2409	1.23	1.24	1.25	1.26	1.27	1.28	1.30
USD/CNY	7.2450	7.20	7.10	6.90	6.80	6.70	6.60	6.50
AUD/NZD	1.0853	1.09	1.10	1.11	1.11	1.12	1.13	1.14

Australian economic growth forecasts

	2022	2023				2024		Calendar years			
% change	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	2021	2022	2023f	2024f
GDP % qtr	0.7	0.4	0.4	0.3	0.2	0.2	0.3	–	–	–	–
%yr end	2.7	2.4	2.1	1.7	1.2	1.1	1.0	4.6	2.7	1.2	1.6
Unemployment rate %	3.5	3.6	3.6	3.7	3.8	4.1	4.5	4.7	3.5	3.8	4.7
Wages (WPI)	0.8	0.9	0.9	1.3	0.9	0.9	0.8	–	–	–	–
annual chg	3.3	3.6	3.6	4.0	4.1	4.1	4.0	2.4	3.3	4.1	3.2
CPI Headline	1.9	1.4	0.8	1.2	1.1	0.8	0.7	–	–	–	–
annual chg	7.8	7.0	6.0	5.4	4.6	4.0	3.9	3.5	7.8	4.6	3.4
Trimmed mean	1.7	1.2	1.0	1.2	0.9	0.9	0.8	–	–	–	–
annual chg	6.8	6.6	5.9	5.2	4.4	4.0	3.8	2.6	6.8	4.4	3.3

New Zealand economic growth forecasts

	2022	2023				2024		Calendar years			
% change	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	2021	2022	2023f	2024f
GDP % qtr	–0.5	0.0	0.9	–0.1	0.1	0.2	0.2	–	–	–	–
Annual avg change	2.7	2.9	3.2	1.6	1.2	1.0	0.6	6.0	2.7	1.2	0.9
Unemployment rate %	3.4	3.4	3.6	3.9	4.3	4.6	4.9	3.2	3.4	4.3	5.3
CPI % qtr	1.4	1.2	1.1	1.8	0.6	0.9	0.7	–	–	–	–
Annual change	7.2	6.7	6.0	5.6	4.8	4.4	4.1	5.9	7.2	4.8	3.3

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