

# LONG-TERM FORECASTS



## Interest rates

	18-Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>Australia</b>									
Cash	4.35	4.35	4.35	4.10	3.85	3.60	3.35	3.10	3.10
90 Day BBSW	4.35	4.55	4.47	4.22	3.97	3.72	3.47	3.30	3.30
3 Year Swap	3.93	4.15	4.10	4.05	4.00	3.90	3.70	3.60	3.50
3 Year Bond	3.77	3.95	3.90	3.85	3.80	3.70	3.50	3.40	3.30
10 Year Bond	4.11	4.35	4.30	4.20	4.15	4.10	4.05	4.00	4.00
10 Year Spread to US (bps)	20	10	10	5	5	5	0	0	0
<b>New Zealand</b>									
Cash	5.50	5.50	5.50	5.50	5.50	5.25	5.00	4.75	4.50
90 Day Bill	5.62	5.85	5.85	5.85	5.75	5.50	5.20	5.00	4.75
2 Year Swap	4.80	5.12	4.95	4.76	4.58	4.54	4.31	4.26	4.16
10 Year Bond	4.52	4.90	4.85	4.80	4.75	4.65	4.55	4.45	4.40
10 Year Spread to Aus	41	55	55	60	60	55	50	45	40
10 Year Spread to US	61	65	65	65	65	60	50	45	40
<b>United States</b>									
Fed Funds	5.375	5.125	4.875	4.625	4.375	4.125	3.875	3.625	3.375
10 Year Bond	3.91	4.25	4.20	4.15	4.10	4.05	4.05	4.00	4.00
<b>Euro area</b>									
ECB Deposit Rate	4.00	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
10 Year Bund	2.02	2.40	2.45	2.45	2.45	2.45	2.45	2.45	2.45
10 Year Spread to US	-190	-185	-175	-170	-165	-160	-160	-155	-155
<b>United Kingdom</b>									
BoE Bank Rate	5.25	5.25	5.00	4.75	4.50	4.25	4.00	3.75	3.50
10 Year Gilt	3.69	4.05	4.05	4.05	4.05	4.00	4.00	4.00	4.00
10 Year Spread to US	-22	-20	-15	-10	-5	-5	-5	0	0

Source: Bloomberg, Westpac Economics

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

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# LONG-TERM FORECASTS



## Australian dollar

	18-Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>AUD vs</b>									
USD	0.6701	0.67	0.68	0.69	0.70	0.71	0.72	0.72	0.73
JPY	95.33	97	98	97	97	96	95	94	93
EUR	0.6149	0.61	0.61	0.61	0.61	0.62	0.62	0.62	0.62
NZD	1.0789	1.08	1.11	1.11	1.11	1.13	1.14	1.14	1.15
CAD	0.8960	0.90	0.90	0.90	0.90	0.90	0.91	0.90	0.91
GBP	0.5287	0.53	0.54	0.54	0.54	0.55	0.55	0.55	0.56
CHF	0.5830	0.59	0.59	0.60	0.60	0.61	0.61	0.61	0.62
DKK	4.5841	4.58	4.57	4.55	4.58	4.60	4.63	4.59	4.65
SEK	6.9072	6.90	6.88	6.86	6.90	6.94	6.97	6.91	7.01
NOK	7.0327	7.03	7.00	6.98	7.02	7.06	7.10	7.04	7.13
ZAR	12.31	12.3	12.4	12.5	12.6	12.7	12.8	12.8	12.9
SGD	0.8927	0.90	0.90	0.91	0.91	0.92	0.94	0.94	0.95
HKD	5.2284	5.23	5.30	5.38	5.45	5.51	5.58	5.58	5.66
PHP	37.36	36.9	37.1	37.3	37.5	37.6	37.8	37.4	37.6
THB	23.38	23.5	23.5	23.5	23.5	23.4	23.4	23.0	23.0
MYR	3.1385	3.05	3.03	3.04	3.05	3.05	3.06	3.02	3.03
CNY	4.7757	4.76	4.69	4.69	4.69	4.69	4.68	4.61	4.60
IDR	10382	10251	10200	10212	10220	10295	10368	10296	10293
TWD	20.91	20.8	20.7	20.8	20.9	21.0	21.1	20.9	21.0
KRW	869	864	870	869	875	880	886	878	883
INR	55.79	54.3	53.7	53.1	52.5	52.9	53.3	52.9	53.3

## New Zealand dollar

	18-Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>NZD vs</b>									
USD	0.6211	0.62	0.62	0.62	0.63	0.63	0.63	0.63	0.64
JPY	88.36	90	89	87	87	85	83	82	81
EUR	0.5701	0.57	0.55	0.55	0.55	0.55	0.54	0.54	0.54
AUD	0.9269	0.93	0.90	0.90	0.90	0.88	0.87	0.88	0.87
CAD	0.8306	0.83	0.81	0.81	0.81	0.80	0.79	0.79	0.79
GBP	0.4901	0.49	0.48	0.48	0.49	0.48	0.48	0.48	0.48
CNY	4.4239	4.40	4.24	4.22	4.22	4.14	4.09	4.05	4.00

Source: Bloomberg, Westpac Economics

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## US Dollar

	18-Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>USD vs</b>									
<b>DPY index</b>	102.61	103.0	101.5	99.8	98.6	97.6	96.6	95.7	95.4
JPY	142.25	145	144	141	138	135	132	130	127
EUR	1.0897	1.09	1.11	1.13	1.14	1.15	1.16	1.17	1.17
AUD	0.6701	0.67	0.68	0.69	0.70	0.71	0.72	0.72	0.73
NZD	0.6211	0.62	0.62	0.62	0.63	0.63	0.63	0.63	0.64
CAD	1.3371	1.34	1.32	1.30	1.28	1.27	1.26	1.25	1.25
GBP	1.2674	1.26	1.27	1.28	1.29	1.30	1.30	1.31	1.31
CHF	0.8700	0.88	0.87	0.87	0.86	0.86	0.85	0.85	0.85
ZAR	18.38	18.4	18.2	18.1	18.0	17.9	17.7	17.7	17.6
SGD	1.3323	1.34	1.33	1.32	1.31	1.30	1.30	1.30	1.30
HKD	7.8015	7.80	7.80	7.79	7.78	7.76	7.75	7.75	7.75
PHP	55.67	55.0	54.5	54.0	53.5	53.0	52.5	52.0	51.5
THB	34.89	35.0	34.5	34.0	33.5	33.0	32.5	32.0	31.5
MYR	4.6707	4.55	4.45	4.40	4.35	4.30	4.25	4.20	4.15
CNY	7.1215	7.10	6.90	6.80	6.70	6.60	6.50	6.40	6.30
IDR	15493	15300	15000	14800	14600	14500	14400	14300	14100
TWD	31.22	31.0	30.5	30.2	29.9	29.6	29.3	29.0	28.8
KRW	1296	1290	1280	1260	1250	1240	1230	1220	1210
INR	83.00	81.0	79.0	77.0	75.0	74.5	74.0	73.5	73.0

## Euro & British Pound Sterling

	18-Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>euro vs</b>									
USD	1.0897	1.09	1.11	1.13	1.14	1.15	1.16	1.17	1.17
JPY	155.01	158	160	159	157	155	153	152	149
GBP	0.8598	0.87	0.87	0.88	0.88	0.88	0.89	0.89	0.89
CHF	0.9481	0.96	0.97	0.98	0.98	0.99	0.99	0.99	0.99
DKK	7.4541	7.45	7.45	7.45	7.45	7.45	7.45	7.45	7.45
SEK	11.2340	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2
NOK	11.4375	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
<b>sterling vs</b>									
USD	1.2674	1.26	1.27	1.28	1.29	1.30	1.30	1.31	1.31
JPY	180.29	183	183	180	178	176	172	170	166
CHF	1.1027	1.11	1.10	1.11	1.11	1.12	1.11	1.11	1.11
AUD	0.5287	0.53	0.54	0.54	0.54	0.55	0.55	0.55	0.56

Source: Bloomberg, Westpac Economics

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## Key macroeconomic forecasts

	2022				2023		2024				2025					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP %qtr	0.5	0.8	0.2	0.9	0.5	0.4	0.2	0.2	0.3	0.3	0.4	0.5	0.6	0.6	0.6	0.6
%yr	3.6	3.5	5.8	2.3	2.4	2.0	2.1	1.4	1.2	1.0	1.3	1.6	1.8	2.1	2.3	2.5
Unemployment rate %	4.0	3.8	3.5	3.5	3.6	3.6	3.7	3.8	4.1	4.5	4.7	4.7	4.7	4.8	4.6	4.6
Wages (WPI) %qtr	0.7	0.9	0.9	0.8	0.9	0.9	1.3	0.9	0.9	0.8	0.8	0.7	0.8	0.8	0.7	0.6
%yr	2.4	2.7	3.2	3.3	3.6	3.6	4.0	4.1	4.1	4.0	3.5	3.2	3.2	3.2	3.1	3.0
CPI Headline %qtr	2.1	1.8	1.8	1.9	1.4	0.8	1.2	0.8	0.7	0.8	1.0	0.7	0.7	0.6	0.8	0.6
%yr	5.1	6.1	7.3	7.8	7.0	6.0	5.4	4.3	3.5	3.5	3.3	3.2	3.3	3.1	2.9	2.8
Core inflation – trimmed mean	1.5	1.6	1.8	1.7	1.2	1.0	1.2	0.9	0.9	0.8	0.8	0.7	0.8	0.6	0.6	0.8
%yr	3.8	5.0	6.1	6.8	6.6	5.9	5.2	4.4	4.0	3.8	3.4	3.2	3.2	3.0	2.8	2.8
Australian commodities index#	338	364	371	379	370	344	332	322	310	309	307	300	291	287	285	285
World growth year-average	-	-	-	3.4	-	-	-	3.2	-	-	-	3.0	-	-	-	2.9

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

# Chain weighted index: weights are Australian export shares.

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