

AUSTRALIA & NEW ZEALAND WEEKLY.

Week beginning 8 April 2024

Editorial: Goldilocks at Chifley Square.

Australia: Westpac-MI Consumer Sentiment, housing finance, NAB business survey.

NZ: RBNZ policy decision, price indices, retail card spending, manufacturing PMI.

China: CPI, PPI, new loans, money supply.

Eurozone: ECB policy decision, ECB Bank Lending Survey, Sentix Investor Confidence.

US: CPI, FOMC minutes, NFIB small business optimism, import price index, UoM consumer sentiment.

Canada: BoC policy decision.

Key economic & financial forecasts.

INFORMATION CONTAINED IN THIS REPORT
CURRENT AS AT 5 APRIL 2024.

WESTPAC INSTITUTIONAL BANK



Goldilocks at Chifley Square

The minutes of the late-March meeting of the RBA Board (the last in the Martin Place building) recorded that the data had turned out broadly as expected, and that this supported keeping the cash rate on hold. Unlike the February minutes, there was no mention of multiple policy options. While the Board endorsed the language of not ruling anything in or out, it seems that policy actions other than keeping rates unchanged were not on the table at this meeting. The current level of the cash rate is assessed as being just right, at least for the time being.

The minutes noted that the staff assessed that demand still exceeded supply, but the gap was diminishing quickly. A slowing in labour demand was called out, and growth in labour costs was assessed to have peaked. The Board nonetheless remains concerned that domestic costs could continue to rise quickly. The recent turnaround in productivity was noted, as was the role of the pandemic and economic cycle in driving the recent slump. However, the Board is uncertain whether this turnaround will continue. The possibility of a faster snapback in productivity than expected was not mentioned.

The ongoing decline in inflation was highlighted, with the three-month-ended rate for the monthly indicator used as a timelier metric. Monthly inflation was expected to rebound in coming months as special factors such as electricity rebates unwind. The pace of decline in goods prices was also expected to slow, though the minutes did not elaborate on the reasoning for this view. The minutes highlighted the bumpiness of the decline in inflation in other countries and noted that something similar could happen in Australia.

Policy was still assessed as restrictive, so at some point the policy rate will need to decline to prevent inflation from declining so far that it starts undershooting the target. But unlike its peers overseas, the Board is not ready to talk about this decision yet. The minutes again highlighted that interest rates had peaked at a lower level than in some peer economies, and that this reflected the Board's intention to preserve the gains on employment made since the pandemic period. A related difference that the minutes did not highlight is the varying squeeze on household sectors across peer economies. Debt-servicing as a share of household income is well above average in Australia at present. By contrast, the financial stability section of the minutes noted that it is below historical averages in many peer economies – despite higher policy rates.

The global outlook was seen as supporting risk sentiment. The chance of a significant downturn had fallen, while interest rates were still expected to decline later in the year. This combination is seen as boosting prices of risk assets and contributing to a more 'risk on' tone in markets. This has also been supportive of the Australian dollar exchange rate despite narrower interest differentials and a decline in key commodity prices. Improved risk sentiment also underpins Westpac Economics' expectation of further upward pressure on the AUD/USD exchange rate later this year; the declines in commodity prices were largely expected and so already priced in.

We expect the RBA to reach the required level of assurance about the path of inflation later in the year, after the full suite of data for the first half of 2024 are released. We continue to expect the first rate cut to occur at the late-September Board meeting.

Ample considerations of a happy medium

The other main decision recorded in the minutes related to the operational arrangements for monetary policy. This decision was further elaborated in a speech by Assistant Governor (Financial Markets) Chris Kent.

The background to this decision is that the policy interest rate that the RBA focuses on is the interest rate that banks (and other deposit-taking institutions) charge each other to borrow unsecured overnight in the cash market. The asset that is being borrowed and repaid is exchange settlement funds – that is, banks' deposits with the RBA, also known as reserves. These deposits are remunerated at a rate that is set below the policy target rate; currently, the spread is 10 basis points.

Prior to the pandemic, the RBA ran a 'scarce reserves' regime. Its balance sheet was small, and the staff needed to forecast daily liquidity flows into and out of the system – for example from tax payments and government spending – to keep the amount of reserves at whatever level would keep the cash rate at target. When the pandemic hit, banks wanted more liquidity, so the RBA switched to a regime of excess reserves. This was also a by-product of the various asset purchase programs introduced during that period. The RBA's balance sheet expanded, and the actual interest rate banks transacted at in the cash market drifted below the published cash rate target, while remaining above the remuneration rate on exchange settlement balances.

Other central banks, including the US Federal Reserve, Bank of Canada and RBNZ, have decided to stick with the excess reserves model even as they wind down their asset purchase programs. Others, including the Bank of England and European Central Bank, have instead settled on a happy medium of 'ample', but not excess, reserves. A key distinction between this operating model and its alternatives is that it is managed with full-allotment repo at a pre-specified interest rate, which fixes the price (interest rate) and accepts whatever quantity of reserves is needed to achieve this. By contrast, in both the 'scarce' and 'excess' reserve regimes, it is up to the central bank to determine the quantity of reserves that it thinks will achieve the desired price. Still to be determined is the composition of assets the RBA will hold under repurchase agreements on the other side of its balance sheet.

As both the speech and minutes emphasise, this is an operational decision with no implications for the stance of monetary policy. Relative to reverting to the pre-pandemic scarce-reserves regime, though, the RBA's balance sheet will be larger, with implications for the average size of future earnings to be distributed to the government. It will also mean that the RBA continues to hold some fraction of the government bonds on issue. These will not be available to banks and other deposit takers to meet their prudential liquidity requirements (the Liquidity Coverage Ratio).

Luci Ellis, Chief Economist Westpac Group

Beginning in Australia, the [RBA March Minutes](#) revealed important developments in the considerations for, and operational framework around, monetary policy. On the former, it appears the RBA Board did not discuss the case for a rate hike in March, focusing solely on the case to remain on hold. That is a departure from this cycle's common practice of considering multiple policy options at each meeting. The change in rhetoric was relatively marginal, however. The Board continues to recognise that, amid the currently restrictive policy environment, inflation is decelerating as demand and supply come into balance; that said, the Board needs more confidence in inflation's sustainable return to target before debating the timing and scale of policy easing. We remain of the view that the Board will have this confidence by September, allowing the RBA to embark on a measured rate cutting cycle, 25bps per quarter to 3.10% in Q3 2025.

This week, [Chief Economist Luci Ellis](#) also discussed the RBA's change to operational arrangements for monetary policy. The Board have decided to implement a regime of 'ample reserves' as the means of controlling the cash rate, similar to what is currently used by the Bank of England and ECB. This regime should still provide protection against the risk of sudden declines in exchange settlement balances compared to the pre-pandemic 'scarce reserves' regime; but, in the context of already-declining liquidity – as unconventional monetary policies are unwound – a regime of 'ample reserves' implies lower risks of market distortions than the pandemic-era 'excess reserves' regime. Overall, these changes are purely operational and have no implications for the stance of monetary policy.

This week's updates on housing were a little murkier than usual. Headline (non-seasonally adjusted) figures from [CoreLogic's home value index](#) suggest that house price momentum has improved since the turn of the year (0.2% in Dec to 0.6% in Mar). However, on our figuring, momentum in seasonally adjusted terms imply the opposite, with gains decelerating over recent months (0.5% in Dec to 0.3% in Mar). At the same time, the total volume of [dwelling approvals](#) look to be cycling lower still in 2024 (-5.8%yr) after spending much of 2023 near pandemic-era lows. While seasonal issues across both sets of data are making it more difficult to judge the underlying trend, it remains clear that Australia's residential construction pipeline has shrunk significantly and, consequently, that tight housing supply will remain an underlying support for prices into the medium-term.

In the US meanwhile, the ISM manufacturing index rose 2.5pts while the non-manufacturing index fell 1.2pts. Both remain below their long-run averages. The sub-indices suggest conditions will shortly warrant policy easing. Both price sub-indices are now below long-run averages – periods over which inflation was low and stable. Although the employment sub-indices firmed in March, they remain at levels consistent with aggregate job loss. Regional indicators of employment and investment also suggest businesses are increasingly becoming cautious on the outlook. Note the March employment situation report is due tonight and the March CPI will follow next week.

Over in Europe, inflation eased to 2.4%yr in March, undershooting expectations of both the European Central Bank and market participants. However, services inflation remained sticky at 4.0%yr and now accounts for around 70% of total inflation. As goods inflation bottoms out, services inflation will have to soften to keep aggregate inflation near the 2.0%yr target.

Week ahead & data wrap

No significant shift in stance expected from the RBNZ in April.

We expect the RBNZ will kick for touch at next week's Monetary Policy Review (Wednesday 10 April, NZ 2pm). The Official Cash Rate is likely to be left on hold at 5.50%. In addition, the forward guidance in the accompanying policy statement is likely to veer close to the tone of the RBNZ's last statement from February. That earlier statement signalled that the current level of the OCR is doing enough to restrain activity and return inflation to target, but that the OCR would likely need to remain at its current level for a sustained period.

Financial markets have taken a more aggressive view on the timing and extent of OCR cuts in recent weeks, with a rate cut fully priced for the August policy meeting. However, we doubt that next week's statement will support that timing. Instead, we continue to expect that the RBNZ will leave the OCR on hold until early 2025.

The RBNZ's last published interest rate projection (from February) showed the OCR remaining unchanged this year, with gradual reductions beginning in the first half of 2025. Economic news since that time has been relatively limited and is unlikely to have prompted major changes to that forecast. At the margin, the news that we have received may have made the RBNZ slightly more comfortable that activity is cooling. However, there is little to support the idea that interest rates can be cut much earlier than the RBNZ previously assumed. Key developments include:

- **Slightly weaker GDP** – GDP growth in the December quarter was slightly weaker than forecast (-0.1% q/q vs 0% forecast) and cumulative revisions mean that the economy was 0.2% smaller than the RBNZ forecast. This will likely reduce the RBNZ's estimate of the starting point output gap very modestly.
- **Weaker dairy prices** – three of the last four GDT auctions have seen weaker dairy prices and the key whole milk powder price is down almost 6% from the high's seen in February. The RBNZ will likely make some adjustment to their export price assumptions on these recent data.
- **Weaker terms of trade** – these data came in notably weaker than expected in the December quarter, although in large part that reflects timing effects that will likely unwind in coming quarters.
- The RBNZ is also likely to acknowledge more recent signs that economic conditions are cooling, such as continued sluggish retail spending and the ongoing fall in consent issuance.

Offsetting that downside news has been stickiness in inflation. In its February Statement, the RBNZ forecast a muted 0.4% quarterly rise in the CPI in the March quarter. However, monthly price updates since that forecast was finalised have pointed to firmness in prices for services like transport. More generally, we've seen ongoing firmness in rents and businesses have continued to report pressure

on operating costs. Putting that altogether, we're forecasting a larger 0.8% rise in consumer prices in the March quarter. We also see the risk of a more gradual easing in domestic inflation pressures over the coming year than the RBNZ has assumed.

Lastly, recent weeks have also seen an easing in the NZD. The TWI is around 2% below the level the RBNZ had assumed for the first half of this year.

Balancing those considerations, the RBNZ is likely to deliver a largely unchanged policy assessment. A more definitive view of the outlook should come in the May Statement when the Monetary Policy Committee will have more information on the Government's fiscal stance and when new information from the March quarter CPI and labour market reports (out 17 April and 1 May respectively) will be available. Both those reports will be of critical importance in determining if there is much need for the RBNZ to revise its OCR outlook.

[Our own recent talks with businesses](#) have highlighted that economic conditions remain tough across the country – especially in the retail sector. Households continue to keep the purse strings tight reflecting still high living costs and growing concern about employment and wage prospects. The construction and manufacturing sectors reported a fall in forward orders, while the agricultural sector is wrestling with weak export prices and still high operating costs.

However, it hasn't all been bad news. The continuing recovery in international visitor arrivals has been a welcome relief for many businesses in the hospitality sector. We're also seeing firmer conditions in parts of the horticultural sector. Business confidence has improved reflecting a sense that cost pressures should abate in the future and allow interest rates to fall.

On the labour front, businesses right across the country have told us that it has become easier to find staff and that staff turnover has fallen. Businesses also note reduced wage pressures. Even so, businesses are still finding it hard to find and retain staff with more specialised skills.

Crucially, while economic activity is cooling, inflation pressures have remained sticky for now. While costs aren't rising at the same pace as they did in recent years, businesses are still reporting some sizeable increases. However, with demand weakening, it's becoming increasingly hard to pass on those increases into output prices. Consequently, profitability is weakening.

It's a mixed landscape across regions. Regions like Auckland and Queenstown have been firmer, with the recovery in international tourist numbers providing an important boost to demand. In contrast, some more agriculturally based regions such as Northland, Waikato and the top of the South Island are seeing tough conditions. The combination of dry conditions and weakness in export prices is weighing on farm earnings and spending, and that's flowing through to softer demand in regional economies more generally.

Satish Ranchhod, Senior Economist

Round-up of local data released over the last week

Date	Release	Previous	Actual	Westpac f/c
Wed 3	GlobalDairyTrade auction (WMP)	-4.2%	3.4%	-
	Feb employment indicator	0.4%	0.3%	0.0%
Thu 4	Feb building permits	-8.6	14.9	5.0%
	Mar ANZ commodity prices	3.6%	-1.3%	2.0%

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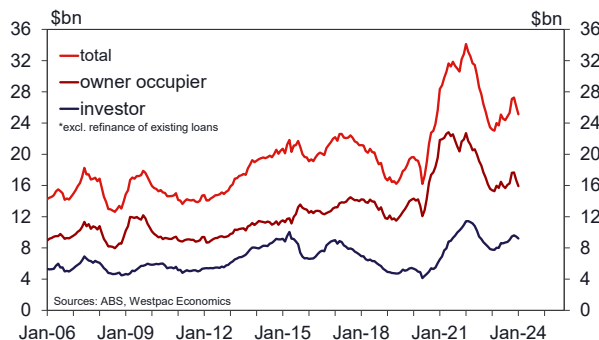
Aus Feb housing finance approvals

Apr 8, Last: -3.9%, WBC f/c: 3.0%
Mkt f/c: 2.0%, Range: -2.9% to 4.5%

Housing finance approvals recorded a 3.9% decline in Jan, following a similar-sized decline in Dec. While the total value of approvals is still up 8.5%yr and is 9.1% above its recent low in early 2023, the declines over Dec-Jan have given back about half of the rally seen up to November, suggesting the RBA's November rate hike weighed on activity.

We expect the Jan update to show a 3% gain in total finance approvals. Turnover quickened in the first quarter of 2024 following a weak finish to 2023. That looks to have been partially offset by a continued softening in construction-related activity, evident in the soft profile of dwelling approvals in recent months. The mix is expected to see investor lending outperform slightly.

New finance approvals by segment



Aus Apr Westpac-MI Consumer Sentiment

Apr 9, Last: 84.4

Consumer sentiment declined 1.8% to 84.4 in March, remaining in deeply pessimistic territory despite some tentative signs of improvement in recent months. The month saw renewed concerns about the economy's near term outlook.

Factors that may influence sentiment in April include: more signs that inflation is subsiding, the monthly CPI indicator posting another subdued result in Feb; and a continued rise in fuel prices (average pump prices now up 21¢ a litre since the start of the year). Note that the RBA's changed schedule means there was no policy decision during the April survey period.

Consumer Sentiment Index



NZ Q1 NZIER Survey of Business Opinion

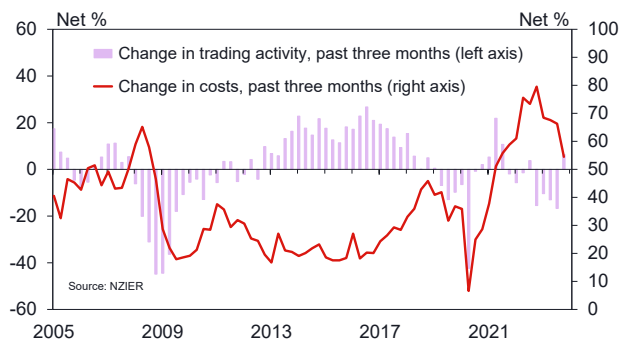
Apr 9, General business confidence, Last: -10.2

The NZIER's December quarter update showed a strong lift in business sentiment compared to earlier in the year. This result followed the change of government after the October election - though this particular survey has not shown a strong political bias in the past.

At the same time, businesses noted that the strong inflation pressures that had buffeted the economy were starting to ease. Fewer firms reported increases in their costs and selling prices. That said, pricing intentions remained above what would be consistent with the Reserve Bank's 2% inflation target.

For the March quarter survey, both activity and price indicators will be key areas to watch. Our latest round of business talks showed that conditions remain challenging. Cost pressures remain a concern, but with weakening demand, firms are finding it harder to maintain their margins.

NZ Quarterly Survey of Business Opinion



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RBNZ April Monetary Policy Review

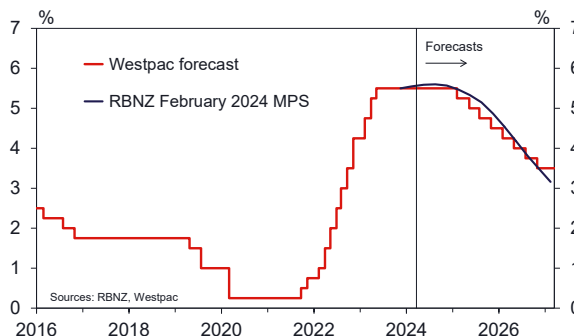
Apr 10, Last: 5.50%, Westpac f/c: 5.50%, Mkt f/c: 5.50%

The Reserve Bank is widely expected to leave the OCR at 5.50% at its April policy review.

There has been limited information on the economy since the February Monetary Policy Statement. GDP growth was slightly weaker than expected, but the impact is marginal compared to past forecast misses. Meanwhile, the inflation outlook still looks challenging in the near term, with the March quarter CPI likely to come in higher than the RBNZ's forecast.

We think the RBNZ will remain comfortable with the forward outlook that it communicated in February. Market pricing for an OCR easing as early as August is unlikely to find support.

RBNZ Official Cash Rate



NZ Mar retail card spending

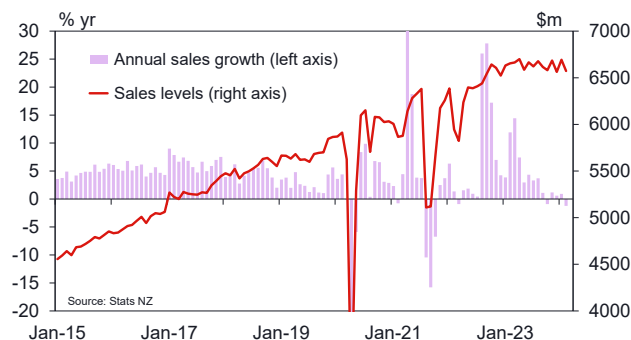
Apr 12, Last: -1.8%, Westpac f/c: +0.8%

Retail spending levels fell 1.8% in February. The fall in spending was widespread.

We're forecasting a 0.8% rise in March. That's mainly related to increases in hospitality spending (which is in part due to the continued rise in international visitor numbers), along with modest increases in grocery spending.

More important than the month-to-month swings, the longer-term trend in spending is flat. That's despite strong population growth and continued price increases. The softness in spending highlights the squeeze on households' spending power from high inflation and interest rates. We're also likely seeing some households putting their cards back in their wallets due to nervousness about the economic outlook and the softening in the jobs market.

NZ monthly retail sales



NZ Mar monthly selected price indices

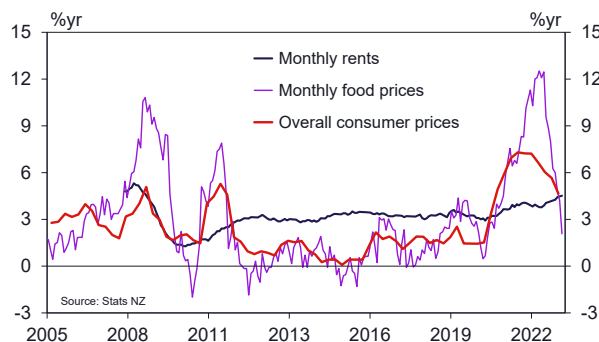
Apr 12

Stats NZ's suite of monthly price data covers around 45% of the CPI. As this is the third update for this quarter, this release will be closely watched as an indicator of the full CPI report (out on 17 April).

In terms of big components, we're expecting a 0.7% rise in fuel prices in March and a muted 0.3% rise in food prices. On the domestic front, we expect another firm 0.4% rise in rents.

We'll also be keeping a close eye on some of the more volatile non-core components like airfares. While those prices aren't the main focus for the RBNZ, they drive much of the quarter-to-quarter swings in the CPI. We expect some easing in those prices after last month's firm outturns. Even so, we expect the monthly price updates will continue to signal upside risk to the RBNZ's last published forecast for March quarter inflation.

NZ consumer prices



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US Mar CPI %mth

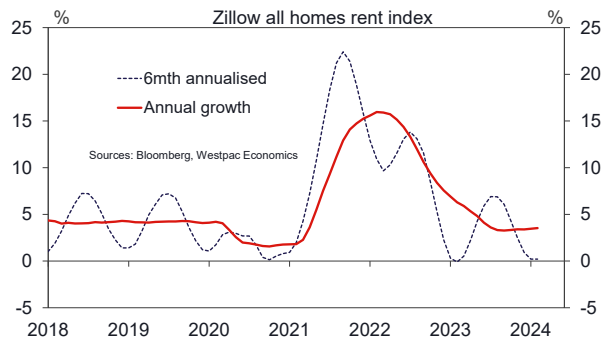
Apr 10, Last 0.4%, Mkt f/c: 0.3%, WBC f/c: 0.3%

The FOMC are yet to sound the 'all clear', but US price data and the balance of risks suggest the time to do so is near.

While annual inflation on a headline and core basis is still above 3.0%yr, and will remain there in March, this is only as a result of the shelter component, which the FOMC has next-to-no control over in the short run. Further, market measures of rent continue to point to a material and lasting deceleration in rent inflation in 2024, bringing the FOMC's target within reach.

In assessing the implications for monetary policy, it is important to recognise that, sans shelter, CPI inflation has been at or below the 2.0%yr for a year. The recent rise in the price of oil will create some volatility in coming months, but is of limited significance overall.

Rent disinflation slowly reining in shelter



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For the week beginning 8th April 2024

		Last	Market median	Westpac forecast	Risk/Comment
Mon 08					
Aus	Feb housing finance	-3.9%	2.0%	3.0%	Turnover in established markets quickened in early 2024...
	Feb owner occupier finance	-4.6%	-	2.5%	... after Nov rate rise saw a weak finish to 2023...
	Feb investor finance	-2.6%	-	3.5%	... soft construction suggesting investors a bit firmer.
Jpn	Feb current account balance ¥bn	438.2	305.0	-	Surplus strength of H2 2023 unlikely to be sustained.
Eur	Apr Sentix investor confidence	-10.5	-	-	Investors enticed by prospects for rate cuts mid-year.
Tue 09					
Aus	Apr Westpac-MI Consumer Sentiment	84.4	-	-	Still at very weak levels despite some tentative improvement.
	Mar NAB business survey	10	-	-	Conditions slowed markedly. Confidence soft & fragile at 0.
NZ	Q1 QSBO survey of business opinion	-10.2	-	-	Activity has cooled, cost pressures persist.
Chn	Mar new loans, CNYbn	4914.3	3675.0	-	Due between Apr 9-15. Credit demand subdued...
	Mar M2 money supply, %yr	8.7%	8.7%	-	... as consumers remain circumspect on the outlook.
Eur	ECB Bank Lending Survey	-	-	-	Update on financial conditions and loan demand.
US	Mar NFIB small business optimism	89.4	-	-	Employment gauge broadly neutral versus history.
	Fedspeak	-	-	-	Kashkari.
Wed 10					
NZ	RBNZ policy decision	5.50%	5.50%	5.50%	RBNZ to reiterate OCR is on hold for a sustained period.
US	Mar CPI	0.4%	0.3%	0.3%	Shelter now constitutes more than half of total inflation.
	FOMC March Minutes	-	-	-	Colour on perceived risks and expected scale of policy easing.
	Fedspeak	-	-	-	Goolsbee.
Can	Bank of Canada policy decision	5.00%	5.00%	5.00%	On hold as inflation risks are assessed.
Thu 11					
Aus	Apr MI inflation expectations	4.3%	-	-	Gradually easing, in line with actual outcomes.
Chn	Mar CPI %yr	0.7%	0.4%	-	Inflation uptrend likely to remain soft as consumers remain...
	Mar PPI %yr	-2.7%	-2.8%	-	... hesitant and excess capacity woes remain.
Eur	ECB policy decision, deposit rate	4.00%	4.00%	4.00%	Signalling June as likely timing for first rate cut.
US	Mar PPI	0.6%	-	-	Consistent with at-target consumer goods inflation.
	Initial jobless claims	-	-	-	To remain at a low level, for now.
	Fedspeak	-	-	-	Williams, Collins.
Fri 12					
NZ	Mar manufacturing PMI	49.3	-	-	Off recent lows, but still weak.
	Mar card spending	-1.8%	-	0.8%	Longer term trend in spending remains flat.
	Mar selected price indices	-	-	-	Likely to signal upside risk to the RBNZ inflation forecast.
Kor	Bank of Korea policy decision	3.50%	3.50%	-	'Last mile' of disinflation will be hard-fought.
Chn	Mar trade balance, US\$bn	39.7	71.34	-	Surplus underpinned by robust Asian demand.
US	Mar import price index	0.3%	-	-	Global goods disinflation story remains intact.
	Apr Uni. of Michigan sentiment	80.0	-	-	Consumers growing more confident in inflation outlook.
	Fedspeak	-	-	-	Daly.

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Forecasts

Interest rate forecasts

Australia	Latest (5 Apr)	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Cash	4.35	4.35	4.10	3.85	3.60	3.35	3.10	3.10
90 Day BBSW	4.34	4.37	4.12	3.92	3.67	3.47	3.30	3.30
3 Year Swap	3.88	3.95	3.85	3.75	3.65	3.60	3.55	3.50
3 Year Bond	3.68	3.75	3.65	3.55	3.45	3.40	3.35	3.30
10 Year Bond	4.12	4.05	3.95	3.85	3.90	3.90	3.95	4.00
10 Year Spread to US (bps)	-19	5	5	5	5	0	0	0

US	Latest (5 Apr)	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Fed Funds	5.375	5.125	4.625	4.375	4.125	3.875	3.625	3.375
US 10 Year Bond	4.31	4.00	3.90	3.80	3.85	3.90	3.95	4.00

New Zealand	Latest (5 Apr)	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Cash	5.50	5.50	5.50	5.50	5.25	5.00	4.75	4.50
90 day bill	5.63	5.60	5.60	5.50	5.25	4.95	4.75	4.50
2 year swap	4.87	4.95	4.75	4.50	4.40	4.15	4.10	4.00
10 Year Bond	4.58	4.70	4.65	4.60	4.50	4.40	4.35	4.25
10 Year spread to US	27	70	75	80	65	50	40	25

Exchange rate forecasts

Australia	Latest (5 Apr)	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
AUD/USD	0.6587	0.68	0.69	0.70	0.71	0.72	0.72	0.73
NZD/USD	0.6026	0.63	0.64	0.64	0.64	0.65	0.65	0.65
USD/JPY	151.26	148	145	141	137	133	130	127
EUR/USD	1.0838	1.11	1.13	1.14	1.15	1.16	1.17	1.17
GBP/USD	1.2642	1.27	1.28	1.29	1.30	1.30	1.31	1.31
USD/CNY	7.2333	7.10	7.00	6.90	6.80	6.70	6.60	6.50
AUD/NZD	1.0930	1.07	1.09	1.09	1.11	1.12	1.11	1.12

Australian economic growth forecasts

% change	2023			2024				Calendar years			
	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
GDP % qtr	0.5	0.3	0.2	0.3	0.3	0.4	0.5	-	-	-	-
%yr end	2.1	2.1	1.5	1.3	1.1	1.3	1.6	2.4	1.5	1.6	2.5
Unemployment rate %	3.6	3.7	3.9	3.9	4.2	4.4	4.5	3.5	3.9	4.5	4.6
Wages (WPI)	1.0	1.3	0.9	0.9	0.9	0.8	0.5	-	-	-	-
annual chg	3.7	4.1	4.2	4.2	4.2	3.7	3.2	3.3	4.2	3.2	3.1
CPI Headline	0.8	1.2	0.6	0.7	0.6	0.9	0.8	-	-	-	-
annual chg	6.0	5.4	4.1	3.4	3.1	2.8	3.0	7.8	4.1	3.0	2.7
Trimmed mean	1.0	1.2	0.8	0.8	0.6	0.9	0.7	-	-	-	-
annual chg	5.8	5.1	4.2	3.8	3.5	3.2	3.1	6.8	4.2	3.1	2.8

New Zealand economic growth forecasts

% change	2023			2024				Calendar years			
	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
GDP % qtr	0.5	-0.3	-0.1	0.2	0.2	0.2	0.2	-	-	-	-
Annual avg change	3.0	1.3	0.6	0.2	-0.2	0.1	0.4	2.4	0.6	0.4	1.6
Unemployment rate %	3.6	3.9	4.0	4.3	4.6	4.9	5.1	3.4	4.0	5.1	5.2
CPI % qtr	1.1	1.8	0.5	0.8	0.6	1.0	0.4	-	-	-	-
Annual change	6.0	5.6	4.7	4.2	3.7	2.9	2.8	7.2	4.7	2.8	2.3



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