AUSTRALIA & NEW ZEALAND WEEKLY.

Week beginning 22 April 2024

Editorial: A lack of shock and awe.

Australia: Q1 CPI and Monthly CPI Indicator, ANZAC Day.

NZ: trade balance, consumer confidence.

Japan: BoJ policy decision, Tokyo CPI.

US: Q1 GDP, durable goods orders, personal income and spending, PCE deflator, regional surveys.

Global: S&P Global PMIs.

Key economic & financial forecasts.

INFORMATION CONTAINED IN THIS REPORT
CURRENT AS AT 19 APRIL 2024.

WESTPAC INSTITUTIONAL BANK

A lack of shock and awe

Perhaps the issue didn't strike them as pertinent to a conversation with an Australian. Still, I could not help noticing that none of the offshore customers I have spoken with over the past two weeks were that shocked by the recent upside surprises on US inflation and retail sales. After all, it's not hard to end up with high inflation when your government is running a deficit of 6% of GDP, growth is above average and the labour market is already tight. So despite the 'shock and awe' reaction in financial markets, perhaps people were not that surprised after all.

As discussed last week, the US fiscal and consumer situations stand in contrast to Australia. In many respects, the United States is an outlier among advanced economies.

How much signal, then, should policymakers elsewhere take from recent US inflation surprises? It does highlight that, once inflation becomes domestically focused and driven by a high level of domestic demand, it can be sticky and hard to return to target rates. This is the source of the RBA's concern about market services inflation. While services inflation has so far declined in line with the RBA's earlier forecasts, the RBA is mindful that progress could stall, as it seems to have done in the United States. That said, as highlighted this week by Westpac's Head of International Economics Elliot Clarke, current high rates of services inflation in the United States have less to do with the components related to discretionary spending and more to do with slower-moving components such as insurance and medical services. Discretionary spending is high but lacks further momentum. So there are downside risks here as well as upside risks.

Another point of comparison is the role of housing-related inflation. In the US CPI, this relates only to rents, scaled up and adjusted to include imputed rents for owner-occupiers. In Australia (and Canada and New Zealand) rental inflation's weight in the total relates only to rents actually paid by renters. The contribution of owner-occupied housing to inflation is captured by the 'acquisitions method' – in other words, home-building costs. These, too, have increased significantly and in Australia they continue to escalate at an above-average pace.

The question is how long housing-related inflation will stay high. Across this group of economies, we have seen surges in population growth adding to demand for rental housing. At the same time, housing construction industries remain supply constrained, with domestic supply chains an issue in some cases. There is also a question of how much of the increased demand for housing represents a longer-lasting effect of increased working from home, which has seen some households needing more space than before.

If – as is the case for Australia and Canada – the population surge is largely a catch-up from pandemic-era restrictions, it should normalise over the next year or so. Indeed, this is Westpac Economics' projection for Australia's population growth, returning to the pre-pandemic norm of 1½% or a little above that in 2025. The rent component of CPIs relates to the stock of all rented properties, so it is slow-moving compared with most other components of inflation. But if we are right about the population surge in Australia being mostly a post-pandemic catch-up, then the burst of rental inflation should subside over time as well. (It would normalise even faster if the construction industry found a way to recover from current supply constraints.) The drivers of US population growth are somewhat different, and a slowing is not already baked into the dynamics there. This means that a slowing in US rent growth is less assured.

The upside risks to domestic inflation in countries such as Australia and Canada should not be dismissed. Given the nature of the housing-related inflation and the state of the consumer, though, neither should they be overblown. Recall that the Australian household sector has pulled back on consumption per capita in a way not seen elsewhere. Population growth initially masked this pullback from the perspective of the business sector. More recently, surveys are suggesting that businesses are now seeing the softness in demand and reacting to it, including in their pricing strategies.

We therefore cannot rule out – as a risk scenario, not currently our central case – that the conditions for withdrawing some of the restrictive stance of monetary policy will be met in Australia and some other economies before they are met in the United States. As we have explained previously, the RBA and other central banks do not need to wait for the Federal Reserve to move before they can do so. The RBA was cutting rates in the years leading up to the pandemic while the Federal Reserve was raising them. The signal from the US experience is as an example of what could happen elsewhere, not a direct linkage between rates decisions. It is also not the only such example. For this reason, watch the outcomes in Canada and Europe, not just the United States.

Luci Ellis, Chief Economist Westpac Group

THE WEEK THAT WAS

In Australia, the March Labour Force Survey provided some much-needed clarity on labour market conditions after an incredibly volatile opening to the year. Following an upwardly revised gain of nearly 118,000 in February, employment fell only modestly in March, down by just 6,600. On a quarter-average basis, employment's momentum was strong in Q1 at 2.7%yr but consistent with a trend softening from 2023's 3.0%yr. At the same time, the declines in average hours worked per employee have become less severe, H2 2023's correction of 2.7% followed by a more modest 0.4% fall in Q1 2024 (both in quarter-average terms). Consequently, the net effect on total hours worked, or total labour usage, was flat in the opening months of this year.

The unemployment rate ticked up slightly from 3.7% in February to 3.8% in March, its three-month average of 3.9% virtually unchanged from Q4 2023. With labour demand's softness largely presenting in average hours, underemployment continued to rise (albeit slightly) in the opening quarter, from 6.5% in December to 6.6% in March on a quarter-average basis. The stronger-than-expected degree of resilience suggested by these figures are broadly mirrored by other measures of spare capacity, including hours-based underutilisation, youth unemployment, vacancies-to-unemployment and indicators from business surveys.

On balance, this update presents a slightly better read on the underlying state of labour market conditions in Q1 2024. On average, outcomes over the past three months are still consistent with a trend softening in the labour market, just not to the extent observed over the second half of 2023. The extent to which labour demand will continue to cool near-term, however, critically depends on the interplay between headcount and average hours. We continue to expect some softness to present via the latter, but given recent data, prospects of material economy-wide declines in employment seem increasingly unlikely at this stage; that, of course, being one of the key goals of the RBA in its current policy cycle.

In New Zealand, the Q1 CPI came in between Westpac and the RBNZ's expectations, rising 0.6% in the quarter and 4.0%yr. The detail suggests imported inflation is easing, but domestic inflation pressures continue to show strength. This poses a considerable challenge for the RBNZ as they seek to bring inflation back to the mid-point of the target range. Next week sees the release of Australia's Q1 CPI. We expect a 0.8% rise in the quarter, but base effects will see the annual rate fall to 3.5%yr. Our preview is available at Westpac IQ. Chief Economist Luci Ellis this week also discussed the implications of global inflation developments for Australia and the RBA.

Over in the UK meanwhile, the annual CPI nudged down to 3.2%yr in March, mostly due to food prices. BoE Governor Andrew Bailey remains confident that inflation will fall sharply in April because of energy prices, putting the inflation target in sight and allowing the central bank to consider cutting rates. However, services inflation remains persistent, contributing 92% of total inflation over the year.

Strong wages gains continue to pressure services inflation, boosting consumer spending capacity and raising firms' production costs, which they aim to pass on. Wage growth has eased from a high of 8% in the middle of 2023, but has held above 6% the last three months. Decision Maker Panel's wage expectations for the year ahead continue to edge lower, but at 4.7% is still strong. Persistence in wage and services inflation will continue to cast doubts over whether the BoE will easily meet their 2% medium-term objective and consequently how far policy can be eased. Still, the first cut is in sight and welcome as the UK economy stagnates.

In Europe, services inflation also remains sticky, but goods disinflation is increasingly taking the pressure off the ECB, headline inflation now 2.4%yr and core 2.9%yr. Labour market momentum has also eased, pointing to an increasingly benign balance of risks for wage and services inflation. This puts the European Central Bank in a comfortable position to begin easing in June, although they are also likely to proceed cautiously.

Across the pond, headline US retail sales rose 0.7%mth in March, and the control group, which feeds into GDP calculations, gained 1.1%mth. This result follows a soft January/ February and may have been inflated somewhat by sales promotions. However, holding real GDP growth materially above trend in Q1, it reinforces the market's current concerns over inflation's persistence.

While only a qualitative guide, the FOMC's April Beige Book depicted a much softer economy. Overall, "economic activity expanded slightly" over the 3 months to April, with 10 of the 12 districts experiencing "slight or modest economic growth". "Consumer spending barely increased overall" and consumers' price sensitivity was called out. Employment "rose at a slight pace overall", and the labour market was seen as coming into balance. Wage growth was regarded as benign, annual wage growth having "recently returned to their historical averages". This guidance points to a continued deceleration in inflation and restraint by consumers in the months ahead.

How much further progress is necessary for the FOMC to be comfortable easing policy remains an open question. At 2.5% and 2.8%, February's annual headline and core PCE inflation was very similar to Europe's CPI momentum at March, 2.4% and 2.9% for headline and core. But the US' CPI measure has shown greater persistence January through March, primarily as a result of capacity constraints (e.g. rents) and the lagged secondary influence of prior goods inflation (e.g. motor vehicle insurance). Next week's US GDP and March PCE reports are eagerly awaited.

Finally, back in Asia, China's Q1 GDP highlighted the benefit of reform, with high-tech manufacturing and infrastructure investment driving a 6% annualised GDP gain in the quarter, even as the property sector continued to contract and consumer demand remained fragile. Authorities 5.0% target for 2024 is now within sight, only requiring annualised growth between 4% and 5% Q2 to Q4. Sentiment in China's economy is unlikely to improve quickly, as property and financial sector risks remain front of mind. However, we expect the economy's momentum to persist and authorities aims to be achieved, or modestly exceeded.

Week ahead & data wrap

The RBNZ can't shake off the strength in domestic inflation.

Inflation in New Zealand has been dropping back as domestic demand has cooled. However, that softening is occurring more gradually than the RBNZ has been expecting. Importantly, a hard 'sticky' core of domestic inflation pressures means a return to 2% inflation is still a long way off. Against that backdrop, the RBNZ is set to leave the Official Cash Rate on hold over the remainder of this year.

New Zealand consumer prices rose 0.6% in the first three months of the year. That saw annual inflation dropping from 4.7% at the end of last year to 4% now. That's the lowest annual inflation has been since June 2021.

The March quarter inflation outcome split the difference between our forecast for a 0.8% increase and the RBNZ's forecast for a 0.4% rise. The RBNZ's forecast was finalised back in February, and their April policy statement signalled that they were already braced for an upside surprise on the day. Even so, the underlying details of the latest inflation figures were likely to have been uncomfortable reading for the RBNZ.

The downturn in inflation has almost entirely been a result of softness in the prices of tradable goods (sometimes referred to as imported inflation). This was also the area that accounted for our forecast miss. Tradable prices fell 0.7% over the March quarter, with sharp falls in the prices of items like used cars and apparel. Those falls more than offset the 6.8% rise in the cost of holiday accommodation as many 'Swifties' flocked across the Tasman for Taylor Swifts' February concerts in Sydney and Melbourne.

On an annual basis tradables inflation has fallen from 3.0% at the end of 2023 to 1.6% now. That decline is partially a symptom of the downturn we're seeing in retail spending, with households dialling back their spending in many discretionary areas such as apparel, furnishings, and appliances. That's a sign that monetary policy is working to restrain demand.

We expect continued softness in spending and retail prices over the year ahead. However, we don't expect a further significant drop in tradable inflation from here. Tradables inflation peaked at close to 9% in response to surging domestic demand and pandemic related disruptions to supply chains. As the impact of those influences has passed, tradables has fallen sharply, with outright falls in prices over the past six months. Going forward, quarterly tradables inflation is likely to remain weak (averaging close to zero), but we're not likely to see further substantial declines, especially with the NZ dollar losing ground.

It's a starkly different picture when we look at the domestic parts of the inflation story. Non-tradable prices were up 1.6% in the March quarter – higher than our own forecast (+1.4%) and much hotter than the RBNZ's forecast for a 1.1% rise. Non-tradables inflation has now surprised the RBNZ on the upside for four consecutive quarters. There is not yet substantive signs of a trend decline in non-tradables inflation on a quarterly basis.

On an annual basis, non-tradables inflation remains red-hot at 5.8% in the year to March. Notably, non-tradables inflation excluding construction costs remains elevated at 6.3% and it has eased only slightly since the RBNZ first raised the OCR back in 2021. The past year has seen big increases in some specific areas like housing rents, insurance, and local council rates, but cost pressures have been widespread. Consistent with that, measures of core inflation are continuing to run at rates of around 4%, with measures of domestic core inflation around 6%.

Key to determining what happens with domestic inflation and demand more generally will be the strength of the labour market and wage growth. With economic activity turning down over the past year, we have seen some softening on this front. Jobs growth has slowed, and staff turnover has fallen as workers have become increasingly concerned about job security. Consistent with those conditions, businesses have been reporting that the strong wage pressures we've seen in recent years are starting to ease. However, that easing in the labour market has been from a very stretched position. At 4%, the unemployment rate remains historically low. And thus far, the adjustment in the labour market has proceeded more slowly than the RBNZ has expected.

We expect that the jobs market will continue to soften over the year ahead with unemployment expected to gradually rise to 5% by the end of the year. While that will certainly be tough for the affected families, that would still be a relatively modest slow down compared to previous downturns (for instance, in the wake of the Global Financial Crisis, unemployment peaked at 6.7%). Consistent with that, we expect wage growth, and hence inflation in services sectors, will ease only gradually.

That stickiness in non-tradables inflation will be a big concern for the RBNZ. Overall inflation is easing and is on course to fall below 3% in the second half of this year. However, with persistent strength in domestic inflation, it will be a long time before we're back at 2%. And that also means that rate cuts are still a way off. We continue to expect that the OCR will remain on hold until early 2025. The inflation data won't have encouraged the RBNZ to bring forward their estimated timing of when easing might occur and indeed the forecast OCR profile likely moved back closer to the relatively hawkish stance taken in November last year. Market pricing has been moving in that direction also. Until recently, financial markets had been pricing in rate cuts in New Zealand from August. However, in the wake of inflation data – both here and in the US – expectations for an August rate cut have been priced out, and a cut in October is only around 50% priced.

Satish Ranchhod, Senior Economist

Round-up of local data released over the last week

Date	Release	Previous	Actual	Westpac f/c
Mon 15	Mar BusinessNZ PSI	52.6	47.5	–
	Feb net migration	3950	7630	–
Wed 17	GlobalDairyTrade auction (WMP)	3.4%	0.4%	–
	Mar REINZ house sales %yr	37.9%	8.0%	–
	Mar REINZ house prices %yr	3.2%	2.6%	–
	Q1 CPI %qtr	0.5%	0.6%	0.8%
	Q1 CPI %yr	4.7%	4.0%	4.2%

Aus Q1 Consumer Price Index %qtr

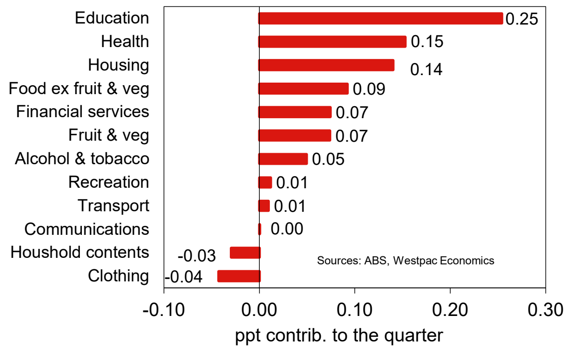
Apr 24 Last: 0.6%, WBC f/c: 0.8%
Mkt f/c: 0.8%, Range: 0.7% to 1.0%

Westpac lifted its forecast from 0.7% to 0.8% following the February Monthly CPI Indicator. Due to base effects this would see the annual pace drop to 3.5%yr from 4.1%yr, the slowest pace of inflation since December 2021. Our forecast for the Trimmed Mean, is 0.8% for the quarter taking the annual pace from 4.2%yr to 3.8%yr, the slowest pace since March 2022.

We expect the usual annual repricing of health and education to make a solid contribution. Despite government electricity rebates, housing is still forecast to make a solid contribution of 0.14ppt with rents increasing 2.2% and dwellings gaining 1.1%. Food remains inflationary, while the main disinflationary pressures come from falling household contents and falling clothing & footwear prices.

Services remain the key inflationary risk, with market services excluding volatile items forecast to lift 1.1%/4.7%. For more details see our "**March Quarter CPI Preview**".

Contributions 2024Q1 CPI 0.8%qtr forecast



Aus Mar Monthly CPI Indicator %yr

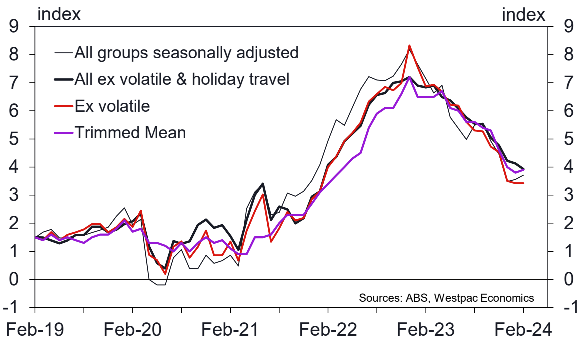
Apr 24, Last: 3.4%, WBC f/c: 3.2%
Mkt f/c: 3.4%, Range: 3.2% to 3.6%

The Monthly CPI Indicator gained 3.4% in the year to February compared to 3.4%yr in both January and December. The February print was a softer than Westpac's forecast of 3.8% and the market's median forecast of 3.6%yr. In the month, the CPI Indicator lifted 0.2%. February included the second round of energy rebates in Victoria helping to hold down the monthly increase.

Westpac is forecasting a 0.3% increase in the March Monthly CPI Indicator which will take the annual pace down to 3.2%yr from 3.4%yr, the slowest pace since November 2021. We expect to see prices rise in the month for food, alcohol & tobacco, housing (mostly due to rents and dwellings), auto fuel, health, auto fuel, and finance & insurance. Prices are expected to fall in the month for garments and holiday travel.

We will be taking a close look at the momentum in the core measures, in particular the trimmed mean and all groups excluding volatile items and holiday travel.

Monthly Indicator core measures



US Q1 GDP (annualised)

Apr 25, Last 3.4%, Mkt f/c: 2.3%, WBC f/c: 2.7%

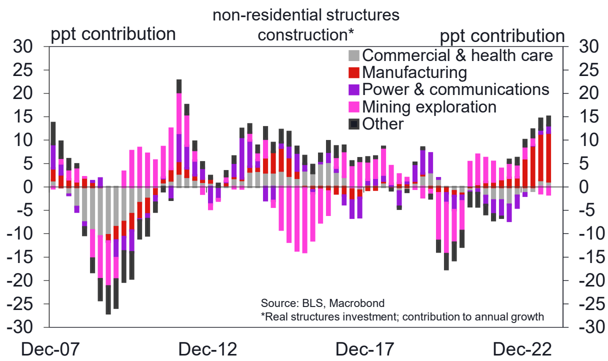
Partial data on the US consumer has been more mixed in Q1, though services demand has shown persistence and retail sales rebounded at quarter end. Consumption is therefore likely to provide another strong contribution to aggregate momentum in Q1.

Residential investment is also expected to support GDP, as is business investment; but these contributions are likely to be limited in scale and are also susceptible to price increases in the sector – nominal partial data potentially biased up by inflation.

Trade meanwhile is anticipated to provide a partial offset and inventories little-to-no effect, although again price dynamics for both components can be volatile quarter-to-quarter.

We expect growth to slow progressively in 2024. Business surveys point to downside risks, but the consumer to the upside.

Manufacturing receiving support from Gov't



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 22					
Eur	Apr consumer confidence	–14.9	–14.3	–	Firming prospects of rate cuts should buoy confidence.
US	Mar Chicago Fed activity index	0.05	–	–	Underperforming aggregate momentum.
Tue 23					
Jpn	Apr Jibun Bank manufacturing PMI	48.2	–	–	Wage gains give the service sector reason to…
	Apr Jibun Bank services PMI	54.1	–	–	… cheer, but manufacturing downbeat.
Eur	Apr HCOB manufacturing PMI	46.1	46.6	–	Weak demand a significant headwind for manufacturing…
	Apr HCOB services PMI	51.5	51.4	–	… but services aided by robust labour market.
UK	Apr S&P Global manufacturing PMI	50.3	–	–	Businesses remain optimistic about outlook…
	Apr S&P Global services PMI	53.1	–	–	… with rate cuts now on the table.
US	Apr S&P Global manufacturing PMI	51.9	51.8	–	Constructive but wary on outlook…
	Apr S&P Global services PMI	51.7	52.1	–	… given resilience of demand, but also evolving risks.
	Mar new home sales %mth	–0.3%	1.2%	–	Low inventory keeping sales low.
	Apr Richmond Fed index	–11	–	–	Manufacturing still in a fragile state.
Wed 24					
Aus	Mar Monthly CPI Indicator %yr	3.4%	3.4%	3.2%	Rising auto fuel offset by falling garments & holiday travel.
	Q1 CPI %qtr	0.6%	0.8%	0.8%	March quarter seasonal increases in health and education…
	Q1 CPI %yr	4.1%	3.5%	3.5%	… boosted by rising auto fuel and food offset by falling…
	Q1 CPI Trimmed Mean %qtr	0.8%	0.9%	0.8%	… goods prices. Domestic price pressure remain in the fore…
	Q1 CPI Trimmed Mean %yr	4.2%	3.9%	3.8%	… with market sector ex volatile rising 1.1%qtr/4.7%yr.
NZ	Mar trade balance $mn	–218	–	–402	Deficit much smaller than last year due to weak imports.
Ger	Apr IFO business climate survey	87.8	89.0	–	Weak demand keeping sentiment down.
US	Mar durable goods orders %mth	1.3%	2.8%	–	Headwinds ahead as demand outlook grows shaky.
Thu 25					
AU/NZ	ANZAC Day	–	–	–	Markets closed.
US	Q1 GDP %yr (annualised)	3.4%	2.3%	2.7%	Consumer resilience key to growth outlook.
	Mar wholesale inventories %mth	0.5%	0.2%	–	Inventory management becoming a challenge.
	Mar pending home sales %mth	1.6%	1.0%	–	Pipeline of sales clearing out.
	Apr Kansas City Fed index	–7	–	–	Regional surveys remain volatile and inconsistent.
	Initial jobless claims	212k	–	–	To remain low.
Fri 26					
Aus	Q1 PPI %qtr	0.9%	–	–	Will the moderation in upstream price pressures continue?
	Q1 export price index %qtr	5.6%	–0.6%	–	Expected to move lower, on softer commodity prices…
	Q1 import price index %qtr	1.1%	0.1%	–	… AUD TWI up slightly on a quarter-average basis.
NZ	Apr ANZ consumer confidence	86.4	–	–	Lingering at low levels.
Jpn	BoJ policy decision (upper bound)	0.10%	–	–	Hawkish sentiment likely as wage growth fuels inflation…
	Apr Tokyo CPI %yr	2.6%	2.5%	–	… the door is open for more (modest) policy action.
UK	Apr GfK consumer sentiment	–21	–	–	High inflation and recession not great for sentiment.
US	Mar personal income %mth	0.3%	0.5%	0.4%	Wages are moderating to long-term rates…
	Mar personal spending %mth	0.8%	0.6%	0.8%	… this will take the steam out of spending in time.
	Mar PCE deflator %mth	0.3%	0.3%	0.3%	Post CPI, deviation from consensus to be closely scrutinised.
	Apr Uni. of Michigan sentiment	77.9	77.9	–	Final estimate.

Forecasts

Interest rate forecasts

Australia	Latest (19 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	4.36	4.37	4.12	3.92	3.67	3.47	3.30	3.30
3 Year Swap	4.04	3.95	3.85	3.75	3.65	3.60	3.55	3.50
3 Year Bond	3.83	3.75	3.65	3.55	3.45	3.40	3.35	3.30
10 Year Bond	4.25	4.05	3.95	3.85	3.90	3.90	3.95	4.00
10 Year Spread to US (bps)	-31	5	5	5	5	0	0	0
US								
Fed Funds	5.375	5.125	4.625	4.375	4.125	3.875	3.625	3.375
US 10 Year Bond	4.56	4.00	3.90	3.80	3.85	3.90	3.95	4.00
New Zealand								
Cash	5.50	5.50	5.50	5.50	5.25	5.00	4.75	4.50
90 day bill	5.64	5.60	5.60	5.50	5.25	4.95	4.75	4.50
2 year swap	5.09	4.95	4.80	4.60	4.40	4.25	4.10	4.00
10 Year Bond	4.83	4.80	4.70	4.60	4.50	4.40	4.35	4.25
10 Year spread to US	27	80	80	80	65	50	40	25

Exchange rate forecasts

Australia	Latest (19 Apr)	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
AUD/USD	0.6400	0.68	0.69	0.70	0.71	0.72	0.72	0.73
NZD/USD	0.5883	0.63	0.64	0.64	0.64	0.65	0.65	0.65
USD/JPY	154.43	148	145	141	137	133	130	127
EUR/USD	1.0638	1.11	1.13	1.14	1.15	1.16	1.17	1.17
GBP/USD	1.2422	1.27	1.28	1.29	1.30	1.30	1.31	1.31
USD/CNY	7.2387	7.10	7.00	6.90	6.80	6.70	6.60	6.50
AUD/NZD	1.0880	1.07	1.09	1.09	1.11	1.11	1.11	1.12

Australian economic growth forecasts

	2023			2024				Calendar years			
% change	**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

	2023			2024				Calendar years			
% change	**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	0.6	0.6	0.9	0.4	–	–	–	–
Annual change	6.0	5.6	4.7	4.0	3.5	2.6	2.5	7.2	4.7	2.5	2.3

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