Week beginning 10 February, 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

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The Week That Was: Some promising signs for the consumer.

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For the week ahead:

Australia: Consumer and business sentiment, housing finance approvals.

New Zealand: Retail card spending, selected price indices, inflation expectations.

China: CPI, current account.

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Eurozone: Q4 GDP second estimate, industrial production.

United Kingdom: Q4 GDP.

United States: CPI, retail sales, industrial production, PPI and Powell testimony.

Information contained in this report current as at 7 February 2025

Keeping your head when everyone else is losing theirs

Luci Ellis
Chief Economist, Westpac Group

If you think your newsfeed is wild, check out an intra-day graph of the exchange rate.

It was always obvious that the Trump administration would impose tariffs: they were a major plank of his campaign. The details matter, though, so financial market pricing has been sensitive to any news about specific tariff plans. The early targeting of the US's nearest neighbours was a bit of a surprise and shows that US trade policy cannot be shoehorned neatly into a framework emphasising US–China rivalry, the way it could under Biden.

As is usually the case, policy uncertainty produces a 'risk off' tone in markets, resulting in a sell-off in the Australian dollar and other currencies, as investors pile into USD-denominated assets. And of course much of this reversed when the measures against Canada and Mexico were subsequently delayed. The unceasing flow of headlines shows up in market pricing, and this is likely to remain the case.

It's all too easy to catastrophise about the disruptions to trade and global growth from escalating tariffs. While they can be disruptive, it is also important to recognise that countries and companies can adapt, respond, and route around constraints. If one country imposes tariffs on your exports, there are always other places you can sell them, perhaps at a lower price. As Westpac Senior Economist Mantas Vanagas points out today in a separate note, the scope to redirect trade is greater for a country like Australia that mostly exports commodities.

Some historical perspective is useful here. During the Asian Financial Crisis of the late 1990s, many observers were concerned about the loss of demand for Australia's exports from the region. It turned out that much of this production was able to be redirected to entirely new destinations such as the Middle East. More recently, when China stopped all coal imports from Australia, our exports were again rerouted elsewhere, to markets that had previously bought coal from the other producer nations that were now selling to China.

Redirecting trade in this way does become harder when a product is designed to cater to the specific consumer tastes or regulations of one market – think certain kinds of seafood or medications – or where one country dominates global demand, as would be the case for iron ore. It is also harder when the affected goods are upstream parts of complex supply chains criss-crossing borders multiple times. This is a big issue for Canada and Mexico (and the US-based companies they deal with), much less so for Australia. And while – as a post-Brexit United Kingdom found – these connections can take a while to unpick and reconfigure from what were previously friction-free trading relationships, it is nowhere near as disruptive as a global supply chain disruption of the kind seen during the pandemic.

Another way economies adapt and reroute around trade disruptions is via the exchange rate. If US tariffs make other countries' exports more expensive in the US, exchange rate depreciation can undo a lot of that apparent loss of competitiveness. Market responses to fears over the hit to growth from tariffs can therefore at least partly unwind that hit to growth, albeit at the cost of a bit more inflation outside the US. But this does require markets to react, and the sensitivity of this reaction can add volatility in a market that affects many parties.

Keeping your head when the markets are this volatile is a good plan, but ironically at some level, the US's trading partners are better off if people do lose their heads a little. Recall that day-to-day fluctuations in exchange rates do not affect overall economic outcomes, but sustained movements can.

Another wrinkle is that market reactions to tariff developments do tend to push the USD to appreciate against other currencies, but this comes at a time that the USD is already richly valued. Various measures of the USD real effective exchange rate – covering the currencies of many trading partners and adjusting for relative inflation rates – show it at the highest levels it has been since the mid-1980s. Back then, the high level of the exchange rate caused considerable difficulties for US exporters. To address this, the major economies agreed to the Plaza Accord on exchange rate intervention to wind back the degree of overvaluation of the US dollar.

A similar predicament for US exporters can be envisaged this time around. As well as contending with an over-valued exchange rate as in the 1980s, their domestic cost base will increase in line with the inflationary impact of tariffs. While goods exports are only around 9% of US GDP, sheltering behind a tariff wall will not improve exporting firms' situation. Eventually, the USD will need to depreciate, but history shows that this can take some years to work through.

The competing forces of in-the-moment reactions to tariffs and risk on the one hand, and correction of overvaluation on the other, could drive swings in exchange rates through a much wider range than the Australian dollar has seen over the past decade (the pandemic period excepted). If that does play out, it will definitely pay to keep your head through the volatility.

Cliff Notes: some promising signs for the consumer

Elliot Clarke, Head of International Economics
Illiana Jain, Economist
Ryan Wells, Economist

In Australia, updates on the consumer were constructive overall. Nominal retail sales lifted 1.4% during Q4 and prices were up 0.4%. Retail sales volumes therefore managed a gain of 1.0% in Q4, building on Q3's 0.5% increase to be up 1.1% over 2024. That all states and retail categories gathered momentum into year-end not only highlights the breadth of the current upturn but also points to a delayed tax cut response beginning to come through. These findings were corroborated by the ABS' new experimental measure of household spending (covering two-thirds of total household consumption compared to one-third for retail) which lifted 0.4% (4.3%yr) in December on strength in discretionary spending, particularly goods.

While these developments point to upside risks to our current Q4 household consumption forecast of 0.7%qtr, we are mindful that the uncertainty surrounding our forecast are two-sided. Evidence from card activity data and our Westpac Consumer Panel suggests the overall response to Stage 3 tax cuts has been underwhelming, with consumers seeking to rebuild savings buffers eroded over 2023 and 2024. Looking forward, the durability of the upturn is yet to be tested beyond the year-end sales period, which reportedly saw aggressive discounting. The latest edition of the Westpac Red Book discusses these themes in depth.

On housing, the latest CoreLogic data pointed to a broadening slowdown in price growth across the major capitals. Sydney and Melbourne continued to record declines in January with buyers constrained by affordability and supply. Perth, Adelaide and Brisbane meanwhile are gradually seeing annual price growth decelerate to low double-digit rates as demand and supply come into better balance. On new construction, the modest increase in dwelling approvals – driven by a bounce in high-rise units – masked a third consecutive monthly decline in private detached house approvals, raising questions over the pipeline's persistence and breadth.

Before moving offshore, it is worth highlighting the downside surprise in December's goods trade data, the surplus narrowing from $6.8bn to $5.1bn. Greater-than-usual monthly volatility looks to be at play, trade flows shifting, at least in part, in anticipation of tariffs being imposed by the US. Australia is not immune from global trade tensions, but an assessment of our direct and indirect trade with the US makes clear we are well positioned to minimise the net cost. In this week's essay, Chief Economist Luci Ellis reflects on global developments in trade policy and the implications for markets.

Offshore, the pulse of key data was favourable overall, though policy makers continued to emphasise greater-than-usual uncertainty over the outlook.

In the US, the manufacturing PMI increased by 1.7 points to 50.9 points in January, its first expansionary read since October 2022. The gain was supported by strength in new orders, prices, production and, most notably, employment, up 4.9 points. President Trump's promise to support US manufacturing investment and production is likely a factor here despite any windfall being a future prospect not a present reality. Notably, the average reading through President Trump's first term exceeded that of both the Obama and Biden administrations by around 2 points. The non-manufacturing index meanwhile declined 1.2 points, although at 52.8 still points to expansion. Activity, new orders, inventories and prices saw a substantial decline while other measures saw tepid increases, including a 1 point increase in employment. All components except prices remain below their 5-year pre-COVID average, indicative of modest growth in the sector. Still to come tonight is the January employment report and 2024 annual revision for nonfarm payrolls. Available labour market detail continues to broadly point to balance between demand and supply, limiting risks to demand and inflation over the period ahead.

"Offshore, the pulse of key data was favourable overall, though policy makers continued to emphasise greater-than-usual uncertainty over the outlook."

Across the Atlantic, the Bank of England cut rates by 25bps to 4.5% in a 7 to 2 vote, the dissenters preferring a 50bp cut. Growth forecasts were marked down out to Q1 2026, the economy now expected to grow 1.2%yr through 2025, down from 1.7%yr in the November projections. Mild upward revisions were made to the out years, though with the passage of time comes risk. Projections for headline inflation were lifted, particularly for 2025. This was attributed to higher energy prices and the government policies announced in the Autumn Budget 2024, with underlying inflation still anticipated to ease. The Monetary Policy Report also highlighted tariff uncertainty, with analysis showing downside risks to growth, due to the UK's close relationship with the EU and a potential rotation in production from the UK to the US, and uncertainty for inflation. Looking back, the Bank also reviewed its estimates of neutral, the primary findings being that neutral is higher post pandemic but that uncertainty around estimates is high. A rate cut per quarter this year seems most probable, but if growth continues to disappoint, the pace of easing could be accelerated.

Steady as she goes into the storm

Kelly Eckhold
Chief Economist NZ

Domestic labour market data took a backseat to the global events this week. The as-expected weakening in the labour market cements in the next 50bp cut in the OCR to 3.75%. But stormy seas lie ahead as global trade frictions heat up.

Most of this week was focused on the market reaction to fluctuating news on the evolution of global trade policies. We are not surprised at the events so far - the new US president is merely delivering on promises made during his campaign. We don't know just how far-reaching the change in the global trading environment will be. Nonetheless, it seems clear that trade will be more fettered than it has been – and that will have implications for trading countries like New Zealand.

While the magnitude of the eventual change in the trade environment is up in the air, the implications in terms of direction are clear. US tariffs will result in slower trading partner growth, even if they are not directed at NZ exporters specifically. Hence this is a negative shock for NZ. The magnitude of that shock will be determined by whether tariffs directly affect NZ and the extent to which tariffed nations retaliate. The end size and extent of coverage of tariffs globally will also be important.

And one thing we should keep in mind is that 'tariff' is no longer a dirty word on the global stage. Countries will likely be more emboldened to deploy protectionist policies in the future now that the US, Canada, Mexico, and Europe are using these tools more earnestly. None of this is good for NZ's goal of breaking down trade barriers to facilitate a better environment for our exporters.

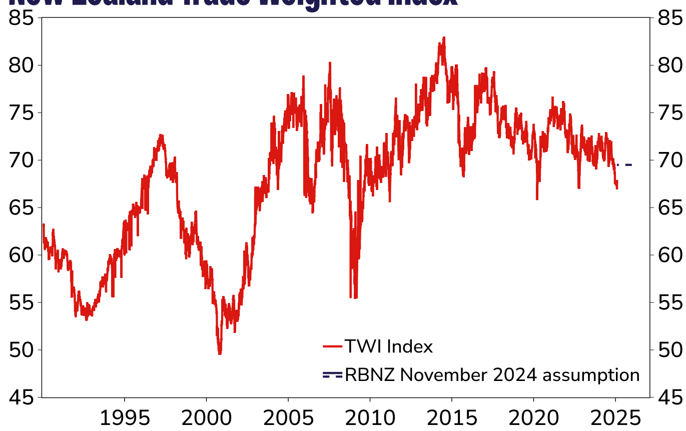
US tariffs are more likely than not to add to global inflation pressures – at least for a while. For countries that impose tariffs the linkage is obvious; for those that don't, the impact will be from weaker exchange rates as the USD remains strong. While there could be some unders and overs in terms of inflation across different categories of imported goods (some manufactured goods prices might be depressed if they can't be profitably sold in markets now subject to tariffs), these will be more likely to change relative prices, as opposed to overall inflation. The impact of changing prices and excess demand on inflation expectations will be of most interest to central banks. Interest rates globally are likely to be higher for a while as the tariff price shock flows through.

The bigger impacts will be on those countries with a heavier trading relationship with those countries imposing tariffs. NZ's exposure is sizeable in that regard as the US is our second-largest market for goods exports, and exports account for a large share of our GDP.

All of this has clear but complex implications for the NZ outlook. The hit to global demand makes a case for weaker incomes and demand in New Zealand. But there will be important mitigating factors before we can determine the implications for NZ interest rates.

The key factor is the extent to which the exchange rate buffers this shock. We can clearly see the impact of this buffer in action – the TWI is down 6% since early October when it became clear that Trump had a good shot of implementing his anti-trade agenda. Research generally indicates about half of the impact of tariff introduction is offset by the exchange rate. That's why the USD is strong, and the NZD is not.

New Zealand Trade Weighted Index



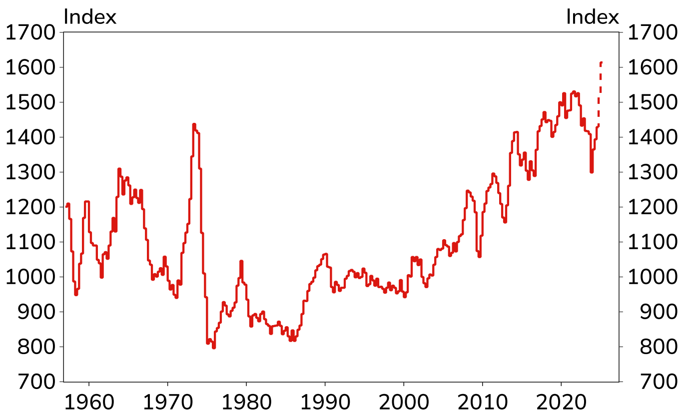
Source: Stats NZ, RBNZ, Macrobond, Westpac Economics

The weaker exchange rate/weaker incomes combination will change the composition and level of inflation. The depreciation so far will have a significant impact on tradable inflation in the year ahead and will likely keep headline inflation in the top half of the RBNZ's 1% to 3% target band. Some of this extra inflation may be offset if the income hit delays the economic recovery. But absent calamity, there seems room to play with before a sub-1% inflation rate is in prospect.

We also need to remember we are not facing a single shock. Tariffs are not the only thing on Trump's mind. A significant expansion of US fiscal policy is in the offing as Trump's 2017 tax cuts are extended, even if the DOGE can cut a few Politico subscriptions here and there. US exceptionalism could continue for a while.

Perhaps more importantly, the new negative trade shock is being overlaid on top of much more positive news from higher New Zealand commodity prices. Last year NZ's terms of trade rose 18% as dairy and horticulture prices surged and even the much-maligned meat markets regained their footing. This week saw another very strong GDT dairy auction where prices rose 3.7%. It's now likely this season's milk price will exceed our current estimate of $10/kg. In addition, next year's return could also be very high if the exchange rate remains weak and world demand remains firm. That's a big if, but a key possibility lurking under the radar.

NZ Merchandise Terms of Trade

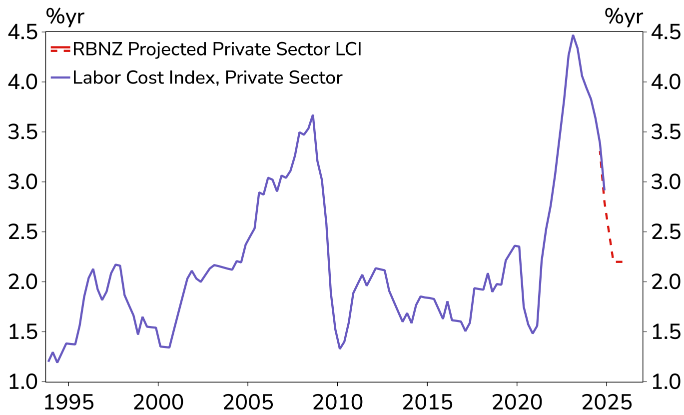


Source: Stats NZ, RBNZ, Macrobond, Westpac Economics

In the end, the direction for interest rates will take its tone from the fortunes of the labour market. This week's data was boringly in line with expectations. The 5.1% unemployment rate was close to forecast and wage growth continued to drop. Where the unemployment rate peaks, and how quickly wage growth declines from here, will be key. The RBNZ will plough on with rate cuts if the labour market remains weak but will stop when its clearer the peak in the unemployment rate is in sight. This week's data gave no sense of implosion in either unemployment or wages – indeed wage growth still looks a bit high.

We retain our view the RBNZ will cut 50bp this month but will signal a likely slowing of the pace and make no promises from there. There are just too many uncertainties – and they are not all to the downside.

Private Sector Labour Cost Index



Source: Stats NZ, RBNZ, Macrobond, Westpac Economics

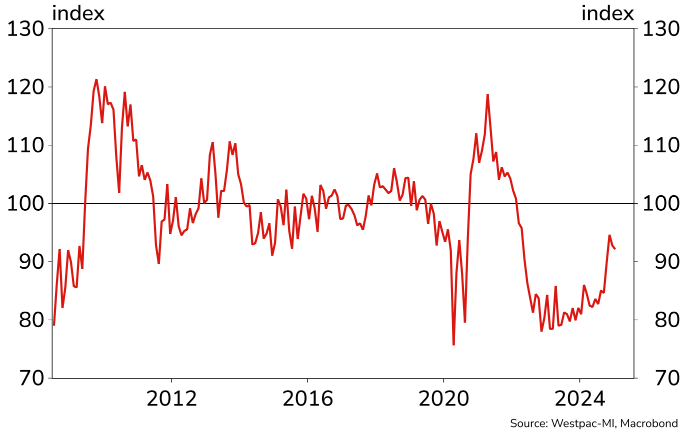
AUS: Feb Westpac-MI Consumer Sentiment (index)

Feb 11, Last: 92.1

Consumer sentiment dipped slightly at the start of 2025, the index moving 0.7% lower to 92.1 in Jan. Sentiment is 'cautiously pessimistic' overall but has improved markedly since mid-2024, buoyed by tax cuts boosts and an improving outlook for inflation and interest rates. The 'wobble' since Nov has centred on expectations for the economy.

The Feb survey is in the field over the week ended Feb 8. Its likely to show significant cross-currents. The lower than expected Q4 CPI result should provide some uplift with markets now expecting the RBA to lower rates at its Feb 18-19 meeting. Against this is a likely downdraft from offshore with a turbulent start to US President Trump's second term that has included launching 'tariff wars' against Canada, Mexico and China.

Consumer Sentiment Index



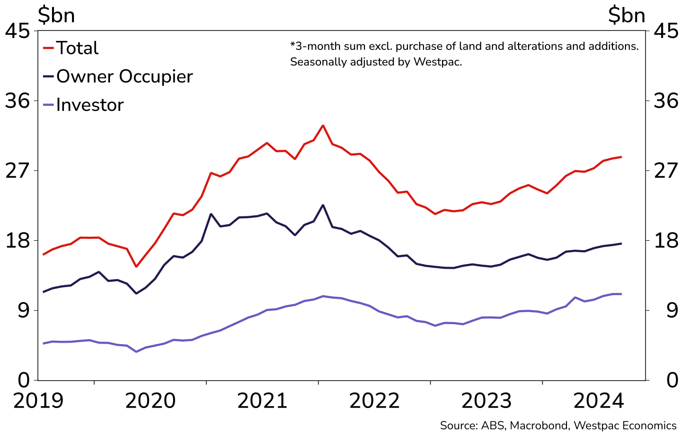
AUS: Q4 Housing Finance Approvals (%qtr)

Feb 12 Last: 4.7, Westpac f/c: 1.0

ABS housing finance updates have moved to a quarterly release cycle with a few other slight definitional changes also being implemented. Assuming these have a minimal effect on growth rates, the total value of housing finance approval is coming off a robust 4.7%qtr rise in Q3 to be up 22.1%yr. Gains in the quarter were led by investor loans, up 7.1%qtr with owner occupier loans up 3.2%qtr.

The Q4 update is expected to show a moderation with prices dipping, a pull-back in transaction volumes in the established market and construction-related activity slowing. Momentum is expected to still be slightly positive overall with a 1%qtr gain. Owner occupier loans are expected to come in flat while investor loans are expected to be firmer, up +3%qtr.

Housing finance moves to quarterly frequency

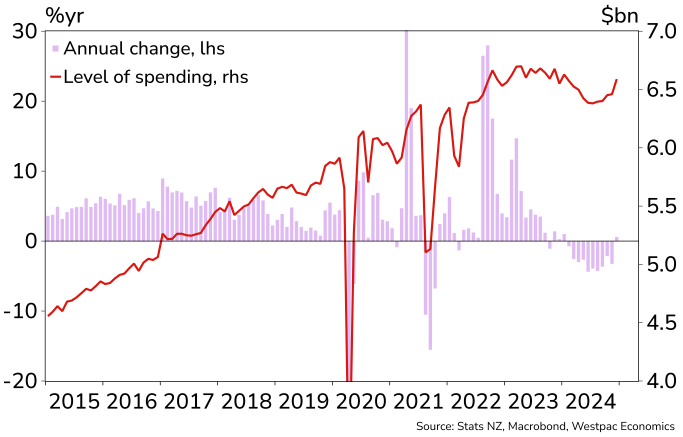


NZ: Jan NZ Retail Card Spending (%mth)

Feb 13, Last: +2.0, Westpac f/c: –0.1

Retail sales were much stronger than expected in December, rising 2%. December saw a particularly large increase in spending on household durables like furnishings, though gains were widespread. We're forecasting a modest 0.1% fall in spending in January. In part that's due to a partial reversal of some of December's large increases in lumpy categories, like durables spending. January also saw a large increase in petrol prices that is likely to have crowded out some discretionary spending. That would still leave us with an upwards trend in spending levels in recent months.

Retail spending regaining momentum



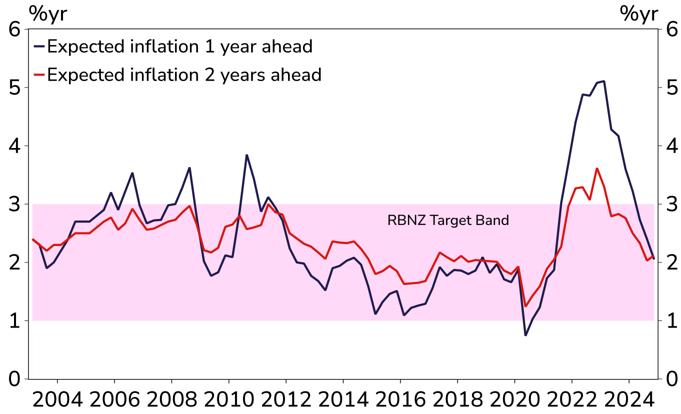
Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

NZ: Q1 RBNZ Survey of Expectations (%ann)

Feb 13, Two Years Ahead, Last: 2.12

While there were a few swings in the previous Survey of Expectations, the results still pointed to inflation expectations remaining comfortably close to the 2% midpoint of the RBNZ's target band. Since the last survey, inflation has remained steady at 2.2%. However, concerns about the global outlook have increased and the NZ dollar has dropped sharply, meaning the risks for inflation have tilted to the upside. We'll be watching to see how big of an impact that has had on longer-term expectations, which will be an important consideration in the RBNZ's upcoming policy deliberations.

Inflation expectations well within the target range



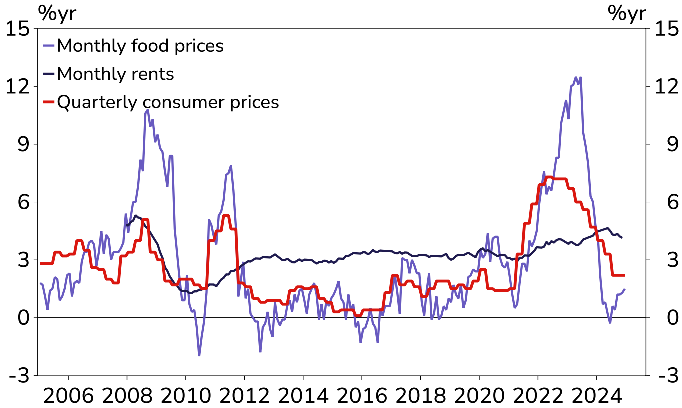
Source: RBNZ, Macrobond, Westpac Economics

NZ: Jan Selected Price Indices

Feb 14

Stats NZ's monthly price data covers around 45% of the CPI. We'll be watching for signs of further softness in discretionary spending areas, like hospitality. It will also be worth watching what happens to rents, which are one of the largest components of domestic inflation. We're picking a seasonal 0.3% rise in rents, however it looks like the pressures on this front are easing. We're also expecting a 0.9% rise in food prices related to seasonal increases in the prices of fresh fruit and groceries.

NZ selected consumer prices



Source: Stats NZ, Macrobond, Westpac Economics

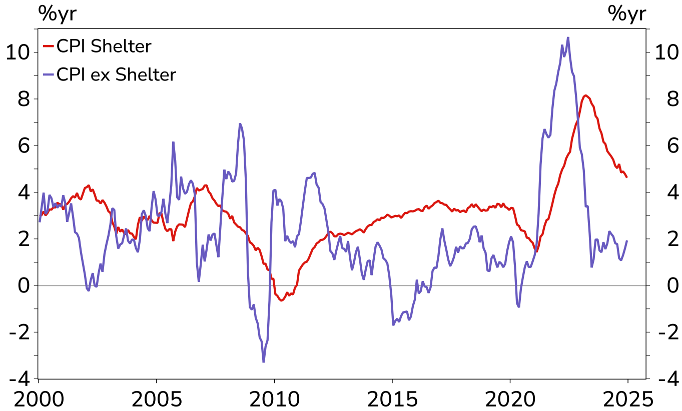
US: January CPI (%mth)

Feb 12, Headline, Last: 0.4, WBC f/c: 0.3
Mkt f/c: 0.3, Range: 0.2 to 0.4

Both the headline outcomes and detail of recent CPI reports has been favourable, disinflation broadening across the service sector, including the all-important shelter component. This trend is likely to continue in January, though annual headline and core inflation are expected to be unchanged at 2.9%yr and 3.2%yr.

Uncertainty will increase in coming months if President Trump goes ahead with announced tariffs. Instead of easing towards 2.0%yr, with tariffs annual inflation is likely to hold near 3.0%yr in 2025, forcing the FOMC to be much more mindful of the risks to inflation. It is important to recognise that the US also faces structural inflation risks from housing and energy, providing upside risk through 2026 as well as 2025.

Capacity is the US' primary inflation concern



Source: BLS, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Sun 09							
Chn	Jan	CPI	%yr	0.1	0.4	–	Lunar New Year anticipated to drive consumer demand while ...
	Jan	PPI	%yr	–2.3	–2.2	–	... producer prices are due to fall for a 28th consecutive month.
	Jan	New Loans YTD	CNYtrn	18.1	4.5	–	New loans fell in 2024 for the first time in over a decade...
	Jan	M2 Money Supply	%yr	7.3	7.3	–	...we'll see if 2025 gets off to a better start, due 9–15 February.
Mon 10							
Jpn	Dec	Current Account Balance	¥trn	3.4	1.4	–	Widening trade surplus not enough to increase CA balance.
Eur	Feb	Sentix Investor Confidence	index	–17.7	–18.0	–	Economic pessimism holding since March 2022.
Tue 11							
Aus	Feb	Westpac–MI Consumer Sentiment	index	92.1	–	–	Headwinds from increased global uncertainty.
	Jan	NAB Business Conditions	index	6	–	–	Business conditions to remain subdued.
UK		BoE Speak	–	–	–	–	Governor Bailey speaking on financial markets.
US	Jan	NFIB Small Business Optimism	index	105.1	104.7	–	Surged to 6yr high, led by expectations not current conditions.
	Jan	NY Fed 1–Yr Inflation Expectations	%yr	3.0	–	–	Signs for upward pressure on inflation expectations.
		Fedspeak	–	–	–	–	Hammack and Williams are scheduled to speak.
Wed 12							
Aus	Q4	Housing Finance Approvals	%qtr	4.7	–	1.0	Expeced to signal a moderation in growth...
	Q4	Owner–Occupier Loans	%qtr	3.2	–	flat	... as house price dipped ...
	Q4	Investor Loans	%qtr	7.1	–	3.0	... and market activity numbers pulled back in Q4.
US	Jan	CPI	%mth	0.4	0.3	0.3	Gradual disinflationary trend to continue.
		FOMC Chair Powell	–	–	–	–	Testifying before House Financial Services Committee.
Thu 13							
Aus	Feb	MI Inflation Expectations	%yr	4.0	–	–	Down from a mid–2022 peak of 6.7%.
NZ	Jan	Retail Card Spending	%mth	2.0	–	–0.1	Partial reversal of last month's strong gain.
	Q1	RBNZ Inflation Expectations	%ann	2.12	–	–	Upside risk from trade developments and fall in NZD.
Eur	Dec	Industrial Production	%mth	0.2	–0.2	–	Rising manufacturing PMI hints at industrial recovery.
UK	Q4	GDP	%qtr	0.0	–	–	Likely to show that GDP failed to increase in H2 2024.
US	Jan	PPI	%mth	0.2	0.2	–	Tariffs may begin to squeeze producer margins going forward.
		Weekly Jobless Claims	000s	219	–	–	Claims remain at benign levels.
Fri 14							
NZ	Jan	Manufacturing PMI	index	45.9	–	–	Continued weakness.
	Jan	Food Price Index	%mth	0.1	–	0.9	Seasonal lift in groceries and fresh fruit prices.
Chn	Q4	Current Account Balance	US$bn	147.6	–	–	Sharp improvement reported in Q3.
Eur	Q4	GDP	%qtr	0.0	0.0	–	Second estimate set to confirm the preliminary reading.
US	Jan	Retail Sales	%mth	0.4	0.0	–	Flat start to 2025, after a solid end to spending in 2024.
	Jan	Import Price Index	%mth	0.1	0.4	–	A pivotal indicator to monitor in the months ahead.
	Jan	Industrial Production	%mth	0.9	0.3	–	Expected to lift in 2025; weak investment to date a headwind.
	Dec	Business Inventories	%mth	0.1	0.1	–	Growth has eased since mid–2024.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (7 Feb)	Mar–25	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26
Cash	4.35	4.10	3.85	3.60	3.35	3.35	3.35	3.35	3.35
90 Day BBSW	4.21	4.20	3.95	3.72	3.50	3.55	3.55	3.55	3.55
3 Year Swap	3.72	3.75	3.75	3.80	3.80	3.85	3.90	3.95	4.00
3 Year Bond	3.75	3.75	3.75	3.75	3.75	3.75	3.80	3.80	3.85
10 Year Bond	4.33	4.45	4.60	4.75	4.70	4.70	4.65	4.65	4.65
10 Year Spread to US (bps)	–10	–15	–20	–25	–25	–20	–20	–15	–15
United States									
Fed Funds	4.375	4.375	4.375	4.375	4.375	4.125	3.875	3.875	3.875
US 10 Year Bond	4.43	4.60	4.80	5.00	4.95	4.90	4.85	4.80	4.80
New Zealand									
Cash	4.25	3.75	3.25	3.25	3.25	3.25	3.50	3.75	3.75
90 Day Bill	3.88	3.55	3.35	3.35	3.35	3.45	3.70	3.85	3.85
2 Year Swap	3.41	3.40	3.50	3.65	3.80	3.90	3.95	4.00	4.00
10 Year Bond	4.44	4.60	4.70	4.85	4.90	5.00	5.00	5.00	4.95
10 Year Spread to US (bps)	1	0	–10	–15	–5	10	15	20	15

Exchange rate forecasts

	Latest (7 Feb)	Mar–25	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26
AUD/USD	0.6282	0.60	0.60	0.61	0.62	0.63	0.64	0.66	0.68
NZD/USD	0.5674	0.54	0.54	0.54	0.54	0.55	0.56	0.57	0.59
USD/JPY	151.22	155	154	153	152	150	148	146	144
EUR/USD	1.0385	1.01	1.00	1.00	1.01	1.02	1.03	1.04	1.06
GBP/USD	1.2436	1.23	1.23	1.23	1.24	1.25	1.26	1.27	1.28
USD/CNY	7.2849	7.30	7.30	7.25	7.25	7.20	7.15	7.10	7.00
AUD/NZD	1.1071	1.11	1.11	1.14	1.15	1.15	1.15	1.15	1.15

Australian economic growth forecasts

	2024				2025				Calendar years			
% Change	**Q1**	**Q2**	**Q3**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2023**	**2024f**	**2025f**	**2026f**
GDP %qtr	0.2	0.2	0.3	0.7	0.5	0.5	0.5	0.6	–	–	–	–
%yr end	1.1	1.0	0.8	1.3	1.7	2.0	2.3	2.2	1.5	1.3	2.2	2.2
Unemployment rate %	3.9	4.1	4.1	4.0	4.1	4.2	4.4	4.5	3.9	4.0	4.5	4.5
Wages (WPI) %qtr	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	–	–	–	–
%yr end	4.1	4.1	3.5	3.2	3.1	3.0	2.9	2.9	4.3	3.2	2.9	3.3
CPI Headline %qtr	1.0	1.0	0.2	0.2	0.5	0.7	0.9	0.8	–	–	–	–
%yr end	3.6	3.8	2.8	2.4	2.0	1.7	2.4	2.9	4.1	2.4	2.9	2.7
CPI Trimmed Mean %qtr	1.0	0.9	0.8	0.5	0.5	0.6	0.7	0.7	–	–	–	–
%yr end	4.0	4.0	3.6	3.2	2.7	2.4	2.3	2.4	4.2	3.2	2.4	2.5

New Zealand economic growth forecasts

	2024				2025				Calendar years			
% Change	**Q1**	**Q2**	**Q3**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2023**	**2024f**	**2025f**	**2026f**
GDP %qtr	0.3	–1.1	–1.0	0.3	0.4	0.6	0.6	0.7	–	–	–	–
Annual avg change	1.4	0.6	0.1	–0.5	–1.2	–1.0	–0.2	0.8	1.8	–0.5	0.8	2.8
Unemployment rate %	4.4	4.6	4.8	5.1	5.3	5.4	5.4	5.4	4.0	5.1	5.4	4.6
CPI %qtr	0.6	0.4	0.6	0.5	0.5	0.3	0.9	0.3	–	–	–	–
Annual change	4.0	3.3	2.2	2.2	2.1	2.0	2.3	2.1	4.7	2.2	2.1	2.1

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