Week beginning 31 March 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

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The Week That Was: Assessing the policy stance.

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For the week ahead:

Australia: RBA policy decision, retail sales, dwelling approvals, household spending indicator.

New Zealand: Building consents, ANZ commodity prices and business confidence.

China: NBS Manufacturing and non-manufacturing PMI, Caixin PMIs.

Eurozone: HICP, unemployment rate.

Japan: Q1 Tankan Manufacturing Survey, industrial production, unemployment rate, household spending.

United States: non-farm payrolls, ISM PMIs, Fedspeak, 'Liberation Day'.

Information contained in this report current as at 28 March 2025

No April fooling for RBA – rates on hold this meeting

Luci Ellis
Chief Economist, Westpac Group

We are sufficiently confident that the RBA will keep rates on hold on 1 April that I will be writing my post–meeting note from London. We do not expect any surprises from the RBA this meeting that would require spending the early hours of the London morning trying to work out what is going on. While we still expect a rate cut in May, back–to–back cuts in February and April were never on the table. The RBA was too hawkish in its rhetoric last month for that, and the Board made clear that last month's cut did not foreshadow more. Cutting again at the April meeting would therefore be damaging to its credibility.

Recall that the RBA's February forecast round implied no further decline in trimmed mean inflation from here – flat at 2.7%, the same annualised rate achieved in the second half of 2024. This was predicated on a market path for the cash rate with roughly 90bps of policy easing over this year. In order to get inflation all the way back to the 2.5% midpoint of the target range, the RBA expects to need to cut by less than this. If things start turning out in line with this narrative, with inflation stuck at current rates and wages growth holding up in the near term, then it would be reasonable to expect the RBA to cut at most once more this year.

Our own view of the outlook is not wildly different, with trimmed mean inflation cycling around the desired level of 2.5%, just 0.2ppts below the RBA's forecasts. We also expect a small lift in the unemployment rate, to 4.5% compared with the RBA's 4.2% forecast, which is barely above the current level of 4.1%. (It is worth noting that Treasury's Budget forecasts also have unemployment staying at 4¼% out to 2026/27.) However, our forecasts diverge enough to have different policy implications. If our forecasts are broadly correct, then the RBA is likely to cut three more times this year, bringing the cash rate to 3.35%.

Since the February meeting, the data flow has been in line with, or a little softer than the RBA's forecasts. The monthly inflation indicator has been consistent with trimmed mean inflation at or below the RBA's expectations. The headline CPI indicator outcome for February was essentially as expected, flat in the month and 2.4%yr (versus 2.5%yr expected, with the difference coming from some small revisions to past data and rounding). The monthly trimmed mean ticked down to 2.7%, suggesting we are on track to see the annual pace of the quarterly trimmed mean CPI series hit 2.7% in the March quarter. Pleasingly, inflation in the stickier housing–related and financial services components continues to unwind.

The labour market was a bit mixed in February, with both employment and participation stepping down. And population growth slowed a bit more sharply than we had expected, which points to both demand and labour supply being lower than assumed, and less housing–related inflationary pressure. (The Budget forecasts did not incorporate the latest information on the labour market or population.)

Other developments since the February RBA meeting include the breaking of the 'US exceptionalism' narrative, along with the associated market sell–off (now partially reversed) and decline in US consumer confidence. The downside risks to global growth from the US–instigated trade war are also a concern, though Treasury modelling in yesterday's Budget suggests the implications for the Australian economy are modest.

The federal government's announcement of a six–month extension to the electricity rebates pushes out the timing of the bounce–back in CPI inflation. The RBA will look through this and continue to focus on trimmed mean inflation. The other tax and spending measures were modest enough that they will not affect the RBA's view of the outlook materially, even though market pricing did shift a bit on the night.

We therefore think that the April meeting will prove to be something of a 'dead rubber'. Even so, there are some things to watch for in the post–meeting statement. Along with any update to the outlook for inflation, we look for any commentary on the outlook for wages; as best as we can tell, wages growth would actually have to pick up from here to meet the RBA's near–term forecasts for Wage Price Index growth. We think this is unlikely and will be watching for how the RBA characterises developments here.

Likewise, we look for more discussion about the consumption outlook. Recent timely data have been a bit mixed, and the RBA's outlook for consumption growth in calendar 2025 is notably above consensus, even after the slight downward revision in the February SMP. While Assistant Governor Hunter noted in a recent speech that spending has indeed picked up for goods and services less affected by Black Friday and other sales periods, nobody was suggesting otherwise. The real risk around the consumption outlook is that the lift in spending in response to the Stage 3 tax cuts, while positive, is less than historical experience would lead one to expect. That is the message of our own Westpac–DataX Consumer Panel, which points to only about 25 cents in every dollar of extra disposable income being spent, which is on the low side of earlier expectations.

Looking forward to May, the inflation data will once again be crucial. So much is hanging on that difference between 2.7% and 2.5% that even a small downside surprise for the RBA on trimmed mean inflation in the March quarter will cement our current view on the timing and scale of further cuts.

Cliff Notes: assessing the policy stance

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

Regarding Federal Budget 2025, our bulletin and conversation with Chief Economist Luci Ellis provides a detailed view of the Government's expected fiscal position and economic plan for the coming four years, if re–elected. Cost–of–living relief is a priority with 2024/25's energy rebates extended to end–2025 and a 'top–up' tax cut planned for 2026 and 2027 alongside spending on essential services and critical infrastructure. There was also some support for SMEs and the construction sector. The bottom line for the Government's finances from these policies and the underlying economic environment is an increase in the deficit from 1.0% of GDP in 2024/25 to 1.5% of GDP in 2025/26 after which the deficit is expected to gradually easing back to 1.1% of GDP in 2028/29. Relative to international peers, Australia's federal debt remains comparatively low.

As discussed by Chief Economist Luci Ellis, recently announced budget measures are unlikely to materially shift the outlook for the RBA. Other data released since the RBA's February meeting also has not provided a meaningful deviation from the recent trend. Of note this week, the Monthly CPI Indicator printed broadly as expected, the monthly trimmed mean measure ticking down from 2.8%yr to 2.7%yr in February. Last week's labour market data was also indicative of balance between demand and supply, and the international environment is likely to be of little consequence for Australian inflation over the forecast period. Hence, we continue to expect the RBA to remain on hold next week but to cut three more times this year to 3.35% as inflation tracks back to and remains at the mid–point of the RBA's 2–3%yr medium–term range.

Offshore, this week saw more rumours and news regarding US trade policy. New tariffs were announced on cars "not made in the United States" effective 2 April, dubbed Liberation Day by the Administration. In addition, US President Donald Trump also announced 'secondary tariffs' on countries buying oil and gas from Venezuela, also to take effect on 2 April. The rapid escalation of US protectionism has seen manufacturing sentiment retreat of late – the Richmond Fed Index for March dipped to –4pts, with new orders and employment both weaker. The drop in the Richmond Fed survey was broadly consistent with the latest readings from the Dallas and Philadelphia Fed regions, which also signalled a loss of momentum and confidence across US industry.

More broadly, core durable goods orders disappointed at –0.3% in February, continuing business investment's poor run over the past decade, equipment investment having averaged growth of just 1.9%yr and structures only 1%yr. Of more concern for the market this week was Conference Board consumer confidence, the headline index falling to its lowest level since early 2021, and expectations at a twelve year low. Views on the labour market are more mixed amongst US households, the Conference Board employment measure remaining relatively robust after respondents to the University of Michigan's survey showed more concern. It's worth noting that businesses continue to pull forward imports to the US to get ahead of the imposition of tariffs. This trend has even affected Australia's trade with the US despite our distance. US monetary policy makers' concern over the potential inflationary consequences of tariffs also looks to be growing, St Louis Fed President Musalem this week warning that the "risks that inflation will stall above 2% or move higher in the near term appear to have increased" and that "indirect, second–round effects on non–imported goods and services could have a more persistent impact on underlying inflation".

Across the Atlantic meanwhile, the UK CPI was a touch weaker than expected in February at 0.4% (consensus 0.5%), leaving annual inflation at 2.8%yr compared to 3.0%yr in January. Core inflation edged down from 3.7%yr to 3.5%yr, but services inflation held up at 5.0%yr. While services continued to dominate the headline pulse, the share of components rising beyond the BoE's 2.0% inflation target narrowed to 54.6%. This print came ahead of the Spring Budget which saw expectations for growth cut from 2.0% in 2025 to 1.0%. Markets were keenly awaiting this release as the Autumn Budget showed that, to ensure the government is able deliver a balanced budget by 2029–30, costs can only rise by GBP9.9bn. This limited fiscal headroom has since been put under further pressure by the strong increase in Gilt yields since January. Borrowing is anticipated to be higher in the short–term, due mostly to an increase in interest costs as well as near–term policy including increased spending on defence of GBP2.2bn in 2025–26, in an effort to see defence spending hit 2.5% of GDP by 2027. The GBP9.9bn margin remains; the Office of Budget Responsibility expects the government will reach its target with 54% certainty. Net debt is still anticipated to remain just below 100% of GDP over the forecast period.

Gaining ground

Kelly Eckhold
NZ Chief Economist

This week we took stock of the data that's emerged since we completed our last comprehensive set of macroeconomic forecasts in mid–February. Overall, we see a picture of an improving economy late last year that's continued into 2025. Growth remains narrowly focused around the external sector and tourism and should broaden as we go through 2025 as interest rate cuts filter through. Inflation looks firmer in the short term but should still peak close to 2.5% and remain around there over all of 2025. Two further OCR cuts look programmed in by the RBNZ but the case for more beyond that has weakened. Global developments continue to present significant albeit difficult to quantify risks.

Economic growth

Our short–term growth outlook is only marginally upgraded since February. We now see annual GDP growth for 2025 at 2.6% vs 2.5% previously. There is potential for significant quarterly volatility in GDP in the next year, and we will be looking more closely at that in May. But the key difference in view is that we were pleasantly surprised that we saw growth in Q4 2024. This increases our confidence that the growth that we forecast for 2025 is more likely than not.

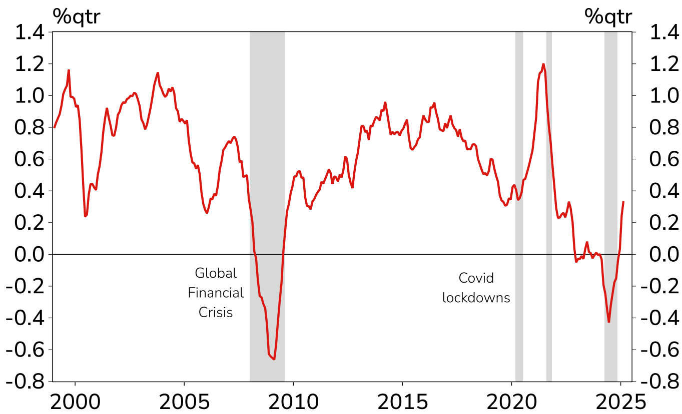
"At this stage growth is narrowly focused on the external and tourism driven sectors."

Nevertheless, at this stage growth is narrowly focused on the external and tourism driven sectors. This helps explain the perception gap we currently see where many businesses are saying they don't see growth, particularly in the urban areas. There are significant regional and sectoral differences in growth which should balance out as time goes on all going well.

Interest sensitive sectors are yet to feel the push from lower interest rates. Growth in the December quarter only had the benefit of one 25 bp cut for the full quarter even though the OCR was cut a further 100 bp over Q4. The transmission lags to growth are longer than that. Hence what we saw in Q4 was a more solid starting point for growth over 2025 (and likely further evidence that the large falls in GDP in the middle of 2024 were overstated at least somewhat).

It is fair to say though that the recovery is still tentative and underlying growth remains decidedly below trend. Our Nowcast estimates show the picture quite clearly. It's more likely that activity in underlying terms was fairly flat in Q4 but now turning modestly positive in Q1 2025. We have fine–tuned our house price view to reflect the still early stage of the recovery. We see 6.5% growth in 2025 but 6.2% in 2026 as stronger population growth joins interest rates in supporting house prices.

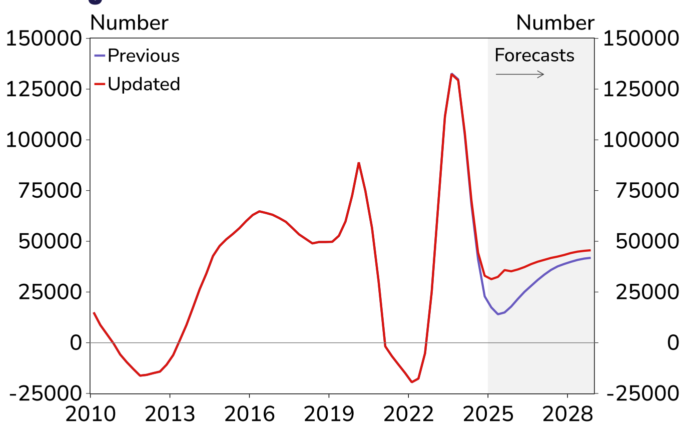
New Zealand GDP nowcast monthly indicator



Source: Macrobond, Westpac Economics

In the medium term we now see a brighter picture for potential and actual growth now that population growth looks to be bottoming out at a higher level than previously thought. This is adding a little to 2025 growth but will have a larger impact in 2026 and beyond.

Net migration (annual)

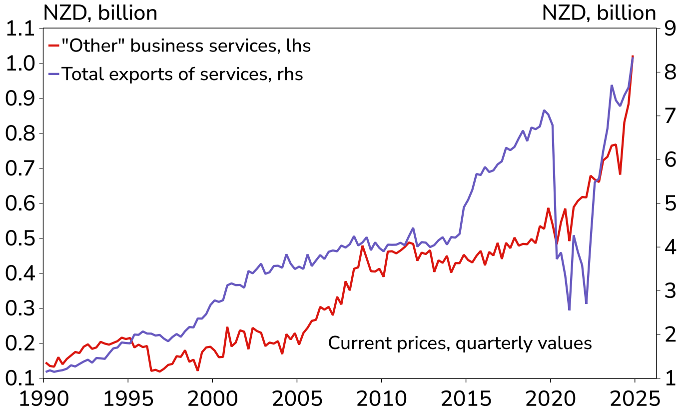


Source: , Macrobond, Westpac Economics

The external sector

The external sector looks interesting. Both export incomes and imports are larger than expected. We see some encouraging signs of growth in services exports – these will be key to achieving the Government's very ambitious goal of doubling exports in a decade given the ecological constraints on agriculture exports. The current account looks set to improve even though the medium–term picture continues to look weak – not least because that structural fiscal deficit might not be erased for a long time.

Services exports



Source: Stats NZ, RBNZ, Macrobond, Westpac Economics

Fiscal policy and the debt programme

While tax revenues are running slightly above the Half Year Economic and Fiscal Update (HYEFU) forecast and spending slightly behind forecast, the Minister of Finance has indicated that she does not expect to reveal an improvement in the fiscal outlook in Budget 2025. We remain comfortable with our previous forecasts but will be looking into the downside risks given new spending priorities such as defence and capital spending. Hence, we continue to see eventual upside risks to the Government borrowing programme.

Inflation

Inflation looks at least as robust as previously thought. We have raised our near–term inflation forecast, reflecting the strong food prices that are driving the growth in the external sector. The peak in inflation is no higher but we do think it will persist for all of 2025 now.

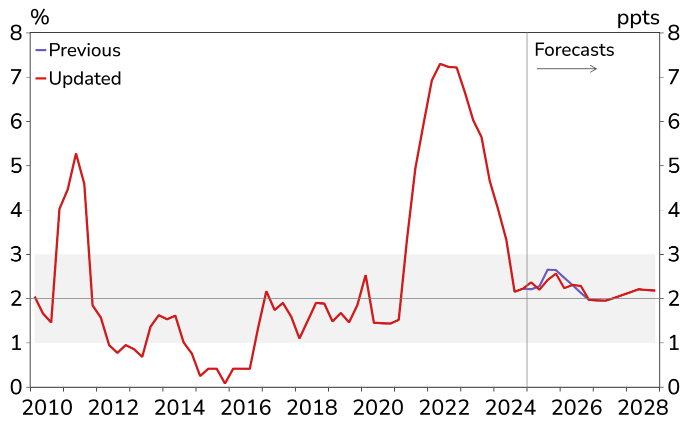
Interest and exchange rates

Our view on interest rates is unchanged and we remain more hawkish than many market participants and the RBNZ. The recent data is a subtle push in the direction of this view as while the next two rate cuts look odds on, the RBNZ's tentative last cut in late 2025 looks even more speculative now.

Our financial forecasts are unchanged. Given the downside risks to trade it's looks more likely than not that the exchange rate will remain weak and could weaken a lot more in a downside scenario. That's as it should be as it's the role of the exchange rate to buffer global shocks. Lowering interest rates to boost asset prices to offset a loss in competitiveness from tariffs would likely be fruitless.

We suspect longer term interest rates are close to as low as they are going to be now that the end of the policy easing cycle is near. The yield curve continues to support that view as it looks rather like markets see a neutral OCR closer to 4% than 3%.

CPI inflation (annual)



Source: , Macrobond, Westpac Economics

Risks and areas of focus ahead of our May Economic Overview

There are lots of risks to the outlook that we will review in May when we complete our next full forecast round. Key will be a more definitive assessment of how tariffs will impact the outlook. We hope to know more on how important these will be by then. We also need to consider both the upside and downside risks to medium–term growth. Will the narrowly focused recovery build into something broader and more enduring? Will the external sector sustain its recent impressive gains, perhaps because tariffs aren't that bad for Australasia in the end or perhaps because fiscal easing in China, Europe and the US provides an offset?

For now, we grind higher and gain ground – and hope that Trump doesn't pull the rug out from under what otherwise looks like a more promising outlook.

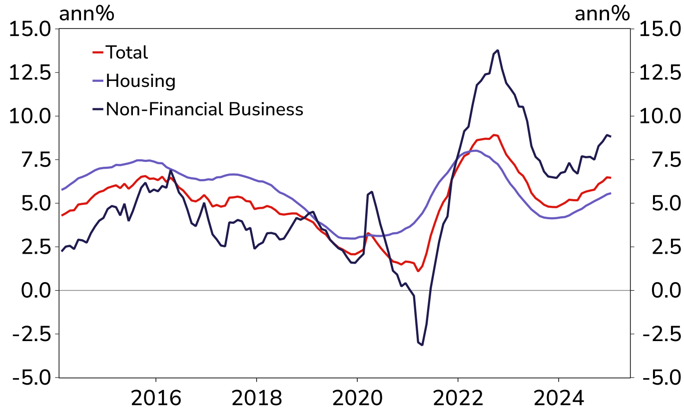
AUS: Feb Private Sector Credit (%mth)

Mar 31, Last: 0.5, Westpac f/c: 0.5
Mkt f/c: 0.5, Range: 0.4 to 0.6

In the last four months of 2024, private sector credit grew at a steady pace of 0.6%mth. In January growth eased a touch to 0.5%mth and we expect that this pace will be maintained in February.

Among the major components, housing credit rose 0.45%mth in January. With house price growth having followed a downward trend over 2024, we expect that the weakness will start impacting credit growth. As this effect is lagged, we have pencilled in another increase in housing credit of 0.5%mth. Over the last six months business credit has been growing at a strong pace of 0.7-1.0%mth, we expect a small step lower in February to 0.6%mth. That should leave headline credit growth on an annual basis unchanged, at 6.5%yr.

Private Sector Credit Growth



Source: RBA, Macrobond, Westpac Economics

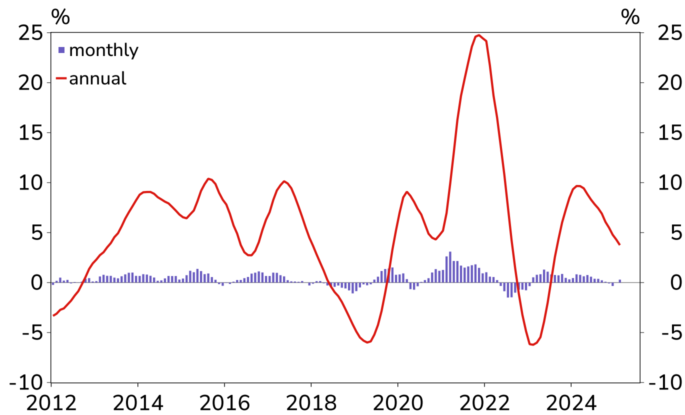
AUS: Mar CoreLogic home value index (%mth)

Apr 1, Last: 0.3, Westpac f/c: 0.5

Australia's housing market snapped a four month run of small price declines in Feb, the CoreLogic home value index ticking up 0.3% in the month. Annual price growth has continued to slow, dropping to 3.2%yr. The RBA's Feb rate cut has given a clear fillip to markets, the up-tick in prices and auction clearance rates are similar to that seen during the RBA's easing in 2019, albeit flattered a little by seasonality.

That improvement has carried into March, the CoreLogic daily measure is tracking towards a 0.5% rise for the full month. The turnaround continues to be most pronounced in the Sydney and Melbourne markets, where prices had previously been slipping lower.

Prices to stabilise



Source: CoreLogic Australia, Macrobond, Westpac Economics

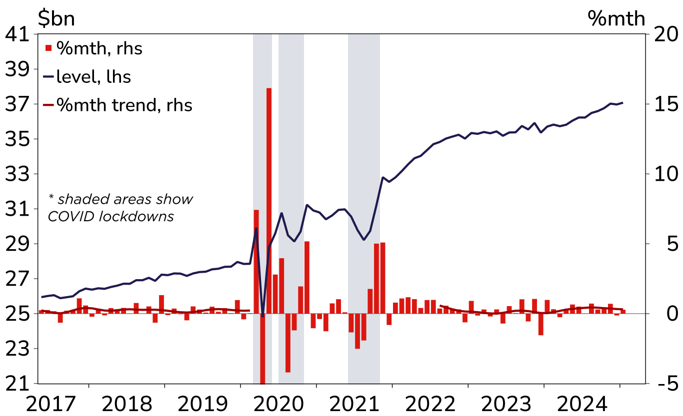
AUS: Feb Retail Trade (%mth)

Apr 1, Last: 0.3, Westpac f/c: flat
Mkt f/c: 0.4, Range: flat to 0.5

Retail sales rose 0.3% in Jan, annual growth slowing to 3.8%yr. Nominal sales have tracked a 4% annual pace since June last year. The detail in January was mixed though with temporary factors contributing to the gain and a sharp pull-back in household goods as a 'bargain hunting' pull-forward unwound.

Westpac card data suggests Feb was a weaker month. While this is not accurate enough to generate monthly point estimates, the quarterly momentum is consistent with a flat month for official retail sales in Feb. That could easily see a negative print although downward revisions to previous months could also result in a small positive for the Feb month.

Retail trade



Source: ABS, Macrobond, Westpac Economics

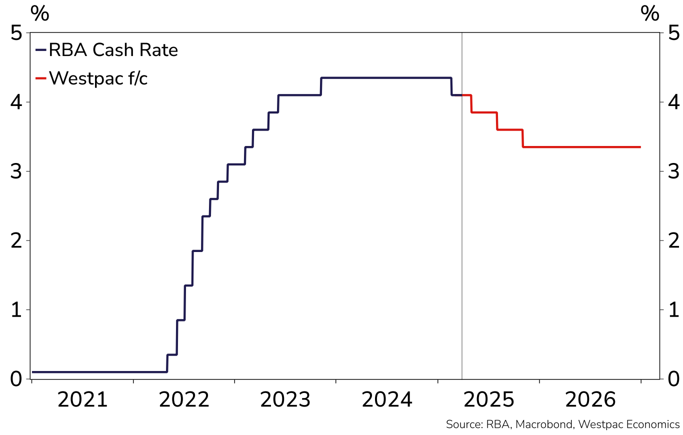
AUS: RBA Policy Decision (%)

Apr 1, Last: 4.10, Westpac f/c: 4.10
Market f/c: 4.1, Range: 3.85 to 4.10

Recently announced budget measures are unlikely to have materially shifted the outlook for the RBA. Other data released since the RBA's February meeting also has not provided a meaningful deviation from the recent trend – the Monthly CPI Indicator reporting a down-tick in underlying inflation, last week's labour market data indicating balance between demand and supply, while the international environment is likely to be of little consequence for Australian inflation at present.

Hence, we continue to expect the RBA to remain on hold next week but to cut three more times this year to 3.35% as inflation tracks back to and remains at the mid-point of the RBA's 2-3%yr medium-term range. For more detail, see Page 2.

RBA to leave rates unchanged in April



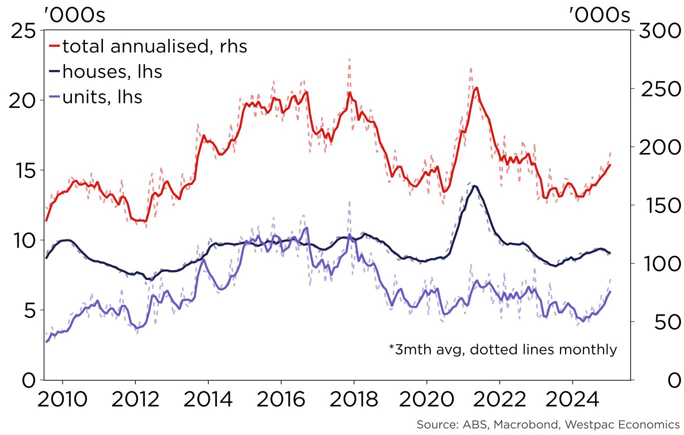
AUS: Feb Dwelling Approvals (%mth)

Apr 2, Last: 6.3, Westpac f/c: –3.0
Mkt f/c: -1.5%, Range: -6.5% to 2.0%

Dwelling approvals rose 6.3% in Jan following another strong rise in private units – up 32% in two months. Private houses also lifted for the first time in three months, albeit not by enough to reverse the weakening in late-2024. All of this should be read with a large grain of salt as monthly figures can be more noisy through Dec-Jan as seasonal adjustment can add to already volatile monthly moves. Overall an up-trend looks to be underway but with gains centred on high-rise units the sustainability remains unclear.

The Feb update should provide a 'cleaner' monthly read. Unit approvals are likely to retrace from Jan. Overall, a 3% decline would leave a clear underlying up-trend intact. Note that lags mean the RBA's Feb rate is unlikely to have and effect on new dwelling approvals until the second half of the year.

Uptrend to remain on course



AUS: Q1 Job Vacancies (%qtr)

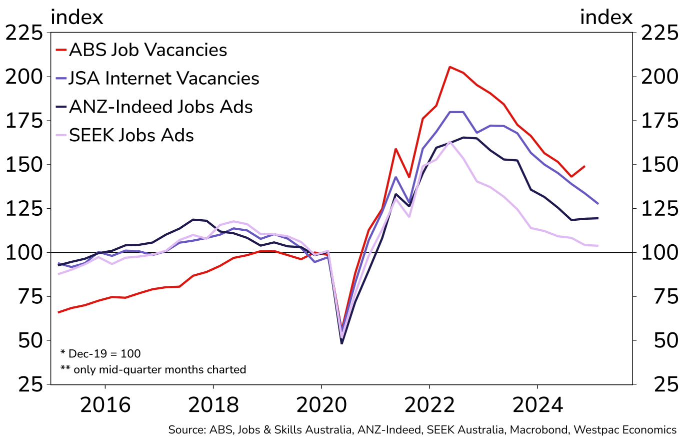
Apr 3, Last: 4.2%

Job vacancies surprised to the upside in Q4 (November), with the ABS measure reporting a 4.2% lift from 332k to 348k. This leaves the total number of job vacancies still some 120k (50%) above the level immediately prior to the pandemic.

There are many other surveys of labour demand published monthly. These have a solid track record as leading indicators, but this was not the case for the latest quarter – two measures pointed to a fall, and only one pointed to a small increase.

This deviation is likely temporary, reflecting differences in definitions and scope between the data. The latest monthly results suggests another decline is the most likely outcome. That said, February's labour market data reported a significant decline in the size of the labour force, most of which looked voluntary, so there is some risk to the upside.

Labour demand easing but still firm by most accounts



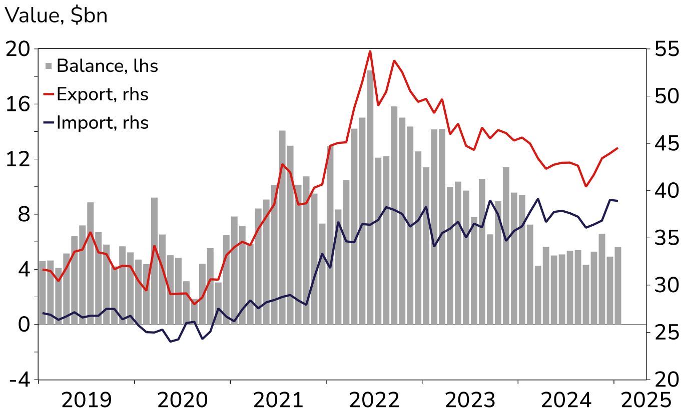
AUS: Feb Goods Trade Balance ($bn)

Apr 6, Last: 5.6, Westpac f/c: 5.2
Mkt f/c: 5.3, Range: 4.3 to 6.25

The goods trade surplus widened in January to $5.6bn. Exports of key commodities decreased, but a surge in non-monetary gold outflows, mainly to the US, drove total exports higher.

We expect a small deterioration in goods trade surplus in February to $5.2bn. Figures for freight volumes through major ports signal lower commodities exports. Preliminary US import data suggests that the goods inflow was only a touch lower that month, so Australia's exports to the US may remain high by historical standards. Risks to the rural goods exports, which have been elevated in recent months, seem to be skewed to the downside.

Goods Trade Balance



Source: ABS, Macrobond, Westpac Economics

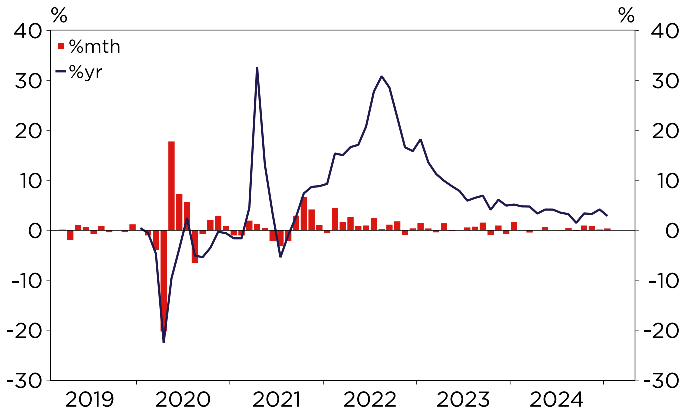
AUS: Feb Household Spending Indicator (%mth)

Apr 4, Last: 0.4, Westpac f/c: –0.7
Mkt f/c: 0.3, Range: -0.7 to 0.6

The household spending indicator of nominal spending rose 0.4%mth in Jan. Base effects moved the annual rate lower to 2.9%yr, but the trend rate continued to move higher. Overall growth was led by spending on health. Transport also posted a solid rise, despite a fall in new vehicle sales.

Feb looks likely to post a weak result. Our Westpac Card Tracker declined in the month. Vehicle sales, which are incorporated into the ABS measure, also look to have declined materially, led by a sharp fall in Tesla EV sales. While it is still uncertain how some of these measures map to the spending indicator, vehicles alone are likely to take 0.2-0.3pts off the spending indicator in the month. With some weakness in card based measures the indicator is likely to be down 0.7% overall with some risks to the downside and the potential for revisions.

Weak vehicle sales to weigh on spending



Source: ABS, Macrobond, Westpac Economics

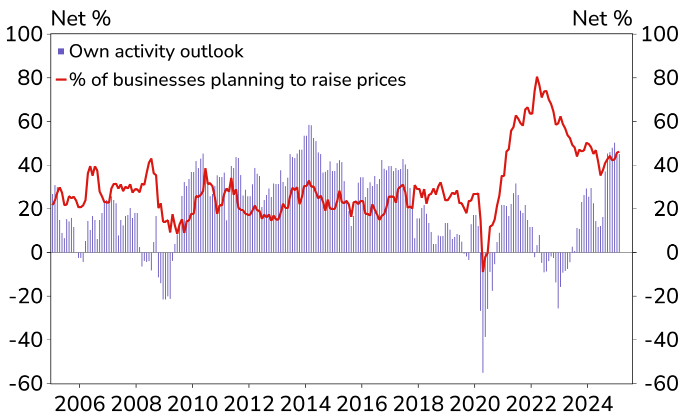
NZ: Mar ANZ Business Confidence

Mar 31, Last: 58.4

The February business outlook survey was a mixed bag, with rises and falls across a range of indicators. The general message remains that current conditions are tough, but firms are hopeful about the year ahead. The inflation gauges in the survey were also mixed, with cost pressures easing a little but remaining historically high.

Concerns about global risks and US tariffs have been prominent in recent household confidence surveys, so it will be interesting to see if those concerns start to feature among businesses as well.

Business sentiment remains strong



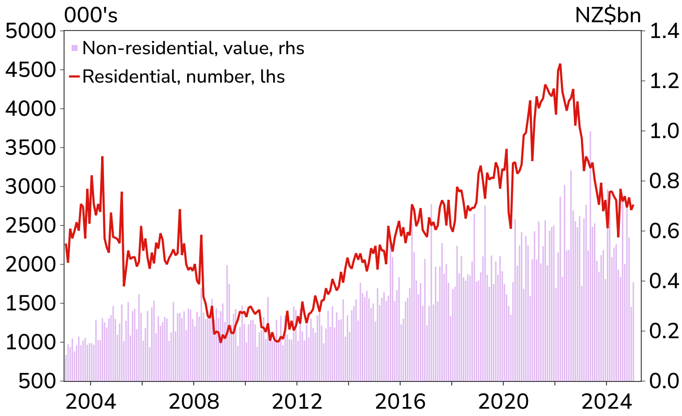
Source: ANZ, Macrobond, Westpac Economics

NZ: NZ Feb building consents

Apr 2, Last: +2.6%, Westpac f/c: +5.0%

We expect a 5% rise in residential building consents in February as earlier softness in the 'lumpy' multi–unit categories reverses. Stepping back from the month–to–month swings, the longer–term trend in consent numbers has found a floor after earlier sharp declines. Annual consent issuance has been running at a little over 33,000 for several months now. We expect that consent issuance will remain around those levels for the next few months before beginning to turn higher through the latter part of the year as the impact of lower interest rates ripples through the housing market. Conditions in the non–residential sector remain mixed, with businesses still cautious about significant new capital expenditure for now.

Building consents appear to be flattening out



Source: Stats NZ, Macrobond, Westpac Economics

US: March employment report

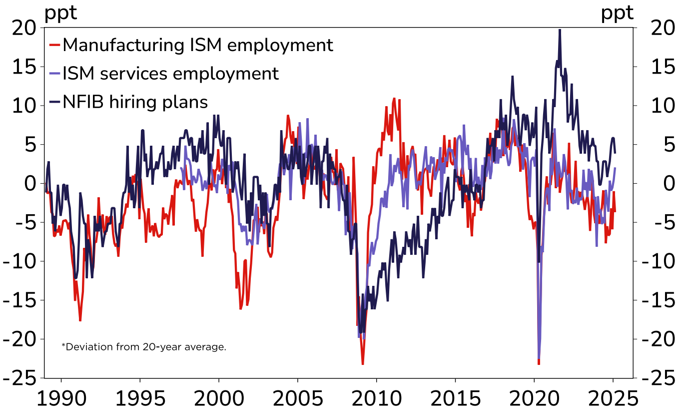
Apr 4, payrolls, Last: 151k, WBC f/c: 145k, Mkt f/c: 133k
Apr 4, U/E rate, Last: 4.1%, WBC f/c: 4.1%, Mkt f/c: 4.1%

Nonfarm payrolls have average 191k over the past six months and 162k the past year. Broadly, these outcomes are consistent with a stable unemployment rate.

However, over the period, the business surveys have continued to point to downside risks. Now, as the impact of tariffs and government efficiency come into view, consumers are becoming concerned.

In March, we look for job creation to slow a touch to 145k. There are near–term downside risks from public job cuts; but as most of these have been challenged, any consequence is likely to be modest in scale and slow moving over many months.

Surveys point to downside risks for labour



Source: ISM, NFIB, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 31							
Aus	Mar	MI Inflation Gauge	%ann	2.2	–	–	Provides a general view of risks to inflation.
	Feb	Private Sector Credit	%mth	0.5	0.5	0.5	Continues growing at a stable pace.
	Mar	CoreLogic Home Value Index	%mth	0.3	–	0.5	Feb rate cut lift continued into March.
NZ	Mar	ANZ Business Confidence	index	58.4	–	–	Confidence remains high despite tough conditions.
Jpn	Feb	Industrial Production	%mth	–1.1	2.0	–	Recovery is on the cards after three negative readings.
Chn	Mar	Manufacturing PMI	index	50.2	50.4	–	Broadly neutral business conditions in manufacturing…
	Mar	Non–Manufacturing PMI	index	50.4	50.6	–	…and services sectors in China.
US	Mar	Dallas Fed Manufacturing Survey	index	–8.3	–5.0	–	Declined sharply in Feb.
Tue 01							
Aus	Feb	Retail Sales	%mth	0.3	0.4	flat	Card data points to a softer month.
		RBA Policy Decision	%	4.10	4.10	4.10	Policy to remain unchanged after a cut in February.
Jpn	Feb	Unemployment Rate	%	2.5	–	–	Set to continue signalling tight labour market conditions.
	Q1	Tankan Large Manufacturers	index	14	12	–	Investment intentions of key importance.
Chn	Mar	Caixin Manufacturing PMI	index	50.8	–	–	Broadly consistent with the official PMI survey.
Eur	Mar	HICP	%ann	2.3	2.3	–	Eased in February after rising in prior four months.
	Feb	Unemployment Rate	%	6.2	6.2	–	Expected to remain at historical lows.
US	Feb	Construction Spending	%mth	–0.2	0.2	–	High uncertainty likely to keep growth low.
	Feb	JOLTS Job Openings	000s	7740	7690	–	Lately has been volatile around a stable downward trend.
	Mar	ISM Manufacturing PMI	index	50.3	49.8	–	Anticipated to dip back below the neutral level.
Wed 02							
Aus		RBA Assist Gov Kent speaking	–	–	–	–	"RBA's Monetary Policy Implementation System" 10:25 AEST.
	Feb	Dwelling Approvals	%mth	6.3	–1.5	–3.0	Retracing some of unit surge but underlying up-trend intact.
NZ	Feb	Building Consents	%mth	2.6	–	5.0	Annual level has stabilised around 33k to 34k.
US	Mar	ADP Employment Change	000s	77	119	–	A noisy indicator for the change in payrolls.
	Feb	Factory Orders	%mth	1.7	0.4	–	Orders of durable and non-durable goods.
	Feb	Final Durable Goods Orders	%mth	0.9	–	–	Weaker growth beneath the headline increase.
Thu 03							
Aus		RBA Financial Stability Review	–	–	–	–	A half yearly review of Australia's financial system.
	Feb	Trade Balance	$bn	5.6	–	5.2	Weaker exports expected to lead to a lower surplus.
	Q1	Job Vacancies	%qtr	4.2	–	–	Monthly indicators suggest another decline is likely
NZ	Mar	ANZ Commodity Prices	%mth	3.0	–	–	Meat prices to drive 8th consecutive monthly gain.
Chn	Mar	Caixin Composite PMI	index	51.5	–	–	Has been suggesting positive momentum in the economy…
	Mar	Caixin Services PMI	index	51.4	51.6	–	…mainly thanks to positive sentiment in the services sector.
US	Feb	Trade Balance	US$bn	–131	–110	–	Despite the improvement, deficit will remain high.
		Initial Jobless Claims	000s	224	–	–	To remain low, for now.
	Mar	ISM Services PMI	index	53.5	53.1	–	Stronger momentum compared to manufacturing.
		Fedspeak	–	–	–	–	Fed Vice Chair Jefferson's remarks on the economic outlook.
Fri 04							
Aus	Feb	Household Spending Indicator	%mth	0.4	–	–0.7	Soft month for card activity and pull-back in EV sales.
Jpn	Feb	Household Spending	%mth	0.8	–	–	Higher wage growth supporting household spending.
US	Mar	Non–Farm Payrolls	000s	151	135	145	We look for job creation to slow a touch as near-term…
	Mar	Unemployment Rate	%	4.1	4.1	4.1	…risks from public job cuts weigh in.
	Mar	Average Hourly Earnings	%mth	0.3	0.3	0.3	Consistent with 2% inflation.
		Fedspeak	–	–	–	–	Fed Chair Powell speaks on the economic outlook.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (28 Mar)	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
Cash	4.10	3.85	3.60	3.35	3.35	3.35	3.35	3.35	3.35	3.35
90 Day BBSW	4.1312	3.90	3.70	3.45	3.50	3.50	3.55	3.55	3.55	3.55
3 Year Swap	3.68	3.75	3.80	3.80	3.85	3.90	3.95	4.00	4.00	4.00
3 Year Bond	3.761	3.85	3.90	3.90	3.90	3.95	4.00	4.05	4.00	4.00
10 Year Bond	4.463	4.65	4.70	4.75	4.80	4.80	4.80	4.80	4.90	4.90
10 Year Spread to US (bps)	11	15	10	5	0	0	0	0	0	0
United States										
Fed Funds	4.375	4.375	4.125	3.875	3.875	3.875	3.875	3.875	3.875	3.875
US 10 Year Bond	4.35	4.50	4.60	4.70	4.80	4.80	4.80	4.80	4.90	4.90
New Zealand										
Cash	3.75	3.25	3.25	3.25	3.25	3.50	3.75	3.75	3.75	3.75
90 Day Bill	3.61	3.35	3.35	3.35	3.45	3.70	3.85	3.85	3.85	3.85
2 Year Swap	3.44	3.50	3.65	3.80	3.90	3.95	4.00	4.00	4.00	4.00
10 Year Bond	4.58	4.70	4.85	4.90	5.00	5.00	5.00	4.95	4.95	4.95
10 Year Spread to US (bps)	23	20	25	20	20	20	20	15	5	5

Exchange rate forecasts

	Latest (28 Mar)	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
AUD/USD	0 .6284	0.62	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71
NZD/USD	0.5738	0.56	0.56	0.57	0.57	0.58	0.59	0.60	0.61	0.62
USD/JPY	150.81	147	143	140	138	137	136	135	134	133
EUR/USD	1.0792	1.06	1.08	1.09	1.10	1.11	1.12	1.13	1.13	1.14
GBP/USD	1.2946	1.27	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.35
USD/CNY	7.2652	7.25	7.25	7.20	7.20	7.15	7.10	7.00	6.90	6.80
AUD/NZD	1.0995	1.12	1.14	1.15	1.15	1.15	1.15	1.15	1.15	1.15

Australian economic growth forecasts

	2024		2025				2026		Calendar years			
% Change	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	2023	2024	2025f	2026f
GDP %qtr	0.3	0.6	0.5	0.6	0.6	0.5	0.5	0.5	–	–	–	–
%yr end	0.8	1.3	1.6	2.0	2.3	2.2	2.2	2.2	1.5	1.3	2.2	2.2
Unemployment rate %	4.1	4.0	4.1	4.2	4.4	4.5	4.5	4.5	3.9	4.0	4.5	4.5
Wages (WPI) %qtr	0.9	0.7	0.8	0.7	0.7	0.7	0.8	0.8	–	–	–	–
%yr end	3.6	3.2	3.2	3.0	2.9	2.9	3.0	3.0	4.2	3.2	2.9	3.2
CPI Headline %qtr	0.2	0.2	0.7	0.7	0.9	0.7	0.8	0.8	–	–	–	–
%yr end	2.8	2.4	2.2	1.9	2.6	3.1	3.2	3.3	4.1	2.4	3.1	2.7
CPI Trimmed Mean %qtr	0.8	0.5	0.6	0.6	0.7	0.7	0.6	0.6	–	–	–	–
%yr end	3.6	3.2	2.8	2.6	2.5	2.6	2.6	2.6	4.2	3.2	2.6	2.4

New Zealand economic growth forecasts

	2024		2025				2026		Calendar years			
% Change	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	2023	2024	2025f	2026f
GDP %qtr	–1.1	0.7	0.4	0.4	0.8	1.0	0.8	0.7	–	–	–	–
Annual avg change	0.1	–0.5	–1.1	–0.9	0.1	1.0	2.1	2.8	1.8	–0.5	1.0	3.2
Unemployment rate %	4.8	5.1	5.3	5.4	5.4	5.3	5.2	5.0	4.0	5.1	5.3	4.6
CPI %qtr	0.6	0.5	0.8	0.2	0.8	0.7	0.5	0.3	–	–	–	–
Annual change	2.2	2.2	2.4	2.2	2.4	2.6	2.2	2.3	4.7	2.2	2.6	2.0

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