Week beginning 14 April 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: How the ANZACs might handle the trade shock.

The Week That Was: A late change of heart.

Focus on New Zealand: Watch this space and don't panic.

For the week ahead:

Australia: RBA Minutes, Westpac-MI Leading Index, labour force survey.

New Zealand: Q1 CPI, retail card spending, net migration.

China: Q1 GDP and partials, trade balance.

Eurozone: ECB policy decision, industrial production.

United Kingdom: CPI, unemployment rate.

United States: retail sales, industrial production, import prices, business inventories, housing starts.

Canada: BoC policy decision.

Global: Good Friday (markets closed).

Information contained in this report current as at 14 April 2025

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How the ANZACs might handle the trade shock

Kelly Eckhold
NZ Chief Economist

Trade policy uncertainty is at extreme levels and could significantly impact the small open economies of Australia and New Zealand. Both countries could lose to some extent as global demand and the pattern of trade flows adjust. But beyond this common thread there are key differences that could determine how New Zealand and Australia will fare.

Trade and economic policy uncertainty has been very high for months now but really erupted this week. Financial markets swung wildly, especially in equity markets which ranged widely and where implied volatility levels have moved up towards the levels seen only during Covid, the 2012 European debt crisis and the 2008 global financial crisis.

There have been similar movements in the rules governing global trade flows. Tariff policies in the US and China especially have moved a lot – in some cases, in both directions. We are now in a transitional position of US tariffs of 10% tariffs on most countries and 145% tariff on China, while China has retaliated with 84% tariffs on US imports.

None of this is set in stone, as negotiations are ongoing, and US tariffs on non-Chinese imports are to be reviewed again in three months. And frankly, the US and China are not negotiating right now but are engaging in tit-for-tat retaliation. Hence uncertainty will remain very high.

There will be a lot of debate around the ultimate size of the change in global trade rules that the Australasian economies will need to adjust to. It's hard to put a finger on the scale of that now. But it is interesting to reflect on the ways in which our economies might be both similarly and differently impacted as we go forward.

There are many common factors. Both countries are trade orientated; hence this global trade shock could have potentially profound implications for incomes and growth over both the short and longer term. We both have strong trade linkages with the US, China and South-east Asia. Hence weaker demand in those jurisdictions has the potential to impact our incomes – especially though lower export commodity prices.

We both have strong macroeconomic frameworks (including independent central banks) that should help us navigate any troubles to come. Our floating exchange rates will buffer us should very negative scenarios emerge. Our government debt loads are low and credit ratings top tier, providing resilience.

The bottom line in terms of the commonalities is that we are both exposed to the worsening global trade environment but have resilience factors which will help even as the global trade environment shifts to greater protectionism and balkanization of trade flows.

But there are also some key structural and cyclical differences that may matter. On the positive side of the ledger for Australia: its current account and fiscal position is unequivocally stronger than New Zealand's and should imply more resilience to the global trade shock. Cyclically, Australian fiscal policy is easing from a strong position, providing support to consumption and growth. Another strength is that it enters this period of uncertainty with stronger growth and output that is close to trend. Growth has disappointed by historical standards, but the economy is not on the ropes already. The labour market in particular remains in decent shape, despite recent debates on whether the NAIRU is lower than previously appreciated and associated productivity questions.

On the New Zealand side of the ledger: a strength is that NZ is further through the monetary easing cycle than Australia – so there is more stimulus already in the pipeline. Both countries have room to ease if required, but Australian inflation may be a little higher than NZ inflation in core terms, reflecting the different positions in the cycle. New Zealand's commodity prices have been strongly on the up in the last year as resilient demand has combined with constrained supply of agricultural export products.

New Zealand will be more resilient if global manufacturing weakens relative to consumption given its export focus on agricultural and food commodities compared to Australia's industrial commodities and energy exports. Global industrial production could come off worse in the new tariff environment and supply chains may have further to adjust. People will still eat whereas global steel demand may or may not be resilient.

NZ's main issue is that we go into this more uncertain environment with output well below trend, which is why policy has been easing. While the trade sector is well positioned to absorb a trade shock, it's less the case for the domestic economy. Another issue is the NZ government is trying to tighten fiscal policy even though aggregate debt levels are low by global norms. This week, the finance minister noted a determination to continue the consolidation process even in the face of a weaker global economy.

The pattern of trade is quite interesting and could favour either country depending on how the global growth environment pans out. Australia's trade is more heavily tilted towards China, North and South-east Asia. New Zealand is more reliant on trade with the US. Both countries have roughly the same sensitivity with respect to trade with developed countries. If US growth and consumption were to be hit relative to Asia, then New Zealand could be worse off. And of course, the opposite also applies.

The current mist of uncertainty means it's hard to know whether there will be any 'winners' at the end of the day. Hopefully we both lose little in the end. But it's important to consider the differences in the economies as we move forward.

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Cliff Notes: a late change of heart

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

Starting in Australia, April's Westpac-MI Consumer Sentiment Survey – which was in the field last week – provided a first-look into households' reaction to President Trump's tariff turmoil. Sentiment was only slightly lower over the first half the week, before moving sharply lower after the 'Liberation Day' announcements, leaving the headline index down 6% at 90.1. There were significant declines across the sub-indexes tracking 'family finances vs. a year ago' (–8.5%), but also the year-ahead outlook for family finances (–6.2%) and the economy (–5.7%). Attitudes toward consumption, which were already precariously placed owing to the elevated cost-of-living, fell victim to this emerging uncertainty, with the 'time to buy a major household item' sub-index falling –7.3% to be 34% below its long-run average. Although households were more uncertain about the prospect of interest rate relief, markets have since come to our view and have fully priced in a 25bp rate cut from the RBA in May.

The subsequent rapid deterioration in trade relations between the US and China and 90-day reprieve for other nations makes for a completely different picture, however (see below for further detail). The current tariff structure, should it persist, is not expected to have a significant impact on the Australian economy, principally thanks to China's ability to stimulate to offset the shock. Though, there is a risk that the extreme volatility of recent weeks may see consumer and business confidence remain on the backfoot for an extended period. Still, if the market volatility recedes, domestic factors are likely to once again become the focus, specifically the health of the labour market, ongoing moderation in inflation, and the prospective recovery in consumer spending.

In the US and globally, the Trump administration's trade agenda whiplashed markets this week. Following last week's reciprocal tariff announcement, global bourses opened sharply lower for fear of where US and global growth could end up. Then, after holding to the announced tariffs resolutely, and doubling down on China, President Trump suddenly announced a 90-day reprieve for all non-retaliating countries. Imports from these economies will now only receive a 10% tariff on entry to the US, at least for the time being. The tariffs on Mexico and Canada will remain in place, however; while, at the same time, President Trump doubled down again on China, increasing their reciprocal tariff rate from 104% to 125%. Note this rate is reportedly in addition to the initial 20% tariff, so Chinese imports now face a combined tariff rate of 145% on entry to the US. Negotiations are set to get underway between the US and numerous nations next week. It is not clear what cost President Trump will demand for US tariff relief, but Treasury Secretary Bessent has alluded to a request for other nations to also tariff China. If they do so, then the current bilateral conflict risks becoming a much broader threat to global growth, to the detriment of China but also every other country involved.

"The minutes of the FOMC's March meeting highlight why President Trump may have had this change of heart."

Evident in the discussions amongst members is that inflation remains the key consideration for monetary policy decisions. "Several participants noted that their contacts were already reporting increases in costs, possibly in anticipation of rising tariffs, or that their contacts had indicated willingness to pass on to consumers higher input costs that would arise from potential tariff increases." A couple of members also raised concerns over the ability of the FOMC to assess the persistence of inflation in real time. There was also a specific reference to "many firms… paus[ing] their capital spending plans", an adverse development for both growth and inflation. These views do not mean the FOMC are myopic in their focus. But simply that, as highlighted by Chair Powell last Friday, inflation is expected to remain further from target than employment, and policy needs to be set accordingly. The "Committee may face difficult tradeoffs if inflation prove[s] to be more persistent while the outlook for growth and employment weaken[s]".

Coming back to our region, the Reserve Bank of New Zealand cut rates by 25bps to 3.5% at its April meeting, in line with market expectations. The statement noted that the "adaption of global supply chains to increased trade barriers will take longer to work through. It was noted [also] that monetary policy cannot offset the long-term negative effects of higher barriers to international trade". Looking ahead, we anticipate a further 25bp cut in May and risks are likely to remain skewed to the downside for some time thereafter, requiring careful assessment of the incoming data.

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Watch this space and don't panic

Satish Ranchhod
Senior Economist

The RBNZ's April policy review came just one week after "Liberation Day" and before President Trump announced his 'pause' on tariffs with most nations. The increasingly rocky global backdrop has compounded the existing uncertainties about domestic economic conditions and how much additional policy easing is needed. On the day, the RBNZ adopted an appropriately cautious stance, with a measured 25bp cut that took the Official Cash Rate to 3.50%. The RBNZ also maintained its easing bias, but noted that the extent of any further easing would be dependent on the evolution of economic conditions, including both global developments and the medium-term outlook for inflation.

The RBNZ has taken a measured approach to easing in the face of global risks

The RBNZ delivered a 25bp cut at its April policy meeting, taking the cash rate to 3.50%. That reduction had been clearly signalled by the RBNZ at their previous policy meeting and was fully priced in by markets.

Of more interest was how the RBNZ's expectations regarding the outlook would evolve. At their previous policy meeting, the RBNZ signalled that, depending on the evolution of economic conditions, they planned to take the OCR to 3.25% in the middle of this year, with some chance it could be cut further to 3%.

While the RBNZ didn't publish an updated set of projections, they did note that recent global developments were a material downside risk for domestic growth:

> *"The recently announced increases in tariffs in the United States, retaliation from several trading partners, and heighted geoeconomic uncertainty will have a significant negative impact on global growth. This will have adverse effects for domestic economic activity."*

The RBNZ also noted downside risk to the longer-term inflation outlook as a result of recent global developments. But on this front they were less definitive, implicitly acknowledging that inflation in New Zealand is affected by a range of factors. That includes the trajectory of the New Zealand dollar, which has dropped sharply since late last year.

Against this backdrop, the RBNZ is taking a measured approach to policy easing, and their policy statement did not display an undue sense of alarm. Weakening global conditions and the related risks for domestic growth mean that there are downside risks for the OCR. But the RBNZ didn't feel the need to lurch this month. Nor did the MPC feel the need to tie its hands. That measured approach was validated by the stabilisation in global markets in the days since the RBNZ's decision.

Domestic activity is soft, but how much more stimulus is needed?

Even before the recent global turmoil, there have been questions about how far the cash rate needs to fall.

While the New Zealand economy has limped out of recession, economic growth remains sluggish for now. In addition, unemployment has risen to 5.1% and is set to continue rising. At the same time, inflation remains comfortably within the RBNZ's target band.

The RBNZ estimates that the neutral OCR is around 3%, meaning that it could still be at contractionary levels. But that is a long run estimate, and the RBNZ previously published projections indicating that the neutral OCR could be as high as 4%. Notably, the RBNZ has not made any definitive statement about whether they view the current level of the OCR as being stimulatory or contractionary.

In contrast to the RBNZ, we think the neutral level of the OCR is around 3.75%. That would mean that the OCR is already at moderately stimulatory levels.

There's also been a sharp fall in mortgage rates, the full impact of which is yet to be felt. As we've previously highlighted, 90% of New Zealand mortgages are on fixed rates and many borrowers are still on relatively high rates. However, over the next six months more than half of all mortgages will come up for refixing and many borrowers will roll on to lower rates, which will help to boost spending through the latter part of the year. That high proportion of mortgage rate fixing is a key reason why the recovery in growth has been gradual to date.

Finally, the sharp fall in the New Zealand dollar since late last year is reinforcing the easing in monetary conditions.

We expect a further drop in the OCR, with risks to the downside

We continue to expect another 25bp cut in the OCR to 3.25% at the May Monetary Policy Statement. The choice is likely between 25bp and 50bp, but it's hard to say how large the adjustment will be at this stage.

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There are downside risks to our current forecast of a trough in the OCR of 3.25%. However, the extent of those risks isn't clear. The tariff war has a long way to run and the ground beneath the global economy is still shifting. China and the US are our largest trading partners, taking a combined 38% of our merchandise exports. Both regions could face tough economic conditions over the coming year.

We need to see where the global environment and financial market settle, and how domestic economic conditions are evolving. Against that backdrop, the RBNZ is correct in not being prescriptive in terms of how they will proceed.

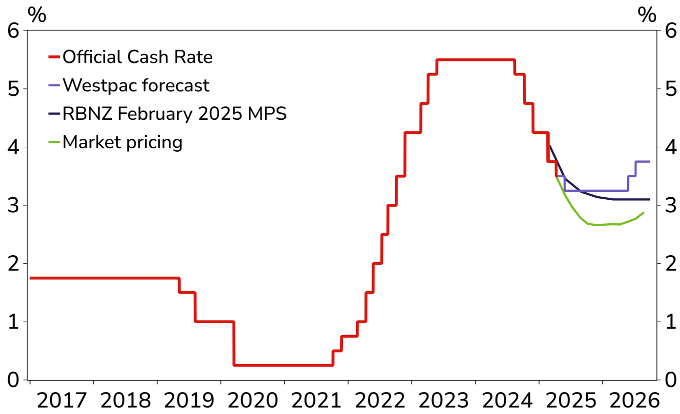
The reaction of the New Zealand dollar will be key in that regard and will take on a significant part of the adjustment – especially if darker scenarios emerge. This will complicate the usual playbook of cutting rates to support growth.

If significant rate cuts are required, then these will likely further cement in the tentative recovery of the domestic economy that has been taking hold up until now. However, large OCR cuts could end up being procyclical if the NZD is doing its job and providing stimulus.

The best advice for now is: Watch this space and don't panic.

The fiscal outlook remains challenging

RBNZ expected to cut another 25bps



Source: RBNZ, Macrobond, Westpac Economics

In other news, over the past week the Government released its Defence Capability Plan, setting out its intention to raise defence spending towards 2% of GDP over the next 15 years. In the next four years, the Government will spend $12bn upgrading its defence capability, reflecting a mix of operational and capital spending, of which $9bn is regarded as "new money". Our back-of-the envelope calculations suggest that around two-thirds of that spending (especially capital equipment and munitions) is likely to be sourced from offshore, with the remainder (including building activity and increased staffing) acting as a boost to the local economy.

According to the Minister of Finance, the increased operational spending on defence will be met within the overall new spending envelope previously announced at the time of the Half Year Economic and Fiscal Update (HYEFU). It is less clear that the increased capital spending will be met within the current capital allowances, however.

Speaking more generally on the Government's fiscal strategy, the Minister indicated that at this stage the Government's intention is to stick with the fiscal strategy outlined in the HYEFU and accompanying Budget Policy Statement. With the Budget economic forecasts due to be finalised in coming days ahead of the release of the Budget on 22 May, the Minister said that at this stage the Treasury expects to reduce its forecasts of trading partner growth to 2.0% for the coming fiscal year – 0.5ppts lower than forecast in the HYEFU – with some consequences for tax revenue forecasts. But with tax flows currently running around $1bn ahead of the HYEFU forecast, the Government's fiscal strategy remains to try to achieve an operating surplus in 2027/28 (defined using the "OBEGALx" measure introduced in the HYEFU). Of course, if current global events have a bigger negative impact on New Zealand, the operation of the automatic stabilisers will mean that this may not be realistic. And the goal would be even less likely if the Government weakened its commitment to reducing the structural fiscal deficit as a response to global turmoil.

Inflation well contained, but still above 2%

Looking to the week ahead, the economic news flow is heating up with updates on the services sector PMI, retail spending, migration and the housing market all due this week. However, the key focus will be Thursday's March quarter CPI update. We expect that will show that consumer prices rose 0.7% over the March quarter, leaving them up 2.3% over the past year. That's just slightly below the RBNZ forecast for a +0.8% rise, and a result in line with our forecast wouldn't have a meaningful impact on the RBNZ's policy deliberations. Annual inflation is set to remain comfortably within the RBNZ's target band, and core inflation measures look similarly well contained.

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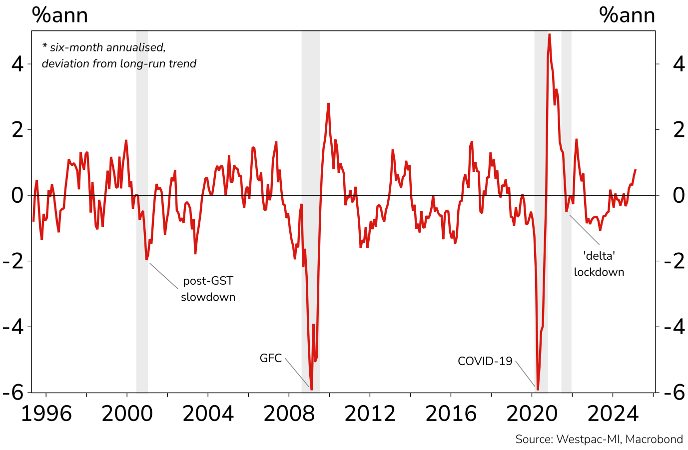
AUS: Mar Westpac-MI Leading Index

Apr 16, Last: +0.80%

The Leading Index growth rate lifted to lifted to 0.8% in February, consistent with a gradual recovery in activity. That said, the component detail suggests the growth pulse is more fragile than it looks with much of the recent gain due to a firming in commodity prices and a lower Australian dollar that is fading just as other external headwinds are becoming stronger.

The March update will confirm the fragile undertone. Component-wise, the month will see significant negatives stemming from the tariff war including another sharp fall in equity markets (ASX200 –4%), a decline in commodity prices (off 1.7% in AUD terms) and drop in forward-looking components of consumer sentiment and unemployment expectations (both off 5% in the latest month). A decline in hours worked will also be a marginal drag although there are likely to be improving signals from other components.

Westpac-MI Leading Index



AUS: Mar Labour Force – Employment Change (000s)

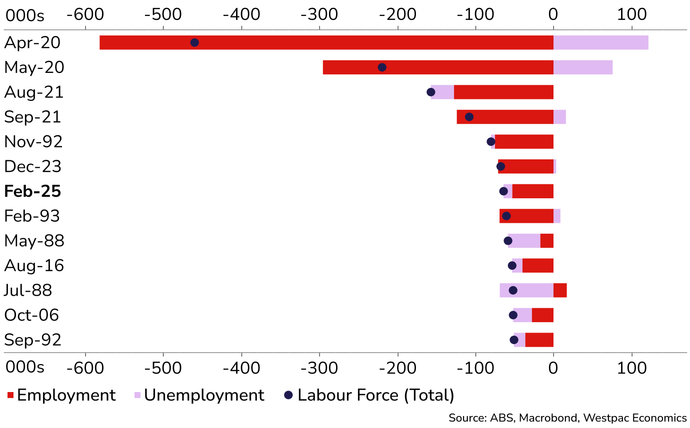
Apr 17, Last: –52.6, Westpac f/c: +50
Market f/c: +40, Range: +20 to +65

The February Labour Force Survey came as a major surprise to us and the market, reporting one of the largest monthly declines in the size of Australia's labour force outside of the pandemic (see chart right).

The level of employment contracted by –53k, well below even the bottom-of-the-range forecast for a modest increase. Remarkably, this decline in employment did not see a corresponding lift in unemployment. On the contrary, unemployment actually fell by –11k.

At face value, this could be read as a sudden 'exodus' of existing and prospective workers out of the labour market (continued below).

Feb-25 decline was rare, but not unprecedented



AUS: Mar Labour Force – Unemployment Rate (%)

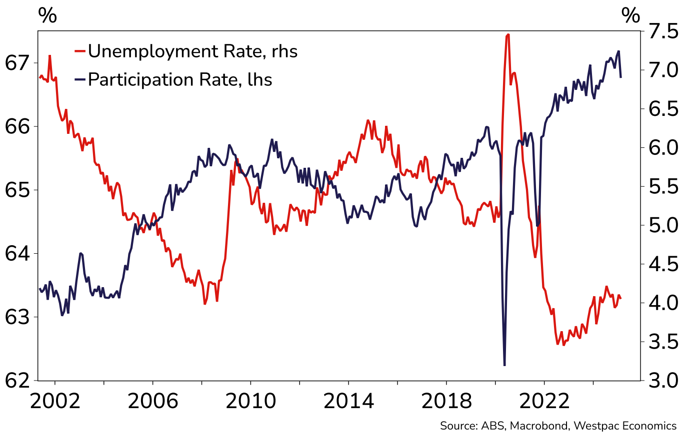
Apr 17, Last: 4.1, Westpac f/c: 4.2
Market f/c: 4.2, Range: 4.1 to 4.2

However, as discussed in our preview, February's result looks likely to have been driven by 'noise', given the observed volatility in movements out of the labour force and the absence of any material shifts in unemployment expectations or retrenchment rates. The latter suggests the broader economic picture was little changed in February.

Overall, we believe that a bounce-back in the size of the labour force is due in March, seeing the participation rate rise from 66.8% to 67.0%. This is expected to also show through as a rebound in employment in the month, up a forecast +50k and the unemployment rate ticking up from 4.1% to 4.2%.

Ex-Tropical Cyclone Alfred adds an additional layer of uncertainty, but we think its impact is likely to be muted.

Participation falls sharply, unemployment steady



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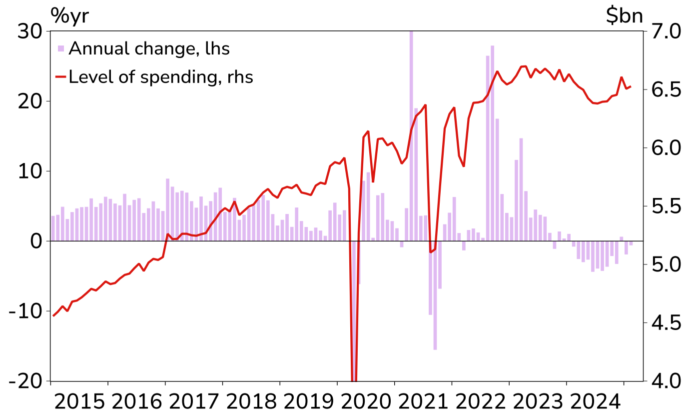
NZ: Mar Retail Card Spending (%mth)

Apr 14, Last: 0.3, Westpac f/c: 0.2

February saw a modest 0.3% gain in retail sales. We expect that will be followed by a similar 0.2% rise in March. New Zealanders have started to open their wallets again, and spending in discretionary areas is gradually rising as the pressure on households' finances eases. However, at this stage, the recovery is gradual with many borrowers yet to roll on to lower mortgage rates.

Retail spending regaining momentum



Source: Stats NZ, Macrobond, Westpac Economics

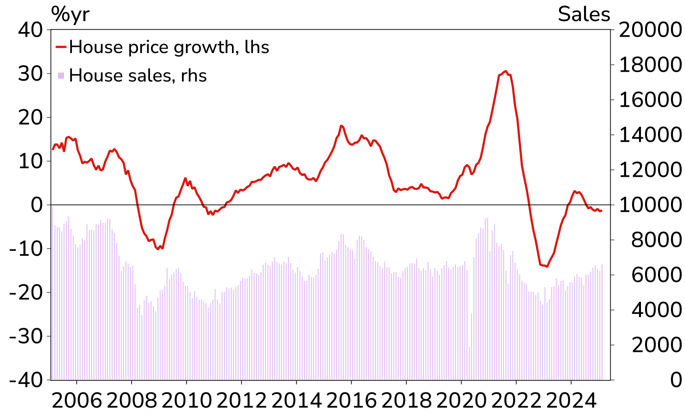
NZ: Mar REINZ House Prices and Sales

Apr 15 (TBC), Prices Last: –1.2%yr, Sales Last: +3.4%yr

As mortgage rates have fallen, we've seen clear signs of a revival in interest among potential buyers. But while house sales are up on the same time a year ago, they have yet to make much of a dent in the backlog of unsold homes on the market.

House prices have risen marginally over the last few months, though they remain down on a year ago. We expect prices to gain some momentum in the months ahead, with a 6.5% rise over 2025.

House sales picking up, prices subdued



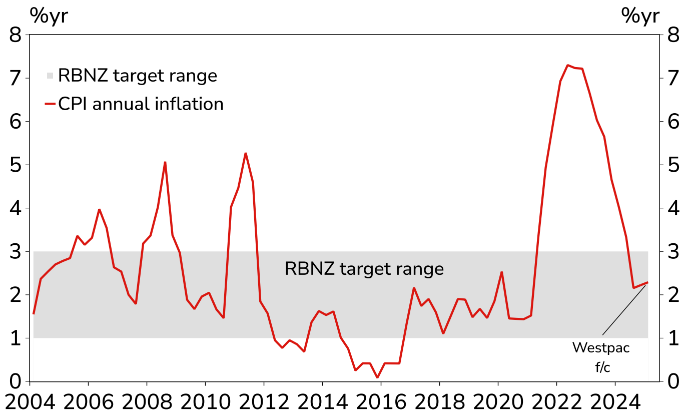
Source: REINZ, Macrobond, Westpac Economics

NZ: Q1 CPI

Apr 17, Qrtly, Last: +0.5%, WBC f/c: +0.7%, RBNZ f/c: +0.8%
Apr 17, Annual, Last: +2.2%, WBC f/c: +2.3%

We estimate that New Zealand consumer prices rose by 0.7% in the March quarter, boosted by increases in food and petrol prices. That would see the annual inflation rate rise to 2.3% (up from 2.2% in the year to December). Our forecast is just slightly below the RBNZ's forecast from their February Monetary Policy Statement, and such a surprise wouldn't be a material concern for the RBNZ's policy stance. Even with the expected pickup, annual inflation remains comfortably back inside the 1% to 3% target band. However, inflation is set to linger above 2% for some time. Stats NZ will release updated information on food prices and other costs on 15 April, two days before the full CPI release.

Headline inflation firmly within target range



Source: Stats NZ, Macrobond, Westpac Economics

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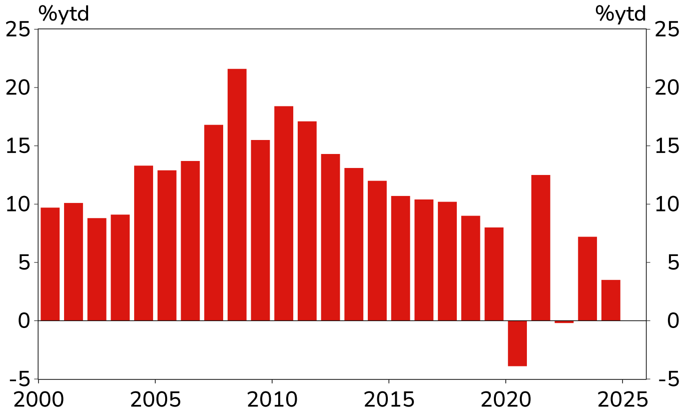
CHINA: Q1 GDP (%ytd)

Apr 16, Last: 5.0%, WBC f/c: 5.3%, Market f/c: 5.2%

China GDP is likely to record a robust gain in Q1 circa 1.5%, a 6.0% annualised rate. This is the same pace achieved in Q1 2024 and so should keep the annual rate near the 5.4% achieved in Q4 2024.

Year-to-date growth is likely to be a touch weaker at 5.3%. Still, the result emphasises that ahead of the US tariffs and the most recently announced stimulus measures, China's economy was growing at or above authorities' target for the year. The partial indicators for March will set the scene for additional stimulus, likely announced within days, to combat the uncertainty created by President Trump. Premier Li Qiang has made clear China's resolve to offset this cost. Robust support for confidence is required as much as for activity.

Chinese retail sales: confidence critical to growth



Source: NBS, Macrobond, Westpac Economics

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What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 14							
NZ	Mar	BusinessNZ PSI	index	49.1	–	–	Up from mid-2024 lows but remains subdued.
	Mar	Retail Card Spending	%mth	0.3	–	0.2	The recovery in spending remains gradual.
	Feb	Net Migration	no.	2380	–	–	Stabilising at low but positive levels.
Chn	Mar	Trade Balance	US$bn	31.7	75.2	–	Facing soft domestic consumption and US tariff pressures.
Jpn	Feb	Industrial Production	%mth	2.5	–	–	Final estimate.
US	Mar	NY Fed 1-Yr Inflation Expectations	%yr	3.13	–	–	Upside risks building.
Tue 15							
Aus		RBA Minutes	–	–	–	–	To offer more insights around the balance of risks.
NZ	Mar	REINZ House Sales	%yr	3.4	–	–	Expected date. Turnover is gradually picking up...
	Mar	REINZ House Prices	%yr	–1.2	–	–	... though prices have only lifted marginally to date.
	Mar	Food Price Index	%mth	–0.5	–	0.0	Seasonal easing in meat prices
Eur	Apr	ZEW Survey	index	39.8	–	–	Has risen around 30 points since September 2024.
	Feb	Industrial Production	%mth	0.8	–0.8	–	Headed for a decline.
UK	Feb	ILO Unemployment Rate	%	4.4	4.4	–	Unchanged over the prior three months.
US	Apr	Fed Empire Manufacturing Survey	index	–20	–12.5	–	Mild improvement, but businesses remain pessimistic.
	Mar	Import Price Index	%mth	0.4	0.0	–	Closely watched as tariffs come into effect.
		Fedspeak	–	–	–	–	Harker, Bostic.
Wed 16							
Aus	Mar	Westpac-MI Leading Index	%ann'd	0.8	–	–	Detail suggests growth pulse is currently fragile.
NZ	Mar	Trade Balance	$m	510	–	700	Strong agri prices reinforce the seasonal export peak.
Jpn	Feb	Machinery Orders	%mth	–3.5	1.2	–	January saw the steepest fall in over a year.
Chn	Q1	GDP	%yr ytd	5.0	5.2	5.3	Slowing growth prefaces looming tariff impact...
	Mar	Industrial Production	%yr ytd	5.9	5.9	–	... as authorities try to stimulate a domestic-led economy.
	Mar	Retail Sales	%yr ytd	4.0	4.3	–	Though retail spending is expected to plateau...
	Mar	Fixed Asset Investment	%yr ytd	4.1	4.1	–	... underscoring the importance of additional stimulus.
UK	Mar	CPI	%yr	2.8	2.7	–	Services remain the key pressure point.
US	Mar	Retail Sales	%mth	0.2	1.4	–	Rush to buy cars before tariff on imported autos and parts.
	Mar	Industrial Production	%mth	0.7	–0.2	–	Weak PMI numbers point to softer industrial production.
	Apr	NAHB Housing Market	index	39	38	–	Cost pressures causing home builder sentiment to fall.
		FOMC Chair Powell	–	–	–	–	Speaking to Economic Club of Chicago on the outlook.
		Fedspeak	–	–	–	–	Cook, Hammack.
Can	Apr	BoC Policy Decision	%	2.75	2.75	–	Decision hinges on the March CPI report released the day prior.
Thu 17							
Aus	Mar	Employment Change	000s	–52.8	40	50	February's downside surprise was likely 'noise' ...
	Mar	Unemployment Rate	%	4.1	4.2	4.2	... leaving us in store for a bounce-back in March.
NZ	Q1	CPI	%qtr	0.5	0.7	0.7	Boost from food and fuel prices.
	Q1	CPI	%ann	2.2	2.3	2.3	Headline and core inflation well contained.
Eur	Apr	ECB Policy Decision (Deposit Rate)	%	2.50	2.25	2.25	Another 25bp cut expected – the seventh this cycle.
US	Apr	Phily Fed Survey	index	12.5	3.0	–	Continues easing.
	Mar	Housing Starts	%mth	11.2	–5.7	–	Housing starts to retreat from March surge...
	Mar	Building Permits	%mth	–1.0	–0.6	–	... while permits decline for a fourth consecutive month.
		Initial Jobless Claims	000s	223	225	–	Timely indicator of labour market conditions.
		Fedspeak		–	–	–	Schmid, Barr.
Fri 18							
Jpn	Mar	CPI	%yr	3.7	3.7	–	Wages and food costs keeping inflation above BoJ's 2% target.
World		Good Friday	–	–	–	–	Markets closed in Australia, NZ, Europe, UK, US.

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Economic & financial forecasts

Interest rate forecasts

Australia	Latest (14 Apr)	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	4.08	3.90	3.70	3.45	3.50	3.50	3.55	3.55	3.55	3.55
3 Year Swap	3.36	3.35	3.40	3.50	3.65	3.80	3.85	3.90	3.95	4.00
3 Year Bond	3.37	3.40	3.45	3.55	3.70	3.85	3.90	3.95	3.95	4.00
10 Year Bond	4.44	4.35	4.40	4.45	4.50	4.55	4.60	4.70	4.80	4.80
10 Year Spread to US (bps)	-5	5	5	5	5	5	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	4.49	4.30	4.35	4.40	4.45	4.50	4.60	4.70	4.80	4.80
New Zealand										
Cash	3.50	3.25	3.25	3.25	3.25	3.50	3.75	3.75	3.75	3.75
90 Day Bill	3.49	3.35	3.35	3.35	3.45	3.70	3.85	3.85	3.85	3.85
2 Year Swap	3.18	3.10	3.25	3.50	3.70	3.85	3.95	4.00	4.00	4.00
10 Year Bond	4.79	4.60	4.65	4.70	4.75	4.80	4.85	4.90	4.95	4.95
10 Year Spread to US (bps)	30	30	30	30	30	30	25	20	15	15

Exchange rate forecasts

	Latest (14 Apr)	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
AUD/USD	0.6292	0.62	0.63	0.65	0.66	0.67	0.68	0.69	0.70	0.71
NZD/USD	0.5834	0.56	0.56	0.57	0.57	0.58	0.59	0.60	0.61	0.62
USD/JPY	143.82	145	143	141	139	137	136	135	134	133
EUR/USD	1.1338	1.10	1.10	1.11	1.12	1.13	1.14	1.15	1.15	1.15
GBP/USD	1.3080	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.35
USD/CNY	7.2918	7.35	7.30	7.25	7.20	7.15	7.10	7.00	6.90	6.80
AUD/NZD	1.0785	1.12	1.12	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	0.4	0.4	0.6	0.5	0.5	0.5	–	–	–	–
%yr end	0.8	1.3	1.5	1.7	2.0	1.9	2.1	2.2	1.5	1.3	1.9	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	3.3
CPI Headline %qtr	0.2	0.2	0.7	0.6	0.8	0.8	0.8	0.8	–	–	–	–
%yr end	2.8	2.4	2.2	1.7	2.3	2.9	3.0	3.3	4.1	2.4	2.9	2.8
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	2.7	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	0.7	0.2	0.8	0.7	0.5	0.3	–	–	–	–
Annual change	2.2	2.2	2.3	2.1	2.3	2.5	2.2	2.3	4.7	2.2	2.5	2.0

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