Week beginning 28 April 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: Lock it in: RBA to cut 25bps in May.

The Week That Was: Possibilities and probabilities.

Focus on New Zealand: A gradual and uneven thaw in economic conditions.

For the week ahead:

RBA: Speech by Assistant Governor (Financial Markets) Kent at Bloomberg, Sydney.

Australia: Q1 CPI, private sector credit, house prices, retail volumes, goods trade balance.

New Zealand: ANZ business confidence, employment indicator, building permits.

Japan: BoJ policy decision, industrial production, jobless rate.

China: NBS PMIs, Caixin manufacturing PMI.

Eurozone: Q1 GDP, CPI, unemployment rate, economic confidence.

United States: Q1 GDP, Q1 ECI, nonfarm payrolls, ISM manufacturing, personal income and spending.

Information contained in this report current as at 24 April 2025

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Lock it in: RBA to cut 25bps in May

Luci Ellis
Chief Economist, Westpac Group

For the past several quarters, the near-term outlook for RBA policy has been data-driven. This makes it tricky to predict what the Monetary Policy Board will decide beyond the upcoming meeting. You cannot be sure until you have seen the latest data. For example, had the Q4 2024 trimmed mean inflation not surprised on the downside, the Board would probably have remained on hold at the February 2025 meeting. The turmoil abroad has, however, changed the game and flipped the risks. You can lock in a 25bp cut in May, even if the Q1 inflation data are a shade disappointing.

A few months ago, the RBA's main concern was that a still-tight labour market would keep domestic inflation pressures sticky. The risk was that the last 0.2% of inflation – the difference between their February forecasts for trimmed mean inflation and their goal of 2.5% – would not be eliminated.

Our analysis of the situation has for some time been that the RBA would nonetheless continue to cut rates at a moderate pace, as the data flow continued to surprise it on the dovish side, as has been the case recently. Wages growth has already undershot the RBA's February forecasts and the labour market looked a bit less strong in February and March. We take particular note of the business survey indicators of labour market tightness, which have taken another leg down in the first quarter of 2025, after stalling in the second half of last year.

In addition, the RBA's forecasts for consumption growth over 2025 still look very strong relative to the view of other observers, including our own forecasts. As that bullish view is challenged by the data flow, including next week's retail sales release, we expected the RBA to revise its view of the outlook, and so the appropriate policy response.

Without the developments abroad though, the risks around this base case view were skewed to the upside. Given the RBA's analysis of the economy, it was more likely that they would cut less or more slowly than our base case, than that they would go faster.

Now, however, uncertainty has escalated to a whole new level and the risks have completely flipped. Even though we do not expect the US administration to implement tariffs at the rates originally announced, some damage has already been done. Global growth – and especially US growth – will be slower; the response of China will be disinflationary for the world outside the US; and uncertainty is likely to delay decisions on some investment projects.

For this reason, we lock in our view that the Board will cut the cash rate by 25bps to 3.85% on 20 May. Holding rates steady in the face of the global turmoil and softer momentum in the labour market – for the sake of 0.2ppts on inflation – would be very hard to explain.

For the time being, we continue to expect a total of three further cuts (75bps in total), including the cut in May, with August and November pencilled in for the other two cuts. However, the risks on timing and extent are now skewed to the RBA moving faster than this and / or going further.

We do not regard an inter-meeting cut or a 50bp cut as plausible, contrary to some of the more breathless commentary. As we have been highlighting for some time, Australia is relatively less affected by US tariffs than some economies, and the hit to domestic growth is expected to be moderate. While the risks have clearly shifted to the dovish side, we do not expect the RBA's thinking to pivot directly from cutting reluctantly if at all, to going hard in May and signalling more. To do so would look panicky and is contrary to the limited RBA communication since the 'Liberation Day' tariff announcements, which was much more circumspect.

"Lock it in, no need to wait for the CPI: RBA Monetary Policy Board expected to cut by 25bps at its 20 May meeting."

If the Board were to do something other than cut by 25bps in May, it might consider a 35bp move to 3.75%, and round quarter-point levels of the cash rate. To be clear, we regard this as a very outside chance. The RBA has long emphasised that quarter-point neatness is not a consideration for policy. (It was, after all, me in my old job who would theatrically exclaim 'we don't care!' whenever I was asked about getting the cash rate back to round quarter points. Nowadays I just change the pronoun and exclaim 'they don't care!'.) But there is one slight niggle to that understanding: the RBA is implementing a revised 'ample reserves' model for monetary policy implementation, and from May will no longer announce the exchange settlement funds rate as part of its policy announcements. So, if they were ever going to move back to a cash rate level at round quarter-points, the upcoming meeting is a good time to do it.

Again, though, this is a very outside chance. Lock in the 25bp move in May, and be ready to pivot thereafter should the overseas news worsen.

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Cliff Notes: possibilities and probabilities

Ryan Wells
Economist

There was no significant data of interest in Australia this week, bookended by Easter Monday and ANZAC Day public holidays, leaving the market's focus on developments offshore.

In the US, markets continued to react quickly to headlines around trade policy, most of which were tempered in subsequent communications. This includes recent reports of President Trump considering cutting tariffs on Chinese imports by 50-65%, to which Treasury Secretary Bessent later clarified that there is no "unilateral" offer on the table, suggesting such outcomes would require mutual action from China. Also, reports of a potential exemption of tariffs on auto parts before the May 3 deadline were seemingly rebuked by President Trump shortly after. Markets also grew anxious over the prospect that President Trump's disdain over the FOMC's policy approach could lead to an attempt to oust Chair Powell, but nerves have since been calmed as President Trump explicitly stated that he had no plans to fire the Federal Reserve Chair.

On balance, markets are viewing recent messaging as more constructive, but the persistence of back-and-forth headlines on 'possible' avenues for trade policy, none of which have been officially delivered, leaves an air of uncertainty looming over the outlook.

The data flow broadly agreed with this assessment. This week, the Federal Reserve's Beige Book reported that while there have been few material changes in overall economic activity since March, uncertainty is heightened across several districts, especially as it relates to tariffs. Spending was mixed, with the 'front-running' of vehicle purchases ahead of tariffs able to offset declines in consumption elsewhere. However, many businesses are adopting a cautious approach to their investment and hiring intentions until there is more clarity on economic conditions, though relatively few firms are preparing for layoffs as of yet.

The US S&P Global PMIs were somewhat mixed. Manufacturing beat expectations for a decline, instead lifting from 50.2 in March to 50.7 in April. Meanwhile, growth in services activity moderated by more than expected, falling from 54.4 to 51.4. While the exact impact of tariffs on current conditions is not yet clear, the report noted that business expectations have dropped to their lowest level since the pandemic and that tariffs are the main contributor to recent price rises. While next week's Q1 GDP data is likely to capture some big swings around imports and inventories amid tariff 'front-running', the onset of deep pessimism among US households and its impact on underlying consumer spending will be an important focus.

Similarly, across the pond, the Eurozone's HCOB PMIs also revealed that manufacturing conditions fared better than consensus feared, holding broadly steady at 48.7 in April. Most manufacturers are reportedly "not too fazed" in the face of broad-sweeping tariffs of 10% and auto-specific tariffs of 25%, however the services gauge disappointed, falling from 51.0 to 49.7 as business confidence plummeted to its weakest level since 2020.

"Back-and-forth headlines on possible avenues for trade policy leaves an air of uncertainty looming over the outlook."

Meanwhile in the UK, the S&P Global PMIs suggest that growth slowed considerably moving into the second quarter, with manufacturing conditions sliding further into deep contraction while services activity surprised materially to the downside, falling from 51.5 in March to 48.2 in April. Against a backdrop of aggressive job cutting and deep business pessimism, the report noted these results are consistent with GDP contracting at a quarterly rate of –0.3%.

Finally in Japan, April's Jibun Bank PMIs continued to report sluggish conditions in the manufacturing sector, with a sharp decline in new orders as a result of weakening foreign demand and growing uncertainty over tariffs. In contrast, the services sector reported a bounce in demand, seeing the index move into expansionary territory. Both sectors are reporting acute inflationary pressures, which for policymakers' looking to achieve long-term sustainable inflation, is likely viewed as another welcome signal. However, this is unlikely to shift the dial just yet, with the Bank of Japan expected to keep rates on hold at its policy meeting next week.

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A gradual and uneven thaw in economic conditions

Satish Ranchhod
Senior Economist

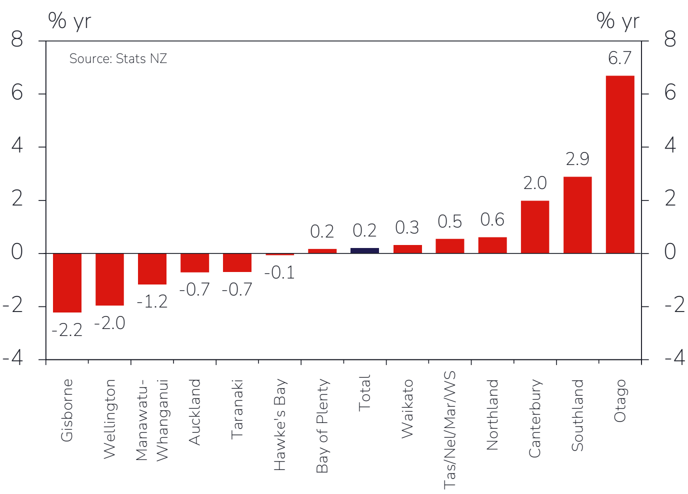
For the past few weeks Westpac's teams have been talking to households and businesses around the country to build up an [‘on the ground’ view of the conditions different regions are experiencing](#).

Looking at the country as a whole, economic conditions have remained cool. More than six months since the Reserve Bank started cutting interest rates, many businesses have told us that demand remains subdued, with particular softness in parts of the retail, hospitality and construction sectors.

However, signs of a thaw are emerging as some of the powerful financial headwinds that have buffeted the economy have eased. Many businesses also told us that while conditions remain challenging, they aren't going backwards like they did in recent years. Moreover, businesses are also starting to feel optimistic about where the economy is headed over the coming year, thanks mainly to the easing in borrowing costs. There was also a view among those we spoke to that the recovery would likely be gradual, with reductions in inflation and interest rates taking time to ripple through the economy.

In addition to easing financial conditions, increasing commodity prices, from dairy to meat and horticulture, have helped to boost sentiment in many rural regions. That's also already flowing through to a lift in sentiment and spending in some parts of the country.

Retail spending growth by region(three months to December vs same time last year)



Cost pressures remain a concern...

Among the big concerns that we heard, inflation remains front of mind for many households and businesses. Even though inflation is back near 2%, households across the country are still dealing with the large cost of living increases we saw over the past few years, and that has been a drag on discretionary spending. Similarly in the business sector, many of those we spoke to told us of continued pressure on operating costs and ongoing margin squeeze. Insurance costs and local council rates were highlighted as particular pain points.

... and the tariff war is adding to uncertainty about the outlook

Another issue that was unsurprisingly causing some nervousness was the impact of the tariff war. On this front, most businesses weren't certain how they would be affected and were taking a ‘watch and see’ approach. That uncertainty is one factor why businesses are likely to be cautious about major capital spending for a time yet. The related drop in the New Zealand dollar has been welcomed by exporters but is adding to costs for other businesses.

Labour market conditions have continued to soften

Feedback on the labour market remains soft, with many firms saying they had shed staff. Some of that was through restructures, but many were simply choosing not to replace team members when they left. Few of the firms we spoke to said they were looking to take on new staff. And those that were looking said there were a lot more candidates than in recent years and they tended to be better qualified.

We also heard a number of comments from those in the construction sector that staff were leaving and heading to Australia. A number of building and construction firms told us they were reluctant to let more specialised staff go, with concerns that positions would be hard to re-fill when the upswing eventually arrives. As a result, a number said they were bidding for smaller contracts or were prepared to take on lower margin projects to keep staff busy.

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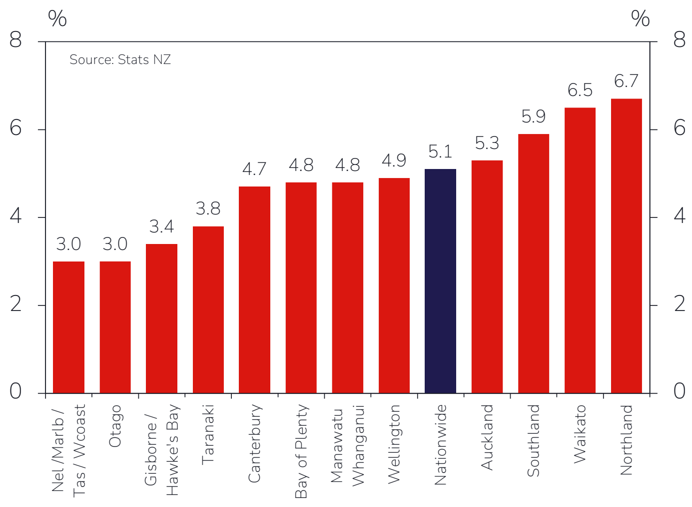
Unemployment by region

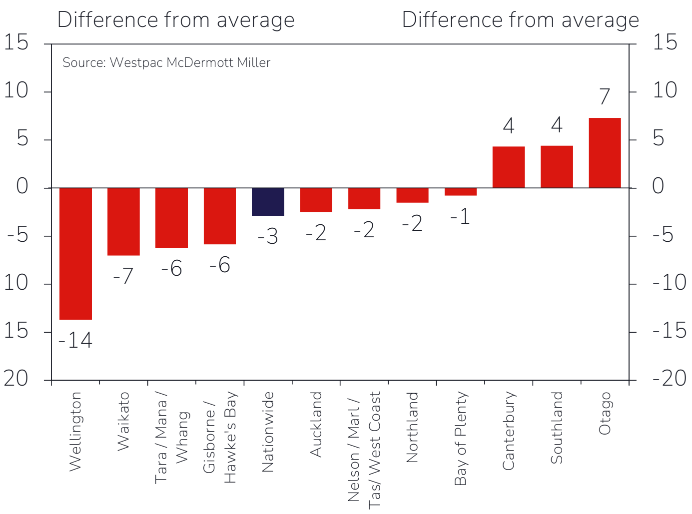


Town and country – the stars are brighter in the south

While overall economic conditions remain cool, conditions are uneven across the country.

Households and businesses are feeling much more optimistic in those regions with strong rural backbones, with Canterbury, Otago and Southland the strongest performing parts of the country. Improving prices for dairy and other key commodity exports are boosting incomes, sentiment and spending. There's also been an ongoing recovery in international visitor numbers, which has been supporting spending in areas like Queenstown.

Consumer confidence by region (deviation from five year average)



It's a different picture in the major urban centres. Businesses we spoke to in Auckland continued to report tough trading conditions, with talk of a 10% reduction on last year being common. Some large retailers told us conditions are the worst they've seen in 25 years, with manufacturers and those in the construction sector also reporting soft activity.

We're also seeing ongoing weakness in Wellington. Like other parts of the country, households in the Capital have faced some tough financial conditions in recent years. And with Wellington's economy heavily oriented towards the service sector, post-pandemic changes in how and where people work have had a big impact on the vibrancy of the central city. On top of that, many of those we spoke to in the central city highlighted prolonged disruptions as a result of infrastructure work. Wellington also isn't seeing the same benefits from the recovery in commodity prices that we're seeing in many rural areas. Nor is it benefiting from the lift in international visitors in the same way as centres like Queenstown and Auckland.

The week ahead

The highlight of next week's calendar will be Wednesday's update on business confidence. As well as giving an update on recent trading conditions, this will be an early read on how sentiment, including pricing intentions, have been affect by the 'Liberation Day' announcements. We'll also get update on the labour market (Tuesday) and building consents (Friday). In addition, Finance Minister Willis will give a pre-Budget speech on Tuesday morning.

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AUS: Q1 CPI (%qtr)

Apr 30, Last: 0.2, Westpac f/c: 0.7
Market f/c: 0.8, Range: 0.7 to 0.9

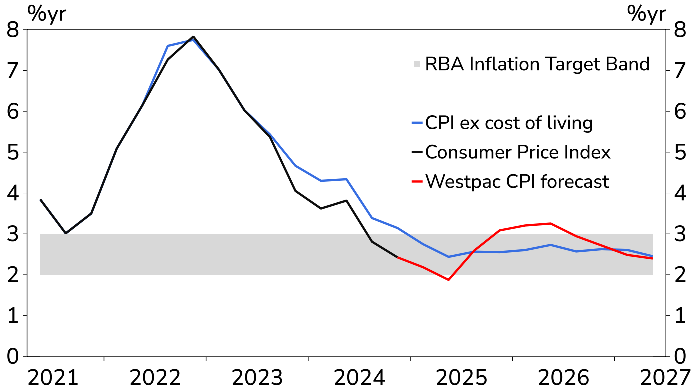
The CPI gained 0.2% in the December quarter, a touch softer than the market consensus and Westpac's expectation with the annual pace coming in at 2.4%yr, below the mid-point of the RBA's inflation target band.

Headline inflation has been significantly impacted by cost-of-living measures, in particular, the energy rebates. We estimated that these measures shaved 0.3ppt off the CPI in the December quarter and 0.7% in the year (see our March CPI Preview).

Westpac confirms our March quarter CPI near–cast is 0.7%qtr/2.2%yr, a moderation from the 2.4%yr pace in December. For the March quarter don't expect the cost of living assistance to have a meaningful impact on the CPI.

CPI Inflation Hit by Cost of Living Assistance

Including and excluding energy rebates & cost of living support



Source: ABS, Macrobond, Westpac Economics

AUS: Q1 Trimmed Mean CPI (%qtr)

Apr 30, Last: 0.5, Westpac f/c: 0.6
Market f/c: 0.6, Range: 0.6 to 0.8

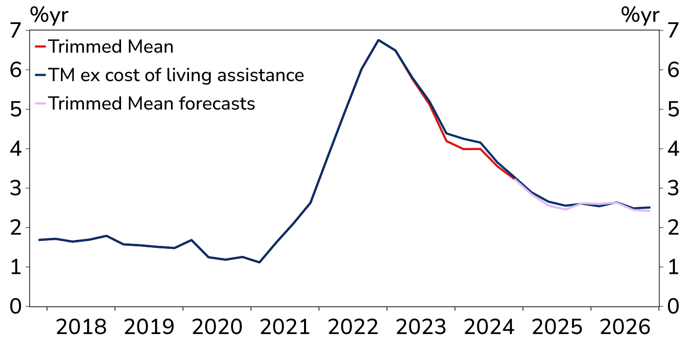
The Trimmed Mean (TM) lifted just 0.5% in the December quarter. Westpac and the market expected 0.6%. The annual pace dropped to 3.2%yr while the six-month annualised pace was 2.7%yr, highlighting the momentum in core inflation is well within the RBA's target band.

Our March TM estimate is 0.6%, the annual pace eases to 2.8%yr from 3.2%yr and the two-quarter annualised pace drops to 2.3%yr; momentum in core inflation is below the mid-point of the RBA's target band. Noted in our preview the TM does not have any meaningful impact from the cost of living measures.

Both our CPI and our Trimmed Mean estimates are rounded down from two decimal places so we see the risk to both estimates to the upside.

Cost of living measure have little imapct on core inflation

As published and excluding cost of living assistance



Source: ABS, Macrobond, Westpac Economics

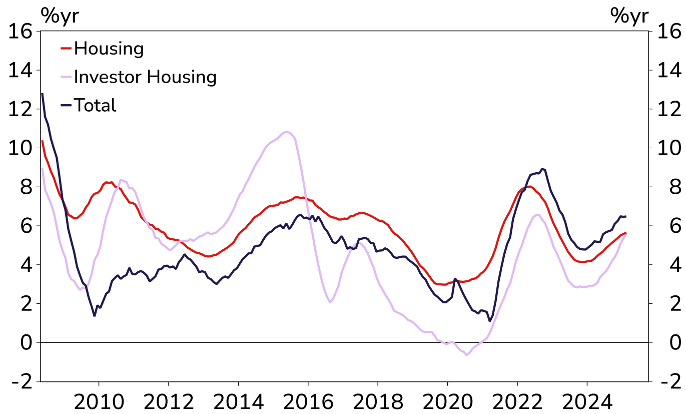
AUS: Mar Private Sector Credit (%mth)

Apr 30, Last: 0.5, Westpac f/c: 0.5
Mkt f/c: 0.5, Range: 0.3 to 0.5

In January and February private sector credit grew by 0.5%mth, in line with the average pace in 2024, and we think that the same pace will be maintained in March.

Firm and stable growth in housing credit, which accounts for close to two thirds of the total credit stock, underpins the overall credit growth. We expect another 0.4%mth increase, with slower house price growth dampening the momentum from the average 0.5%mth pace in H2 2024. With consumer confidence having deteriorated in the latest month amid an increase in global economic uncertainty, we think that consumer cautiousness might show up in slower personal credit growth. Business reaction is more uncertain, and we have pencilled in a 0.6%mth increase in business credit, just below the 0.7-1.0%mth range seen in the last six months.

Maintaining a stable growth trend



Source: RBA, Macrobond, Westpac Economics

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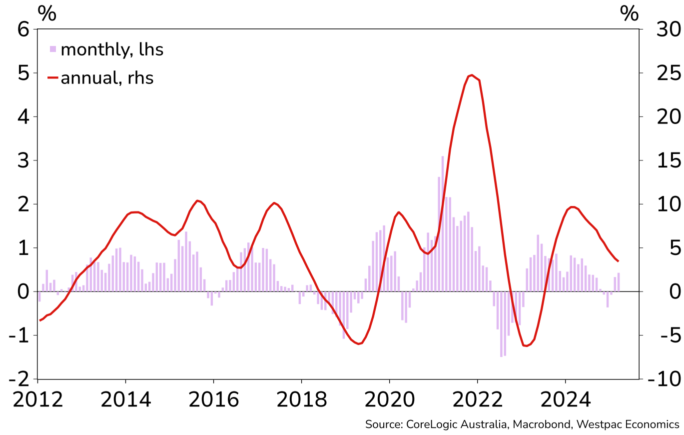
AUS: Apr CoreLogic Home Value Index (%mth)

May 1, Last: 0.4, Westpac f/c: 0.3

The CoreLogic home value index rose 0.4% in March following on from a 0.3% gain in February that snapped a four month run of modest declines. The RBA's February rate cut has provided clear impetus to both prices and auction activity, although neither are particularly strong and both have been flattered a little by seasonality.

That improvement has carried into April, the CoreLogic daily measure tracking towards a 0.3% rise for the full month. Notably, performances have converged across the major capital cities with gains now tightly clustered around the 0.3% aggregate result.

Post-RBA rate cut response positive but modest



Source: CoreLogic Australia, Macrobond, Westpac Economics

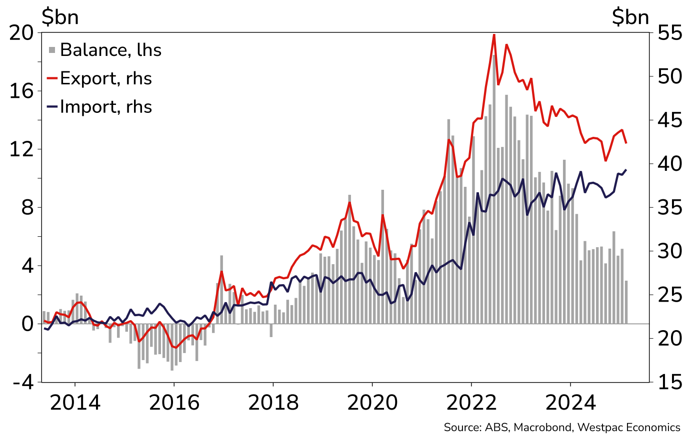
AUS: Mar Goods Trade Balance ($bn)

May 1, Last: 3.0, Westpac f/c: 4.0
Mkt f/c: 3.1, Range: 2.4 to 4.5

In February, the goods trade surplus narrowed to $3bn, the lowest level since 2020. A drop in iron ore and coal exports (values) drove the total goods exports 3.6%mth lower, while imports rose 1.6%mth, thanks to a surge in the capital goods category.

For March, we expect higher goods exports. The goods flow through major ports has picked up sharply in March. While most of the increase represents a typical seasonal pattern, it should still leave commodities exports rising on the SA basis. Rural goods exports rose notably in recent months, and further up-side seems to be limited. After a few stronger months, risks to imports are skewed to the downside. On balance, they should leave goods trade surplus rising back up to around $4bn.

Surplus thinned amid extreme volatility



Source: ABS, Macrobond, Westpac Economics

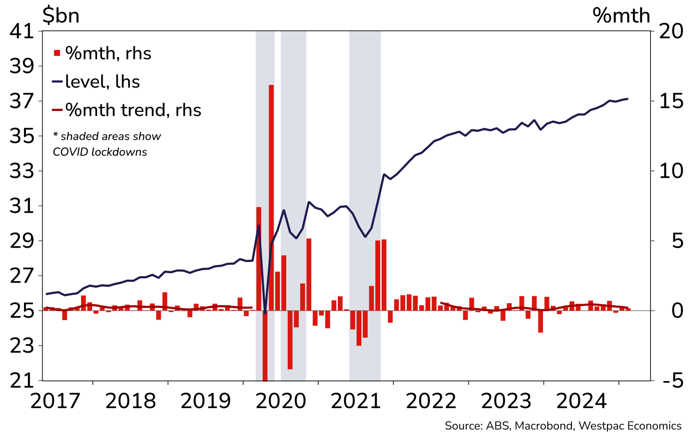
AUS: Mar Retail Trade (%mth)

May 2, Last: 0.2, Westpac f/c: 0.9
Mkt f/c: 0.4, Range: 0.2 to 0.9

Retail trade rose 0.2%mth in February following a 0.3%mth rise in January and a -0.2%mth dip in December. Retail spending has seen a recovery since mid-2024 but the upturn is tracking slowly, annual growth reaching 3.6%yr in February, still well below the pre-COVID average of 5.7%yr.

Westpac card data suggests March was a firmer month, partly due to stockpiling ahead of Cyclone Alfred which impacted southern Qld and northern NSW in the middle of the month. While this was partially offset by disruptions to activity in other categories, a solid rise in basic food retail (which accounts for 40% of total sales) is expected to see total sales up 0.9%mth overall.

Recovery underway, but moving gradually



Source: ABS, Macrobond, Westpac Economics

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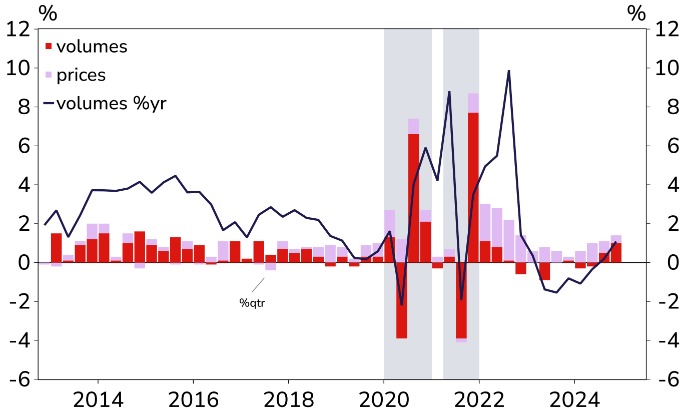
AUS: Q1 Real Retail Sales (%qtr)

May 2, Last: 1.0, Westpac f/c: 0.3
Mkt f/c: 0.3, Range: 0.0 to 0.7

Retail volumes posted a solid 1%qtr lift in Q4, posting the first per capita rise since Q2 2022. Annual growth lifted to 1.1%yr but was still negative in per capita terms.

Q1 is expected to see a slower gain. Nominal retail sales are likely to be up 0.8%qtr compared to 1.3%qtr in Q4 – that result based on the relatively strong March month discussed above. The Q1 CPI, also discussed above, is expected to show another soft read for retail items, pointing to a 0.5%qtr rise in the retail deflator overall. That in turn has real retail sales volumes up a forecast 0.3%qtr, lifting annual growth to 1.8%yr.

Volumes higher as disinflation continues



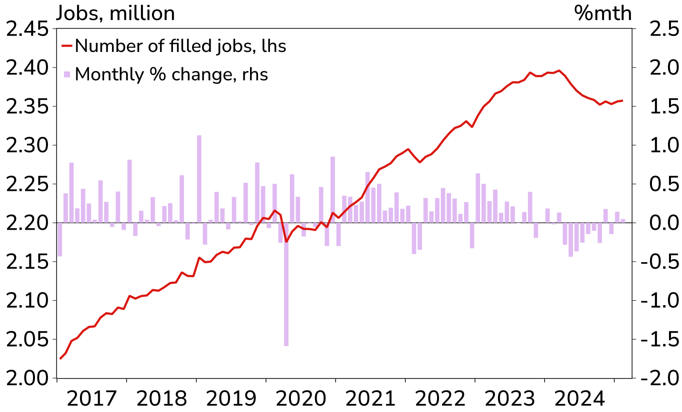
Source: ABS, Macrobond, Westpac Economics

NZ: Mar Monthly Employment Indicator (%mth)

Apr 29, Last: flat, Westpac f/c: +0.2

The Monthly Employment Indicator (MEI) showed that the number of filled jobs was around flat in February. Businesses are no longer shedding workers in the way that they were in mid-2024, but neither are they actively expanding, as demonstrated by the low level of job advertisements. Sectors that are linked to international tourism are returning to growth, while more domestically focused sectors remain soft. The weekly snapshots provided by Stats NZ suggest a modest lift in jobs in March.

Employment has levelled off



Source: Stats NZ, Macrobond, Westpac Economics

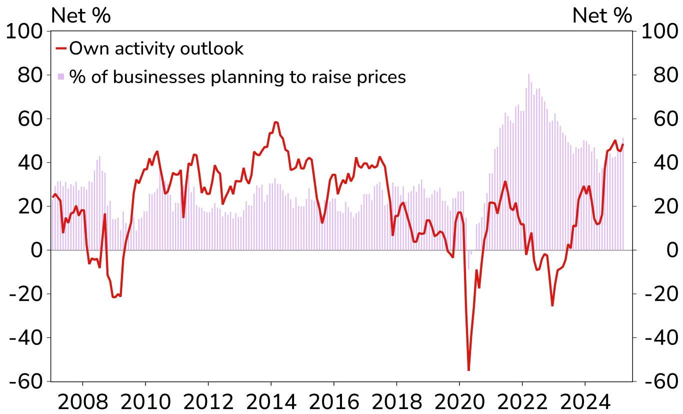
NZ: Apr ANZ Business Confidence (index)

Apr 30, Last: 57.5

Businesses were upbeat in March about the outlook for the year ahead, while acknowledging that current conditions remained flat. Notably, concerns about cost pressures have been re-emerging, most likely reflecting the impact of the weaker New Zealand dollar on import prices.

The April survey will have captured the "Liberation Day" tariff announcement and the subsequent market turmoil. As such, it will provide our first gauge on whether the darkening global trade outlook has affected local businesses' hiring and investment plans.

Business sentiment remains strong



Source: ANZ, Macrobond, Westpac Economics

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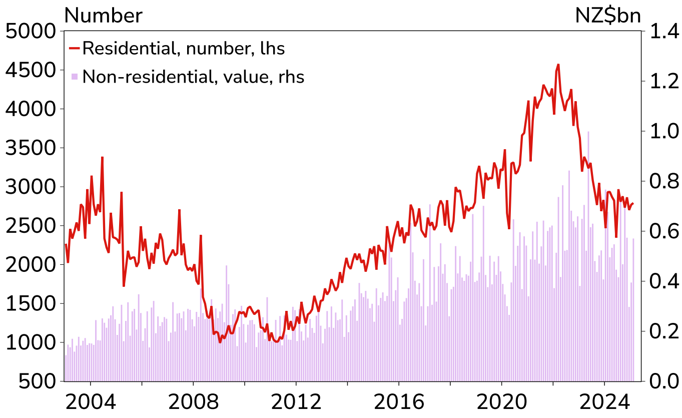
NZ: Mar Building Consents (%mth)

May 2, Last: +0.7, Westpac f/c: flat

Despite the usual month-to-month volatility, consent issuance has flattened off. Annual consent issuance has been running at a little over 33,000 for close to a year 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. We've also seen a drop off in the number of government-related projects.

Building consents appear to be flattening out



Source: Stats NZ, Macrobond, Westpac Economics

US: Q1 GDP (%ann'd)

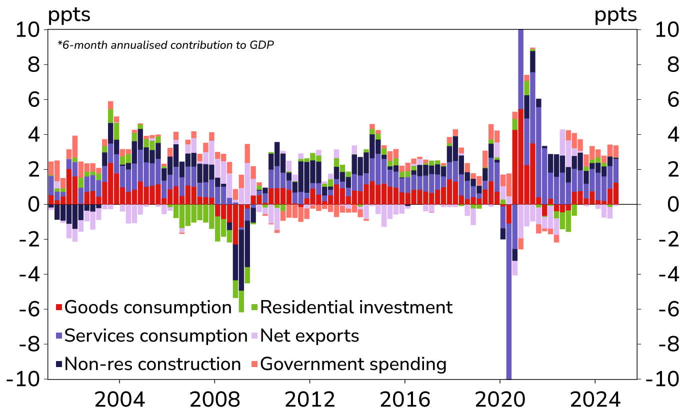
Apr 30, Last: 2.4, Westpac f/c: –0.2

The US economy likely stagnated in the opening quarter of 2025, posting a slight contraction in annualised terms.

The component detail will be closely scrutinised. Given the prevalence of 'front-running' the implementation of tariffs, there will likely be some large and partially offsetting moves between imports and inventories. Just as important, however, will be how the onset of deep pessimism among households translates to underlying consumer spending – official data thus far suggesting households are holding back on personal spending despite robust gains in personal income.

While we cannot fully rule out the risk of recession, we think that growth is more likely to stall, potentially for an extended period.

US GDP consumer dependent



Source: BEA, Macrobond, Westpac Economics

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What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 28							
US	Apr	Dallas Fed	index	–16.3	–	–	Widespread weakness in regional manufacturing surveys.
Tue 29							
Aus		RBA Assist' Governor (Financial Mkts)	–	–	–	–	Kent speaking at Bloomberg in Sydney (12:05pm AEST).
NZ	Mar	Employment Indicator	%mth	0.0	–	0.2	Jobs broadly tracking sideways.
Eur	Apr	Economic Confidence	index	95.2	–	–	Consumer confidence gaps lower, businesses circumspect.
US	Mar	Wholesale Inventories	%mth	0.3	–	–	Non-durables supporting growth.
	Mar	JOLTS Job Openings	000s	7568	–	–	Vacancy-to-unemployment ratio continues to ease.
	Apr	CB Consumer Confidence	index	92.9	–	–	Policy uncertainty weighing on confidence.
Wed 30							
Aus	Q1	Headline CPI	%qtr	0.2	0.8	0.7	The cost of living measures shaved 0.3ppt off the CPI in Dec …
	Q1	Headline CPI	%yr	2.4	2.3	2.2	… which won't be repeated in the March quarter.
	Q1	Trimmed Mean CPI	%qtr	0.5	0.6	0.6	The impact of the cost of living measures is insignificant for …
	Q1	Trimmed Mean CPI	%yr	3.2	2.8	2.8	… the TM with the annual pace now within the RBA band.
	Mar	Monthly CPI Indicator	%yr	2.4	2.2	2.0	Monthly inflation at the bottom of the RBA target band.
	Mar	Private Sector Credit	%mth	0.5	0.5	0.5	Steady growth to continue for now, downside risks ahead.
NZ	Apr	ANZ Business Confidence	index	57.5	–	–	First business survey since "Liberation Day".
Jpn	Mar	Industrial Production	%mth	2.3	–	–	A pull-back is on the cards.
Chn	Apr	NBS Manufacturing PMI	index	50.5	–	–	Broadly neutral business conditions in manufacturing …
	Apr	NBS Non–Manufacturing PMI	index	50.8	–	–	… and services under the official measure …
	Apr	Caixin Manufacturing PMI	index	51.2	–	–	… echoed by signals from the unofficial measure.
Eur	Q1	GDP	%qtr	0.2	–	–	Public sector key pillar of growth during uncertain times.
US	Q1	Employment Cost Index	%qtr	0.9	–	–	Expected to pick-up but is unlikely to pressure inflation.
	Q1	GDP	%ann'd	2.4	–	–0.2	Component detail closely examined to pick out tariff impact.
	Mar	Personal Income	%mth	0.8	–	–	Households are earning …
	Mar	Personal Spending	%mth	0.4	–	–	… but not exactly burning cash …
	Mar	PCE Deflator	%mth	0.3	–	–	… keeping the Fed's preferred gauge, core PCE, under control.
Thu 01							
Aus	Apr	CoreLogic Home Value Index	%mth	0.4	–	0.3	Now seeing small gains across all major capital cities.
	Q1	Import Price Index	%qtr	0.2	–	–	The weaker AUD is increasing import costs, meanwhile …
	Q1	Export Price Index	%qtr	3.6	–	–	… lower commodity prices will weigh on export earnings.
	Mar	Goods Trade Balance	$bn	3.0	3.1	4.0	A recovery in exports to drive goods trade surplus back up.
Jpn	May	BoJ Policy Decision	%	0.50	0.50	–	Rising prices and growth pick-up support policy normalisation.
US	Apr	ISM Manufacturing	index	49.0	–	–	Unable to sustain its lift into expansion.
		Initial Jobless Claims	000s	–	–	–	Has risen for four consecutive weeks.
World	Apr	S&P Global Manufacturing PMI	index	–	–	–	Final estimate for Japan, UK and US.
Fri 02							
Aus	Q1	PPI	%qtr	0.8	–	–	Confined within a 0.8-1.0%qtr range since Q4 2023.
	Mar	Retail Sales	%mth	0.2	0.4	0.9	Boosted by Feb rate cut and stockpiling ahead of Cyclone Alfred.
	Q1	Real Retail Sales	%qtr	1.0	0.3	0.3	Upturn continues but at slower pace in early 2025.
NZ	Mar	Building Permits	%mth	0.7	–	0.0	Annual issuance has found a base.
Jpn	Mar	Jobless Rate	%	2.4	–	–	To tick slightly higher.
Eur	Apr	CPI	%yr	2.2	–	–	A welcome easing in services inflation …
	Mar	Unemployment Rate	%	6.1	–	–	… even with the unemployment rate at a historic low.
US	Apr	Non–Farm Payrolls	000s	228	–	–	Business surveys point to downside risks for labour market …
	Apr	Unemployment Rate	%	4.2	–	–	… but layoffs remain low, at least for now.
	Apr	Average Hourly Earnings	%mth	0.3	–	–	Consistent with 2% inflation target.
	Mar	Factory Orders	%mth	0.6	–	–	Rush to get orders in ahead of tariff implementation.

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Economic & financial forecasts

Interest rate forecasts

Australia	Latest (24 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	3.92	3.90	3.70	3.45	3.50	3.50	3.55	3.55	3.55	3.55
3 Year Swap	3.29	3.35	3.40	3.50	3.65	3.80	3.85	3.90	3.95	4.00
3 Year Bond	3.34	3.40	3.45	3.55	3.70	3.85	3.90	3.95	3.95	4.00
10 Year Bond	4.24	4.35	4.40	4.45	4.50	4.55	4.60	4.70	4.80	4.80
10 Year Spread to US (bps)	–11	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	4.35	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	3.45	3.35	3.35	3.35	3.45	3.70	3.85	3.85	3.85	3.85
2 Year Swap	3.11	3.10	3.25	3.50	3.70	3.85	3.95	4.00	4.00	4.00
10 Year Bond	4.53	4.60	4.65	4.70	4.75	4.80	4.85	4.90	4.95	4.95
10 Year Spread to US (bps)	18	30	30	30	30	30	25	20	15	15

Exchange rate forecasts

	Latest (24 Apr)	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
AUD/USD	0.6361	0.62	0.63	0.65	0.66	0.67	0.68	0.69	0.70	0.71
NZD/USD	0.5954	0.56	0.56	0.57	0.57	0.58	0.59	0.60	0.61	0.62
USD/JPY	142.83	145	143	141	139	137	136	135	134	133
EUR/USD	1.1339	1.10	1.10	1.11	1.12	1.13	1.14	1.15	1.15	1.15
GBP/USD	1.3272	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.35
USD/CNY	7.2994	7.35	7.30	7.25	7.20	7.15	7.10	7.00	6.90	6.80
AUD/NZD	1.0685	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	0.9	0.2	0.9	0.7	0.5	0.3	–	–	–	–
Annual change	2.2	2.2	2.5	2.4	2.7	2.8	2.3	2.4	4.7	2.2	2.8	2.0

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