Week beginning 9 June 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: Cautiously, predictably evolving their beliefs.

The Week That Was: Responsive policy.

Focus on New Zealand: Back to data watching.

For the week ahead:

Australia: King's Birthday, Westpac-MI Consumer Sentiment, business survey.

New Zealand: retail card spending, net migration, manufacturing PMI.

China: CPI, PPI, trade balance, M2 and credit data.

Europe: industrial production, trade balance.

United Kingdom: unemployment rate, average hourly earnings, monthly GDP.

United States: CPI, PPI, UoM consumer sentiment, small business optimism.

Information contained in this report current as at 6 June 2025

Cautiously, predictably evolving their beliefs

Luci Ellis
Chief Economist, Westpac Group

Soft GDP data for Q1 has again raised questions of whether the RBA is behind the curve and has left policy too tight for too long. As we have been highlighting for some time, underlying growth in Australia remains weak and sensitive to pauses in the expansion in the care economy. With inflation in the 2–3% target range already, and likely to stay there, why wouldn't the RBA cut further and faster than previously believed?

Certainly, this is the question we keep asking ourselves and are hearing from clients. The risks to our current policy view are clearly to the downside, as we have previously highlighted. Yet a headlong switch into a more dovish near-term path for policy sits awkwardly against the Board's own words in the minutes. The Board expressed 'a preference to move cautiously and predictably when withdrawing some of the current policy restriction.' And just before that sentence: 'They also judged that it was not yet time to move monetary policy to an expansionary stance, taking account of the range of estimates involved, given that inflation was yet to return sustainably to the midpoint of the target range and the staff's assessment that the labour market was still tight.'

Recall also the Governor's response to Michael Pascoe's question at the media conference, 'We get quarterly inflation rates in this. We don't get monthly. We get the monthly indicator, which is very volatile. We get four readings on inflation a year. Other countries get them 12 times a year.' We read this as saying that the Board (or at least the Governor) wants to wait for the June quarter CPI, ahead of the August meeting, not the July meeting. The irony is that by late this year, Australia will have a full monthly CPI.

Predicting the movement of the stars

Part of the art of predicting what central banks will do with their policy rates goes beyond forming a view about where the economy is headed. There is also an element of forecasting future shifts in the central bank's beliefs about how the economy works. This includes their beliefs about where the 'star variables' such as the neutral real interest rate (r*) and full-employment rate of unemployment (NAIRU) are, and the weight they put on these assessments in their policy deliberations. Both the location of and the reliance on these estimates can change, sometimes quite abruptly.

Ideally, the policymaker would communicate these evolving beliefs. Some of the detail is only for the aficionados, though, and therefore is sometimes – understandably – left on the cutting-room floor when putting together flagship documents intended for a broader audience. It is therefore left to those aficionados to interpret, and indeed forecast, where policymakers' views are headed.

For example, at the beginning of this year, our views about the path of Fed policy was partly shaped by our assessment that the Fed staff view of the neutral rate was still too low and that they would progressively revise it up. There was therefore some chance that the Fed would end up lowering the Fed funds rate below neutral and have to backtrack as this view was revised. In the event, the Fed view caught up with our expectations soon enough that this backtrack did not occur. But the underlying (and out-of-consensus) view that the Fed would not end up cutting as far as had previously been priced in was sound.

Of course this was not just about judgements about where neutral is. As that earlier note discussed, there is also the question of whether there are other factors working against a 'glide to neutral' path for policy. Differing fiscal stances across countries is an obvious example, particularly when the parlous state of the US fiscal position is such an outlier. Working in the other direction, policy uncertainty around tariffs and other chaotic policy decisions of the Trump administration is clearly weighing on US growth prospects more than they do on countries such as Australia.

In Australia, these assessments and their likely direction of travel are also key inputs into any view of future RBA policy. For example, it is hard to shake the impression that, whatever more nuanced language about full employment being multidimensional, the RBA's view of the upside risks to inflation are coloured by their model-based assessments (released under FOI) that the unemployment rate is below the NAIRU. The revision of the RBA's forecasts for trimmed mean inflation from not-good-enough-dead-flat-at-2.7% to good-enough-now-dead-flat-at-2.6% is absolutely a judgement. And while it was not directly driven by models, that judgement to write down 2.6% and not 2.5% anywhere in the forecast horizon was likely shaped by the RBA's view that the labour market is still tight and productivity growth weak.

Against that, though, we have been getting questions about an apparent downward shift in the RBA's view of where neutral is, evident through a comparison of graphs showing estimates of the nominal neutral in a sequence of documents. A year ago, the RBA's view was coloured by surprisingly convergent estimates of r* well above 3%, implying that monetary policy was restrictive, but perhaps not that restrictive. This, along with its analysis of productivity trends, contributed to the hawkishness of RBA decisions and communications in the latter half of last year and at the February meeting.

However, new models were introduced between November last year and February this year that were at the lower end of the existing range of models. (We understand that these were based on recent work at the New York Fed.) And unlike all the other models, these new ones did not show an upturn in estimates post-pandemic. The average of all these estimates is now in the high 2s rather than the low-to-mid 3s range we have favoured for both the US and Australia. This means that the neutral real cash rate is estimated to be barely above zero. You don't need to look at 700 years of data to worry that such an estimate is on the low side.

At this stage, though, we assess that, while the weight of those r* estimates is indeed lower than a year ago, the weight that the policymakers put on the central estimate has also declined. There are a couple of straws in the wind supporting this conclusion, including comments by the Deputy Governor following the February Board meeting. We will be watching closely for signs that the RBA is taking these models more seriously than we currently think. More pertinently, though, we will also be watching for signs that the labour market and inflation are softer than the RBA currently expects. If the downside risks around the policy path are to come true, it will require the RBA to change its mind about how the economy is traveling.

Cliff Notes: responsive policy

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

In Australia, Q1 GDP confirmed that the economy started the year on a weak footing, rising just 0.2% to be up 1.3% over the year. Compositionally, the roll-off of energy rebates saw a portion of spending re-allocated from governments to households; but overall, the pulse in the domestic economy remains faint. Having just experienced one of the most prolonged and deep contractions in real per capita disposable incomes on record, households continue to preference rebuilding savings buffers over discretionary spending. While public spending remains elevated, the support it offers to economic growth is starting to wane as large infrastructure projects move towards completion. Growth in housing construction was a bright spot amongst the GDP detail, but new business investment was mixed – non-residential construction accelerating as equipment spending fell to its lowest level in two years.

Prior to the GDP release, the RBA Minutes made clear that current trends in domestic economic conditions alone justified a further reduction in policy restrictiveness in May, with the added downside risks from global developments raising the possibility for a 50bp cut (which was ultimately dismissed). With growth now having stalled at 1.3%yr over the past six months, it is important to consider how the RBA might reach its terminal policy rate and where that terminal policy rate might be. This week's essay from Chief Economist Luci Ellis explores these questions.

Coming back to the GDP detail, the external sector proved to be a slight drag on activity, with real net exports detracting –0.1ppts from Q1 GDP. Highlighting the volatility at present, weather-related disruptions to coal production and port activity more than offset the gold export rush, while travel-related services exports surprised materially to the downside. Some of these goods trade dynamics started to unwind over April, but we are likely to see further volatility in coming months.

Before moving offshore, it is worth noting that the latest Cotality (formerly CoreLogic) data showcased another bumper gain in house price growth, up 0.5% in May. Seasonality may be overstating the scale of recent gains; regardless, the data reflects a clear rapid response to RBA rate cuts which will be tested against affordability in coming quarters. For more detail on our views around the housing market, see our latest Housing Pulse.

In the US, the May ISM reports painted a sombre picture of the economy. The manufacturing index fell 0.3pts to 48.5pts, with most components below the 50 expansion/contraction divide. Of particular note, the production and new export orders sub-indexes both posted sizeable falls and remain more than 10pts below their pre-COVID 5-year average. Both the prices and supplier deliveries sub-indexes rose strongly, however, reflecting the impact of tariffs – increased import costs and a hoarding of inputs ahead of feared tariff escalation. On the services side, the headline index surprised, falling from 51.6pts to 49.9pts. In the detail, there was a substantial drop in the new orders, order backlog and export components. On the bright side, the services employment index regained momentum to 50.7, consistent with balance between labour demand and supply. The Federal Reserve's latest Beige Book highlighted similar concerns over prices and uncertainty regarding the outlook for both activity and the labour market.

Further north, the Bank of Canada maintained its policy rate at 2.75% at their June meeting, seeking further information on the implications of US trade policy for the Canadian economy. Post-meeting communications noted that the labour market has weakened, particularly in trade-related sectors; however, inflation has been modestly stronger than anticipated. Activity growth has shown resilience amid uncertainty, however; although this is partly due to exports and inventory building to avoid tariffs. The Bank of Canada noted they intend to be less forward looking in the months ahead, amid considerable uncertainty over trade policy and with the policy rate near neutral.

Also facing considerable uncertainty from offshore, the European Central Bank cut its deposit rate by 25bps to 2.0%. Revised forecasts show inflation is now anticipated to be 2.0% in 2025 then 1.6% in 2026 (both 0.3ppts below the prior forecast) and 2.0% in 2027. Their GDP forecasts were broadly unchanged, with growth expected to come in at 0.9% in 2025, 1.1% in 2026 and 1.3% for 2027. Accompanying these baseline forecasts were staff scenarios. A "further escalation of trade tensions over the coming months would result in growth and inflation being below the baseline projections. By contrast, if trade tensions were resolved with a benign outcome, growth and, to a lesser extent, inflation would be higher than in the baseline projections."

In terms of the path ahead, President Lagarde emphasised the uncertain terrain the ECB are navigating and consequently that they will "follow a data-dependent and meeting-by-meeting approach" in determining policy. That said, President Lagarde mentioned the central bank was in a "good place" and that "they were getting to the end of a monetary-policy cycle". On balance, the hawkish tone on the inflation outlook increases the probability of a pause in interest rate cuts at the next meeting in July, but it does not rule out a further cut in September or later in the year, particularly if near term uncertainty and tariff effects prove to be a bigger issue than the ECB expects.

Back to data watching

Darren Gibbs
Senior Economist

Following last week's eventful RBNZ meeting and associated commentary, the local news this week has been much less impactful for market pricing. Nonetheless, it has provided some useful insights into the recent performance of the New Zealand economy.

The release of international trade data for the March quarter revealed the relative contribution of price and volume to the significant uplift in goods export values captured by the monthly merchandise trade reports. In aggregate, export prices rose 7.1%q/q, with dairy product prices up more than 10%q/q. Around a third of that increase reflects a weakening of the NZ dollar (since reversed), while the remainder is due to higher world prices. It is worth noting that while dairy prices moved lower at this week's GDT auction – the first of the new 2025/26 season – they remain well above the average seen through the March quarter. Therefore, export prices are likely to increase further in the current quarter.

While lifting strongly, the increase in export prices was slightly smaller than we had estimated. Consequently, goods export volumes increased by 4.6%q/q in the March quarter – more than we had estimated. The volume of dairy exports increased 7%q/q, while exports of other food and beverages (especially fruit) and forestry products also had a strong quarter. Even so, total export volumes were just 1% higher than a year earlier, with higher prices explaining the bulk of the 18%y/y increase in export values.

The news regarding services exports was more disappointing. As was always the risk, the large increase in exports of business services reported in the December quarter was more than reversed in March quarter. And after allowing for the usual seasonal variation, travel spending also appears to have declined in the March quarter, with slight growth in the number of tourist arrivals but a reduction in the average spend per visitor from the high levels reported in the December quarter. We estimate that real exports of services contracted 7%q/q in the March quarter, reversing most of the 8%q/q growth recorded in the December quarter.

With the downside surprise to services outweighing the upside surprise to goods, total export volumes now appear to have increased around 2%q/q in the March quarter – a positive result, but not quite as firm as we had estimated earlier. Combined with slightly higher than expected import values, this outcome means that the current account deficit (to be reported on 18 June) will likely show less improvement than we had previously expected. Even so, we estimate a deficit of 5.8% of GDP over the year to March, down from 6.2% of GDP in the 2024 calendar year.

Turning to domestic news, the Cotality hedonic house price index pointed to a 0.1%m/m decline in nationwide prices in May following a 0.1%m/m decline in April. REINZ will publish the May edition of its house price index around the middle of this month. In other housing news, Barfoot and Thompson – Auckland's largest real estate agent – reported a 17%y/y lift in house sales in May. This is broadly in line with the growth rate seen in mortgage applications over recent months. However, with the stock of outstanding listings up 6%y/y despite the lift in sales, and given the preponderance of cheaper town houses and apartments currently on the market, the median sales price fell 8.3%y/y.

Continuing the countdown to the release of the March quarter GDP report, Stats NZ reported that the volume of building work was unchanged during the quarter, following a revised 5.0% decline in the December quarter. This left activity down 12% from a year earlier and almost 20% below its 2022 peak. In the detail, following six consecutive quarters of decline, residential construction increased 2.6%q/q. A meaningful turnaround in residential activity is probably still some way off given that the trend in building consents remains roughly flat. However, the seeds of a recovery are in place, with a gradual firming in the housing market taking shape in response to falls in interest rates over the past year.

Non-residential construction, which tends to lag the economic cycle, fell a further 3.9%q/q during the March quarter – the fifth consecutive decline. Some of the fall in spending has been due to fewer public sector projects. However, weak economic activity has also discouraged the development of new commercial space. Given the trend in consents, some further softness seems likely over the next quarter or two.

Looking ahead, on Monday the release of business financial data will allow us to finalise our estimate of Q1 GDP growth. Wednesday will bring tourism and migration data for April, while Thursday will see the release of the Electronic Card Transactions survey for May. Given disappointing readings over the past couple of months, we will be looking for further signs that falling interest rates and surging export incomes are combining to lift consumer spending. The Business NZ manufacturing PMI and MBIE job advertising index for May round out the diary on Friday.

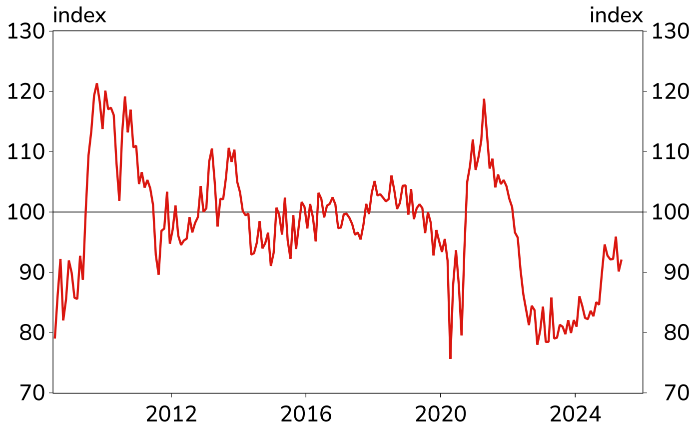
AUS: Jun Westpac-MI Consumer Sentiment (index)

Jun 10, Last: 92.1

Consumer sentiment rose 2.2% in May, recovering from April's tariff-related fall and buoyed by a solid rebound in financial markets and a clear-cut Federal election result.

The June survey is in the field over the week ended June 7. It will capture reactions to the RBA's 25bp rate cut in May and the Bank's more confident tone on inflation. Against this, the March quarter national accounts update released during the survey week was softer than most expected, the economy still struggling ahead of tariff-related disruptions. The global backdrop remains unsettled but financial markets have still been steadier than in April.

Consumer Sentiment Index



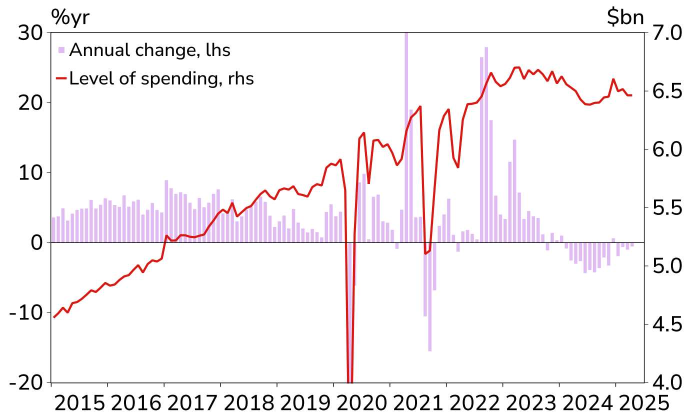
Source: Westpac-MI, Macrobond

NZ: May Retail Card Spending (%mth)

Jun 12, Last: flat, Westpac f/c: +0.2

Retail spending was flat in April, with a fall in fuel spending offset by a 0.2% rise in core (ex-fuel) categories. We expect a modest 0.2% gain in spending in May, underpinned by a 0.3% rise in core categories. Discretionary spending appetites remain modest for now, but are slowly starting to increase. Spending looks set to strengthen through the back half of the year as increasing numbers of households roll on to lower interest rates.

NZ retail card spending



Source: Stats NZ, Macrobond, Westpac Economics

US: May CPI (%mth)

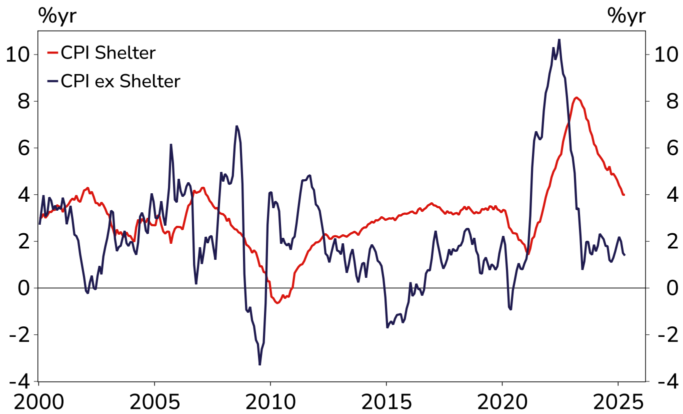
Jun 11, Last: 0.2, WBC f/c: 0.2, Market f/c: 0.2

With Liberation Day tariffs rolled back to 10% essentially on implementation, the hit to wholesale inflation is likely to be modest near term. At the same time, household demand has softened, limiting pass-through to consumer prices. Energy prices are also likely to suppress headline inflation in the month given the recent oil price weakness.

We expect a 0.2% rise in headline prices in May and a 0.3% gain for core prices, in line with the market. While negotiations over tariffs continue, risks are set to be dominated by domestic factors related to capacity, such as shelter costs.

Looking further ahead, we expect annual headline and core inflation to hold above 2.5%, the margin above that mark to depend on tariff developments.

Capacity a concern for US inflation



Source: BLS, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 9							
Aus		King's Birthday	–	–	–	–	Markets closed.
Jpn	Q1	GDP	%qtr	–0.2	–0.2	–	Final estimate.
	Apr	Current Account Balance	¥bn	3678.1	2573.3	–	Drop off in tourism will narrow surplus.
Chn	May	CPI	%ann	–0.1	–0.2	–	Excess capacity to keep prices weak ...
	May	PPI	%ann	–2.7	–3.0	–	... helping support the global deflationary pulse.
	May	Trade Balance	US$bn	96.2	100.6	–	Strong export growth from tariff front-running to widen surplus.
	May	New YTD Loans	CNYbn	10060	10960	–	Easier monetary policy and authorities encouragement to ...
	May	M2 Money Supply	%ann	8.0	8.1	–	... borrow to entice credit growth. Due June 9-15.
US	Apr	Wholesale Inventories	%mth	0.0	–	–	Final estimate.
	May	NY Fed 1yr Inflation Expectations	%ann	3.63	–	–	Participants will factor in the impact of tariffs.
Tue 10							
Aus	Jun	Westpac-MI Consumer Sentiment	index	92.1	–	–	Reaction to RBA rate cut in focus.
	May	NAB Business Conditions	index	2	–	–	Tariff mayhem has not derailed confidence thus far.
Eur	Jun	Sentix Investor Confidence	index	–8.1	–	–	Indicator is finding a base as investors navigate extremes.
UK	Apr	ILO Unemployment Rate	%	4.5	–	–	The BoE will feel more confident on the path ahead after ...
	Apr	Average Weekly Earnings	%ann	5.5	–	–	... seeing weaker labour market outcomes.
US	May	NFIB Small Business Optimism	index	95.8	95.9	–	Prices increases to see small business optimism wane.
Wed 11							
NZ	Apr	Net Migration	no.	2480	–	–	Stabilising at low but positive levels.
US	May	CPI	%mth	0.2	0.2	–	Import component likely to add pressure on headline CPI.
	May	Federal Budget Balance	US$bn	258.4	–	–	Deficit will only widen further from here.
Thu 12							
Aus	Jun	MI Inflation Expectations	%ann	4.1	–	–	Still well-anchored, consistent with at-target inflation.
NZ	May	Retail Card Spending	%mth	0.0	–	0.2	Discretionary spending appetites remain modest.
UK	Apr	Monthly GDP	%mth	0.2	–	–	Weaker growth on the cards as confidence wanes.
US	May	PPI	%mth	–0.5	0.2	–	Tariffs to life input prices.
		Initial Jobless Claims	000s	247k	–	–	Some pick in recent time but claims to remain low for now.
Fri 13							
NZ	May	Manufacturing PMI	index	53.9	–	–	Strong lift so far in 2025.
Jpn	Apr	Industrial Production	%mth	–0.9	–	–	Final estimate.
Eur	Apr	Trade Balance	€bn	27.9	–	–	Surplus to widen as tariff front-running supercharges imports.
	Apr	Industrial Production	%mth	2.6	–	–	Uncertainty could see production pull back.
US	Jun	Uni. of Michigan Sentiment	index	52.2	52.0	–	Polarised views present a sanguine average.

Economic & financial forecasts

Interest rate forecasts*

Australia	Latest (6 Jun)	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
Cash	3.85	3.85	3.60	3.35	3.35	3.35	3.35	3.35	3.35	3.35
90 Day BBSW	3.71	3.90	3.70	3.45	3.50	3.50	3.55	3.55	3.55	3.55
3 Year Swap	3.30	3.35	3.40	3.50	3.65	3.80	3.85	3.90	3.95	4.00
3 Year Bond	3.36	3.40	3.45	3.55	3.70	3.85	3.90	3.95	3.95	4.00
10 Year Bond	4.26	4.35	4.40	4.45	4.50	4.55	4.60	4.70	4.80	4.80
10 Year Spread to US (bps)	–13	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	4.39	4.30	4.35	4.40	4.45	4.50	4.60	4.70	4.80	4.80
New Zealand										
Cash	3.25	3.25	3.00	3.00	3.00	3.00	3.00	3.25	3.50	3.75
90 Day Bill	3.32	3.25	3.10	3.10	3.10	3.10	3.20	3.45	3.70	3.85
2 Year Swap	3.24	3.10	3.15	3.30	3.50	3.65	3.80	3.90	3.95	4.00
10 Year Bond	4.58	4.55	4.60	4.70	4.75	4.80	4.85	4.90	4.95	4.95
10 Year Spread to US (bps)	19	25	25	30	30	30	25	20	15	15

Exchange rate forecasts*

	Latest (6 Jun)	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
AUD/USD	0.6497	0.64	0.65	0.67	0.68	0.69	0.70	0.71	0.72	0.72
NZD/USD	0.6040	0.59	0.59	0.59	0.60	0.61	0.61	0.62	0.62	0.63
USD/JPY	143.93	144	143	141	139	137	136	135	134	133
EUR/USD	1.1433	1.12	1.13	1.14	1.15	1.15	1.16	1.16	1.16	1.16
GBP/USD	1.3563	1.32	1.33	1.33	1.34	1.34	1.35	1.35	1.36	1.36
USD/CNY	7.1827	7.25	7.20	7.15	7.10	7.05	7.00	6.95	6.90	6.80
AUD/NZD	1.0757	1.08	1.10	1.13	1.13	1.13	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	0.9	0.8	0.7	0.6	0.8	0.8	–	–	–	–
%yr end	3.6	3.2	3.4	3.4	3.2	3.1	3.0	2.9	4.3	3.2	3.1	3.3
CPI Headline %qtr	0.2	0.2	0.9	0.8	0.8	0.8	0.8	0.8	–	–	–	–
%yr end	2.8	2.4	2.4	2.2	2.8	3.4	3.3	3.2	4.1	2.4	3.4	2.8
CPI Trimmed Mean %qtr	0.8	0.5	0.7	0.6	0.7	0.7	0.6	0.6	–	–	–	–
%yr end	3.6	3.3	2.9	2.7	2.6	2.8	2.7	2.7	4.2	3.3	2.8	2.5

*** forecasts currently under review following the Q1 National Accounts**

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	0.6	0.7	0.9	0.8	0.7	–	–	–	–
Annual avg change	0.1	-0.5	-1.1	-0.8	0.2	1.1	2.2	2.8	1.8	-0.5	1.1	3.0
Unemployment rate %	4.8	5.1	5.1	5.3	5.3	5.2	5.0	4.8	4.0	5.1	5.2	4.4
CPI %qtr	0.6	0.5	0.9	0.4	0.8	0.7	0.6	0.4	–	–	–	–
Annual change	2.2	2.2	2.5	2.5	2.7	2.8	2.5	2.5	4.7	2.2	2.8	2.3

Corporate Directory

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro–Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner
Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Jameson Coombs
Economist
E: jameson.coombs@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au

IQ

westpaciq.com.au

Things you should know

We respect your privacy: You can [view our privacy statement at Westpac.com.au](). Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

Disclaimer

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision.

This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward–looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward–looking statements. These forward–looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author’s knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

Further important information regarding sustainability–related content: This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG–related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access Westpac’s Financial Services Guide here or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

Note: Luci Ellis, Westpac Chief Economist is a member of the Australian Statistics Advisory Council (ASAC) which is a key advisory body to the Minister and the Australian Bureau of Statistics on statistical services. Luci does not have access to sensitive data/reports in her capacity as a member of ASAC.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit–taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

Disclaimer continues overleaf ▶

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

U.S: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ('WCM'), a wholly–owned subsidiary of Westpac, is a broker–dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WCM other than as provided for in certain legal agreements between Westpac and WCM and obligations of WCM do not represent liabilities of Westpac.

This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a–6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non–U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non–U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non–U.S. securities or related financial instruments may be limited. Non–U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker–dealer under the rules of FINRA, any other U.S. self–regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub–participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2)of the Order; (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found here. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non–independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.