Week beginning 21 July 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: Two TEACHable moments.

The Week That Was: Balancing inflation and growth concerns.

Focus on New Zealand: Economy patchy; attention turns to the CPI.

For the week ahead:

RBA: July Meeting Minutes, Governor Bullock speaking.

Australia: Westpac-MI Leading Index.

New Zealand: Q2 CPI, trade balance, RBNZ Chief Economist speaking.

Eurozone: ECB policy decision, ECB Bank Lending Survey, consumer confidence.

United Kingdom: consumer sentiment, retail sales, public sector borrowing.

United States: durable goods orders, home sales, regional manufacturing surveys, leading index.

Global: S&P Global PMIs.

Information contained in this report current as at 18 July 2025

Two TEACHable moments

Luci Ellis
Chief Economist, Westpac Group

- **While there was nothing economically to be gained by the RBA waiting to cut rates, neither was there any material policy cost. Psychological and organisational factors therefore might have come into play, with the RBA taking the opportunity to assert some independence.**
- **Not paying enough attention to these psychological issues was a mistake, and thus a learning opportunity.**
- **Psychological factors are also at play in global tariff negotiations. If people think you will chicken out, you set out to prove them wrong. Asserting dominance is another psychological factor at work in the international sphere. This complicates analysis and prediction, but economic fundamentals still matter as well.**

Try, Even After Catching Heat

Since last week's surprising RBA Monetary Policy Board meeting, countless pixels have been spilt trying to understand the central bank's rationale. There was no real economic benefit to waiting five more weeks. This week's labour force data would not have tipped a decision to cut in August back to a decision to hold, even if the data had not shown the softening in employment and kick up in the unemployment rate in the month.

The third month of CPI data will also not add much new information to support a continuing hold. Recall that even with a partial monthly CPI indicator, once the second month of the quarter is in, you already have two-thirds of the ultimate quarterly read. This is true no matter how much of the index is measured monthly. Two out of three months of the data measured monthly are available and so are two-thirds of the components that are only measured in one of the three months in the quarter, assuming these are evenly distributed across the three months. (This is why the Governor's comment that the monthly inflation data was 'a little too volatile and not quite representative of what's really going on with inflation' misses the mark. It is a true statement about the headline monthly indicator, but that is not how people are using the data.)

Neither was there much of a cost to waiting, though. As we have previously noted, the dirty little secret of monetary policy is that small differences in the level of interest rates or the timing of changes make essentially no difference for inflation outcomes. If holding the cash rate 100bp lower for a year only boosts inflation by 0.2%pt or so – broadly the result from the RBA's main model – then 25bp higher for five weeks is not even a rounding error.

It's a natural human temptation to want to minimise error. After all, we did warn that a cut in July was not a shoo-in, and three of the nine Board members voted against the decision, and presumably in favour of a cut. But we must face into those wrong calls and own them if we are to learn from them. The lesson here is to keep trying to understand, even after a wrong prediction.

Firstly, I underestimated how much we humans can get stuck in a narrative. It was one thing to push back on a market that was focused on the 'but they discussed 50bps!' argument and an apparent downward revision to views of the neutral rate. It was quite another to believe that the RBA would keep clinging to the idea that inflation was too high because one very lagged (but important) measure was at 2.9%. Our own assessment, based on more recent data, was that the current pulse of trimmed mean inflation is closer to the midpoint of the 2–3% target range than that. Perhaps because we were so clear on our own view of the inflation pulse, I underweighted the possibility that the RBA would stick to a different view despite the latest monthly data. Put another way, I overweighted what I thought the RBA should do over what I suspected they would do.

Secondly, I underestimated the psychological element. We knew that the RBA is not the Fed in terms of its comfort with surprising the market. And it has become clear that the RBA Governors would regard it as pre-empting the Monetary Policy Board to guide the market ahead of a meeting and a decision being made; this is one of the drawbacks of having a majority of outside members on a committee making a market-sensitive technical decision.

More importantly, though, I should have given some weight to the idea that the RBA insiders might use a relatively costless (from a policy perspective) five-week wait to signal the institution's independence. The last thing a central bank wants is to be seen as not independent, including from the markets. Cutting the cash rate in July, rather than the RBA's original preference for a 'cautious and predictable' quarterly pace coinciding with fresh forecasts, would have looked a bit like the market pricing forced the cut. Avoiding that impression was probably viewed inside the RBA as being worth the subsequent criticism.

Trump Escalates And Causes Havoc

A similar 'you're not the boss of me' instinct can be seen in recent US tariff developments.

Much has been made of the 'Trump Always Chickens Out' idea, first mooted by Rob Armstrong of the FT 'Unhedged' newsletter. Perhaps, though, it would have been better framed as ‘Trump Ambit Claims Often’ – a description of a negotiating strategy rather than the suggestion of a character flaw. Because once the idea began to circulate, it was natural human psychology – not even specific to President Trump – to want to prove it wrong.

Thus we see the US administration not only not chickening out, but in some cases escalating its tariff demands. In many cases this is a negotiating tactic to get countries to offer further concessions or reach a deal at all. The administration may also have been emboldened by the sanguine response of financial markets to recent developments, as well as the relatively muted effect evident in recent US inflation data. Meanwhile, countries that have reached a deal have achieved a lower US tariff rate than was originally announced in April.

Another element of this recent escalation is continuing the dominance display that these tariffs always represented. They are as much about showing the world who is boss – or, as the White House itself put it, “Keeping America in the Driver’s Seat” – as about actual economic policy goals.

Economic fundamentals still apply. The tariffs are still an act of inflationary self-harm, so the default presumption should be that re-escalations are negotiating tactics, not the likely end state. And to the extent that specific goods are not already produced in the United States, relative tariffs will matter as well as absolute tariff levels. Countries facing a 10% or 20% tariff should therefore not feel too despondent about it.

That said, we are more in the realm of psychology than economics and must proceed accordingly. While de-escalation from ambit claims is still the likely outcome for most countries, temporary blow-ups cannot be ruled out. A lot will depend on other governments striking the right balance between belligerence and obsequiousness. Governments and outside observers alike will need to pay attention to the psychology – and learn from their own and others’ past errors.

Cliff Notes: balancing inflation and growth concerns

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

In Australia, the main event this week was the June Labour Force Survey. It was another disappointing read for job creation (+2k) that left employment effectively flat over May and June. Growth is still coming off a high base though, annual growth holding at 2.3%yr on a three-month average basis. However, it is also telling that average hours worked posted a significant decline (–1.0%), falling short of the long-run trend and providing an explanation for why underemployment ticked up to 6.0%.

The most notable and surprising development in the report was the unemployment rate's 0.2ppt increase to 4.3% after five consecutive months at 4.1%. This looks to have been driven by a material increase in youth unemployment (ages 15-24), up 0.9ppts to 10.4% in June. While there is likely some noise in the mix, moves of this magnitude in the past have often preceded a grind higher in total unemployment.

The May and June labour market updates suggest a gradual softening in conditions may be resuming after the recent period of resiliency. Having remained on hold in July, this data adds weight to the already-strong case for a 25bp rate cut at the RBA's August meeting.

Also of note for Australia this week, the Westpac-MI Consumer Sentiment index highlighted households' disappointment with the RBA's July decision. The responses received prior to the decision equated to a reading of 95.6, while those surveyed after came in at 92.0. The net result was a modest rise in overall sentiment, up 0.6% to 93.1 in July. This 'cautiously pessimistic' reading reflects the enduring impact of earlier cost-of-living pressures on real incomes and consumption, as evinced by 'family finances vs. a year ago' and 'time to buy a major household item' remaining 10% and 21% below their respective long-run averages. Households remain confident over the prospect of interest rate relief over the year ahead, however. At the margin, this should support a gradual recovery in finances and spending.

Rumours and debate over the future of US trade policy again filled global headlines this week, the most significant discussion being around a mooted industry tariff for pharmaceutical imports which would start at a low rate but could rise to as much as 200%.

US data meanwhile offered an update on the impact of tariffs on consumer inflation to date. The pull-forward of imports ahead of tariff implementation, the modest 10% tariff rate for most nations during the 90-day negotiation period and soft consumer demand all arguably limited passthrough in June. Still, in the CPI detail there is clear evidence of firms beginning to pass higher costs on, where possible.

Within core goods, inflation for household furnishings, apparel and recreation items all lifted noticeably, respectively to 1.0%, 0.4% and 0.4%. Used and new vehicles (-0.7% and -0.3%) were the counterpoint, likely weighed down by weak demand – durables consumption having declined at a near 4% annualised pace in Q1 GDP and the Atlanta Fed's nowcast for Q2 GDP consistent with further weakness in total consumption. While hard to distinguish, the 0.3% gain for food was also likely supported by tariffs given the proportion of US food imported from Mexico and Canada and it's comparatively short shelf life. Helpfully for the overall consumer inflation view and expectations is that shelter inflation continues to decelerate, registering a 0.2% gain in June, equivalent to a 2.5% annualised rate compared to the 3.8% growth between June 2024 and June 2025.

Based on producer price inflation, which decelerated from 3.2%yr to 2.6%yr after a flat result in June, and the fact that tariff increases have been delayed until at least 1 August, the impact of tariffs on inflation is likely to remain modest in the very near term. Still, with business margins coming under pressure and firms needing to invest to maintain capacity let alone expand it, it is inevitable that price increases at the wholesale level will feed through to end users. The alternative is to cut other costs, which would most likely mean a reduction in hours worked and wages growth. Our base case for the US remains inflation between 2.5%yr and 3.0%yr for an extended period despite sub-trend activity growth, limiting the FOMC's ability to ease.

These are views consistent with the qualitative guidance from the Federal Reserve's Beige Book. In the July edition, respondents referenced "modest to pronounced input cost pressures related to tariffs, especially for raw materials used in manufacturing and construction" and that "Many firms passed on at least a portion of cost increases to consumers through price hikes or surcharges, although some held off raising prices because of customers' growing price sensitivity, resulting in compressed profit margins". Economic activity was said to have increased "slightly" and employment "very slightly".

In China meanwhile, year-to-date growth of 5.3% at June means authorities' 5.0% growth target for the calendar year is within reach. The composition of growth remains fragile, however, with consumers continuing to hold back on discretionary spending and unwilling to commit to new property investment. Despite the stimulus efforts to date, retail sales has grown at a solid, but not strong, 5.0%ytd while property investment remains down around 11%ytd and new/used property prices continue to fall. Property investment remains the biggest negative for total fixed asset investment, which at June is up 2.8%ytd, though two of the three sub-components for high-tech manufacturing (electrical machinery and chemicals) are now also declining after stellar growth in recent years and the contribution from utilities investment is highly disproportionate to its share of the economy. Foreign trade continues to provide support for aggregate growth, the trade surplus jumping back near January's record high in June. However, net export's contribution to GDP will naturally fade, requiring a meaningful lift in domestic demand's contribution if our 4.6% growth forecast for 2026 is to be achieved, let alone a rate closer to 2025's 5.0%.

Finally then to the UK. Inflation accelerated to 3.6%yr in June, 3.7%yr on a core basis, as services inflation held at 4.7%yr. In May, average weekly earnings decelerated to 5.0%yr as the unemployment rate ticked up to 4.7%. Alongside other measures like the Decision Maker Panel Survey, this data suggests the labour market is continuing to soften and that inflation risks are likely to be concentrated on the supply-side. Over the coming year, our base expectation remains a gradual policy easing by the Bank of England to a near-neutral level.

Economy patchy; attention turns to the CPI

Darren Gibbs
Senior Economist NZ

The past week brought the release of several second-tier domestic indicators. The Selected Price Indexes report for June has allowed us to finalise our pick for next week's release of the June quarter CPI – likely the only thing standing in the way of the RBNZ reducing the OCR at its next meeting on 20 August. Meanwhile, this week's activity and sentiment indicators continued to point to a very patchy economy and so will probably have been viewed by the RBNZ's Monetary Policy Committee as supporting its predilection to cut the OCR next month.

Following the release of the Selected Prices Indexes we have confirmed our earlier forecast that the CPI will increase 0.6% in the June quarter. If we are correct, this will lift annual inflation to 2.8% from 2.5% in the March quarter. Our pick for the quarter is 0.1ppt firmer than the RBNZ forecast in its May Monetary Policy Statement. However, the RBNZ's July press release made clear that it has since revised up its near-term outlook for inflation, so that an outcome broadly in line with our expectations is unlikely to come as a surprise.

Our slightly firmer forecast is mainly driven by an expected 0.3%q/q lift in tradables prices – 0.2pps higher than the RBNZ's May forecast – with food prices lifting 1.6%q/q. Aside from the usual seasonal lift in vegetable prices, there has also been a large increase in the prices of dairy products and some other grocery items.

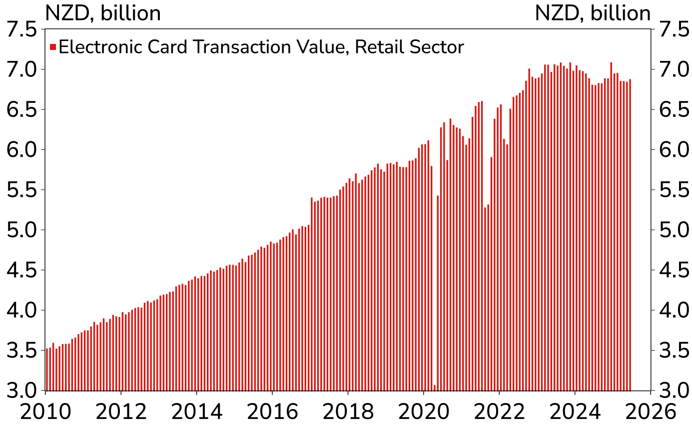
Importantly, non-tradables prices are forecast to have increased 0.7%q/q – in line with the RBNZ's May forecast. There continue to be large increases in administered prices – notably electricity prices, which increased 5% in the June quarter. However, some other previous inflation hotspots, such as rents, have continued to cool.

Stepping back from the swings in specific prices, the underlying trend in inflation has been cooling. The various measures of core inflation have been trending down in recent months, and a further gradual easing is expected in the June figures. That reflects the general softness in domestic activity, as well as the related cooling in wage growth.

The main uncertainty around our forecast surrounds prices for discretionary household items, with the risks here on both sides. Those items are mostly imported and include products like apparel, furnishings and other durable items. Household spending has been subdued in recent months, and that could have an even larger dampening impact on prices than we had assumed. In addition, prices for some items, like cars, can have sizeable swings on a quarter-to-quarter basis.

Turning to activity, total spending through the electronic payments system fell 0.2%m/m in June. However, spending at retail stores rose 0.5%m/m – remarkably, the first increase recorded this year. This outcome was driven by higher spending on consumables – at least in part reflecting higher food prices – and winter apparel. Despite the lift in June, spending was 0.4% lower than a year earlier. And spending in the June quarter fell 0.7%q/q following a flat outcome in the March quarter. Nonetheless, we still expect to see a more positive trend emerge during the second half of this year as significant numbers of mortgaged households continue to refix their mortgages at the lower interest rates currently on offer.

NZ consumer spending

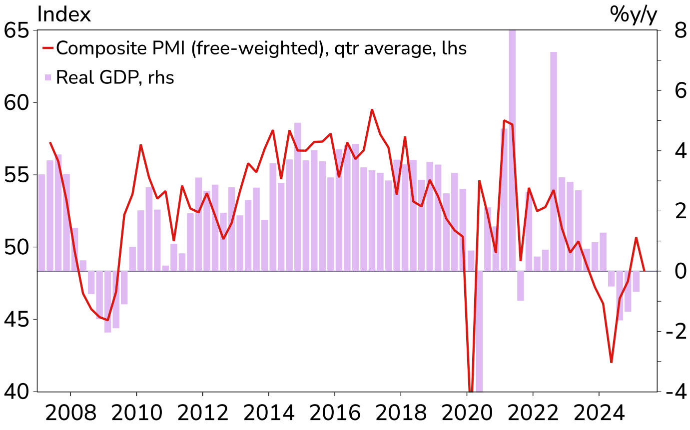


Source: Stats NZ, Macrobond, Westpac Economics

The BusinessNZ Performance of Services Index also showed some improvement in June following a very weak May reading, with the headline index rebounding 3.2pts to 47.3. That said, this remains the second weakest reading seen since October last year. In the detail, the activity/sales index improved to a still very soft 44.5 (the historical average is close to 53.8), while the new orders index improved to 48.8 (against a historical average of 56.4). The employment index was little changed at 47.4 and so has now been in contractionary territory for 19 consecutive months.

The weak state of the labour market was further demonstrated by the latest data on job advertisements. After adjusting for seasonal effects, MBIE's index of online job ads fell 2.7%m/m in June and was little changed from a year earlier. There appears to have been a modest lift in advertising for highly skilled positions, but this is being offset by lower levels of advertising for less skilled positions.

GDP growth and composite PMI

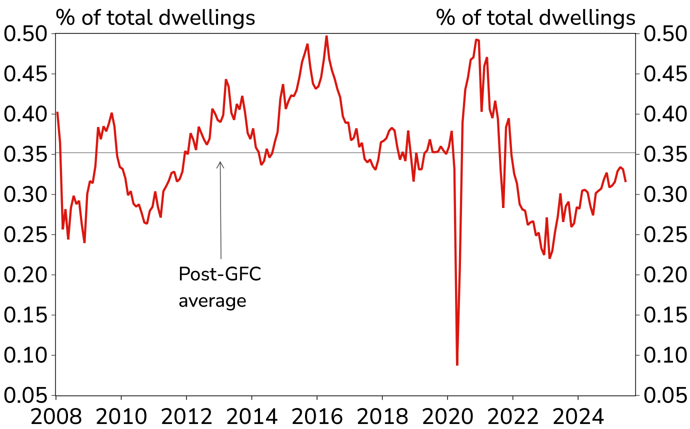


Source: BusinessNZ, Stats NZ, Macrobond, Westpac Economics

Meanwhile, regional data points to an ongoing decline in advertising in some of the major cities – notably Auckland – which is offsetting a modest lift in advertising in the regions (where businesses are benefiting from high export commodity prices). There remains some uncertainty about how quickly firms will boost employment levels given pressures on firms' profitability and uncertainty about the global outlook.

The latest news regarding housing suggests that it remained a buyers' market in June. Indeed, the number of house sales declined 4%m/m. And while the first estimate tends to undercount sales, this followed a 3%m/m decline in May. So, while sales were 20% higher than a year earlier, momentum does seem to have slowed of late. This slowdown coincides with the recent bottoming out of fixed-term mortgage rates and a flattening out of mortgage applications. Relative to the size of the housing stock, the level of turnover remains a little below its historical average.

Monthly house sales

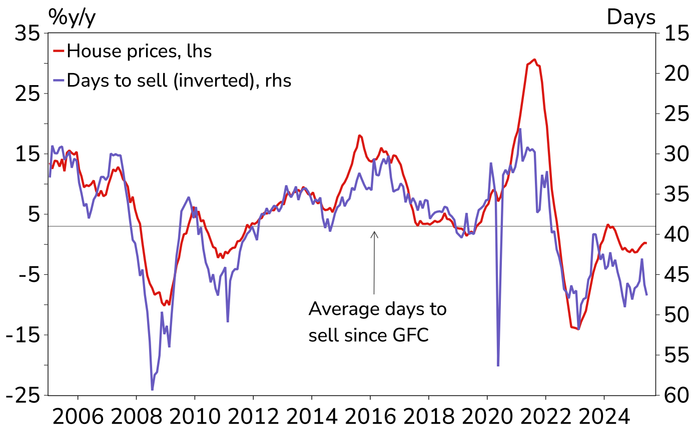


Source: REINZ, Stats NZ, Macrobond, Westpac Economics

Even with the lift in sales, the stock of unsold homes remains near a decade high and has barely budged over the past year. Meanwhile, the median time to sell rose to 48 days in June – the second consecutive increase. This is the slowest selling time recorded since December and about 9 days longer than the post-GFC average. Consistent with those developments, the REINZ house price index fell 0.3%m/m in seasonally adjusted terms in June, while May was revised down slightly to a flat outturn. This ended a run of very modest monthly price gains going back to last November, with prices just 0.3% higher than a year earlier. The soft outturns over the past couple of months suggest that our current forecast of 6% house price growth in 2025 is unlikely to be achieved, and we will be reviewing this forecast over coming weeks.

Looking ahead, aside from the CPI the only other report of interest next week concerns merchandise trade for the month of June. We expect the unadjusted surplus to remain above $NZ1bn for a third consecutive month reflecting both seasonal factors and the strong returns currently being achieved across most of the primary sector. On that score, this week's GDT auction achieved a welcome 1.7% lift in the price of whole milk powder following declines in each of the previous four auctions. We continue to forecast a $10/kgMS payout for the current season.

House prices and days to sell



Source: REINZ, Macrobond, Westpac Economics

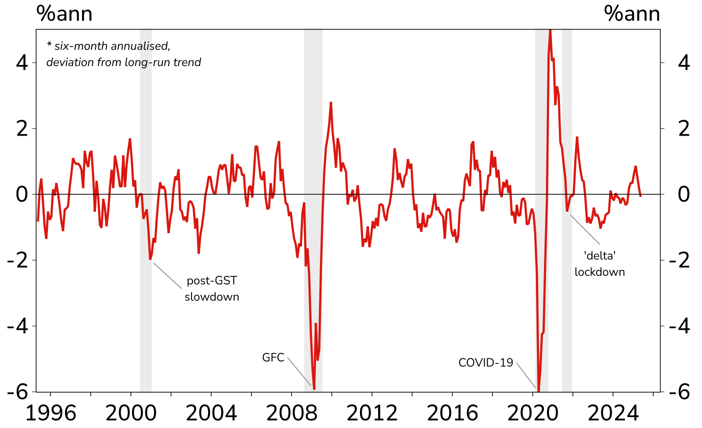
AUS: Jun Westpac-MI Leading Index (%ann'd)

Jul 23, Last: –0.08

The Leading Index growth rate dipped back into negative in May, the first below trend read on momentum since September. The detail suggests what was mainly an external drag on momentum is becoming more domestically focussed although some of these are likely to be temporary.

The June read looks likely to be another soft one. While several components have continued to recover from tariff-related weakness in previous months, commodity prices continued to decline (down 0.8% in AUD terms) and labour markets have shown more signs of softening, total hours worked recording a -0.9% fall in the June month.

Westpac-MI Leading Index



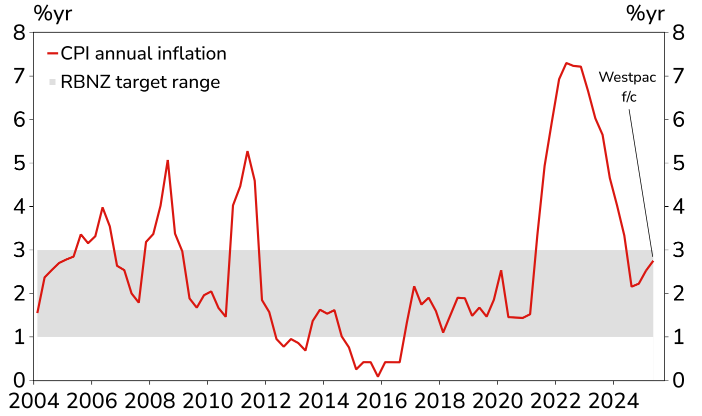
Source: Westpac-MI, Macrobond

NZ: Q2 Consumer Prices Index

Jul 21, q/q, Last: +0.9%, Westpac f/c: +0.6%, RBNZ: +0.5%
Jul 21, y/y, Last: +2.5%, Westpac: +2.8%

We estimate that New Zealand consumer prices rose by 0.6% in the June quarter, boosted by increases in food and energy prices. That would see the annual inflation rate rise to 2.8% (up from 2.5% in the year to March). But while large swings in some specific prices are boosting headline inflation, core inflation is expected to continue gradually easing, consistent with the softness in discretionary spending. Our forecast is slightly above the RBNZ's last published forecast from its May Monetary Policy Statement. However, since that forecast was published, the RBNZ has indicated that it is braced for a stronger result.

Inflation approaching the top end of the range



Source: Stats NZ, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 21							
NZ	Q2	CPI	%qtr	0.9	0.6	0.6	Increases in food and energy prices pushing inflation higher.
	Q2	CPI	%ann	2.5	2.8	2.8	Headline inflation pushing higher, core likely to remain contained.
US	Jun	Leading Index	%mth	–0.1	–0.2	–	Early gauge of turning points in the business cycle.
Tue 22							
Aus		RBA Minutes	–	–	–	–	To offer further detail behind the surprise rate hold.
NZ	Jun	Trade Balance	$mn	1235	–	1060	High export prices and tail end of dairy season to deliver a surplus.
Eur	Q2	ECB Bank Lending Survey	–	–	–	–	Loan demand by firms decreased in Q1.
UK	Jun	Public Sector Borrowing	£bn	17.7	–	–	Net debt has reached 96.4% of GDP.
US	Jul	Richmond Fed	index	–7	–	–	Pace of contraction looks to have stabilised.
Wed 23							
Aus	Jun	Westpac-MI Leading Index	%ann'd	–0.08	–	–	External drag becoming domestically focussed.
Eur	Jul	Consumer Confidence	index	–15.3	–	–	Struggling to pick-up.
US	Jun	Existing Home Sales	%mth	0.8	–0.7	–	Still restrictive rates limiting housing turnover.
Thu 24							
Aus		RBA Governor Bullock	–	–	–	–	Annual speech to Anika Foundation, 1:05pm AEST.
NZ		RBNZ Chief Economist Conway	–	–	–	–	Speech on the economic effects of tariffs in New Zealand.
Jpn	Jul	Jibun Bank Manufacturing PMI	index	50.1	–	–	Has moved into expansionary for the first time in 11 months.
	Jul	Jibun Bank Services PMI	index	51.7	–	–	Services activity remains solid.
Eur	Jul	HCOB Manufacturing PMI	index	49.5	–	–	Manufacturing activity on an encouraging upward trend …
	Jul	HCOB Services PMI	index	50.5	–	–	… while services barely treads water around neutral.
		ECB Policy Decision (Deposit Rate)	%	2.00	–	–	Disinflation progress stalls, clouding rate outlook.
UK	Jul	S&P Global Manufacturing PMI	index	47.7	–	–	Recent slowdown looks to have troughed.
	Jul	S&P Global Services PMI	index	52.8	–	–	Back into expansionary territory.
US	Jun	Chicago Fed Activity	index	–0.28	–	–	Negative print for two consecutive months.
		Initial Jobless Claims	000s	221	–	–	Remains consistent with stable labour market conditions.
	Jul	S&P Global Manufacturing PMI	index	52.9	–	–	Showing firmer trends than results of the regional surveys.
	Jul	S&P Global Services PMI	index	52.9	–	–	Continues its post-pandemic expansion run.
	Jun	New Home Sales	%mth	–13.7	4.3	–	Increase likely after strongest monthly fall since mid-2022.
	Jul	Kansas City Fed	index	–2	–	–	Manufacturing activity in contraction since 2023.
Fri 25							
Jpn	Jul	Tokyo CPI	%ann	3.1	3.0	–	A slight easing expected in July.
Ger	Jul	IFO Business Climate Survey	index	88.4	–	–	Boost in public spending lifting business sentiment.
UK	Jul	Gfk Consumer Sentiment	index	–18	–	–	Moving sideways in 2025.
	Jun	Retail Sales	%mth	–2.7	–	–	May saw the largest fall in nearly 1.5 years.
US	Jun	Durable Goods Orders	%mth	16.4	–10.0	–	Month-to-month swings have been larger than usual.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (18 July)	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
Cash	3.85	3.60	3.35	3.10	2.85	2.85	2.85	2.85	2.85
90 Day BBSW	3.69	3.55	3.30	3.05	2.95	2.95	2.95	2.95	2.95
3 Year Swap	3.32	3.35	3.45	3.60	3.75	3.80	3.85	3.90	3.95
3 Year Bond	3.42	3.40	3.50	3.65	3.80	3.85	3.90	3.95	3.95
10 Year Bond	4.35	4.35	4.40	4.40	4.45	4.50	4.55	4.60	4.65
10 Year Spread to US (bps)	–9	–15	–15	–20	–20	–20	–20	–20	–20
United States									
Fed Funds	4.375	4.125	3.875	3.875	3.875	3.875	3.875	3.875	3.875
US 10 Year Bond	4.44	4.50	4.55	4.60	4.65	4.70	4.75	4.80	4.85
New Zealand									
Cash	3.25	3.00	3.00	3.00	3.00	3.00	3.25	3.50	3.75
90 Day Bill	3.26	3.10	3.10	3.10	3.10	3.20	3.45	3.70	3.85
2 Year Swap	3.19	3.30	3.35	3.50	3.65	3.80	3.90	3.95	4.00
10 Year Bond	4.61	4.65	4.70	4.75	4.80	4.85	4.90	4.95	4.95
10 Year Spread to US (bps)	17	15	15	15	15	15	15	15	10

Exchange rate forecasts

	Latest (18 July)	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
AUD/USD	0.6505	0.66	0.68	0.69	0.70	0.71	0.71	0.72	0.72
NZD/USD	0.5955	0.60	0.61	0.61	0.62	0.62	0.62	0.63	0.63
USD/JPY	148.46	143	141	139	137	136	135	134	133
EUR/USD	1.1627	1.18	1.19	1.19	1.20	1.21	1.21	1.21	1.21
GBP/USD	1.3435	1.37	1.37	1.37	1.37	1.37	1.37	1.38	1.38
USD/CNY	1.1812	7.15	7.10	7.05	7.00	6.95	6.90	6.80	6.70
AUD/NZD	1.0924	1.10	1.12	1.13	1.13	1.14	1.14	1.14	1.14

Australian economic growth forecasts

	2025				2026				Calendar years			
% Change	**Q1**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2024**	**2025f**	**2026f**	**2027f**
GDP %qtr	0.2	0.6	0.4	0.5	0.5	0.5	0.6	0.6	–	–	–	–
%yr end	1.3	1.7	1.8	1.7	2.0	2.0	2.1	2.2	1.3	1.7	2.2	2.6
Unemployment rate %	4.1	4.12	4.3	4.4	4.4	4.5	4.5	4.5	4.0	4.4	4.5	4.3
Wages (WPI) %qtr	0.9	0.8	0.7	0.6	0.8	0.8	0.7	0.7	–	–	–	–
%yr end	3.4	3.4	3.2	3.1	3.0	2.9	2.9	3.0	3.2	3.1	3.0	3.0
CPI Headline %qtr	0.9	0.9	0.9	0.6	0.6	0.8	0.7	0.5	–	–	–	–
%yr end	2.4	2.3	3.0	3.4	3.1	2.9	2.7	2.6	2.4	3.4	2.6	2.6
CPI Trimmed Mean %qtr	0.7	0.7	0.7	0.6	0.5	0.6	0.6	0.6	–	–	–	–
%yr end	2.9	2.7	2.6	2.6	2.5	2.4	2.3	2.3	3.3	2.6	2.3	2.6

New Zealand economic growth forecasts

	2025				2026				Calendar years			
% Change	**Q1**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2024**	**2025f**	**2026f**	**2027f**
GDP %qtr	0.8	0.3	0.7	0.9	0.8	0.7	0.7	0.7	–	–	–	–
Annual avg change	-1.1	-0.8	0.2	1.3	2.1	2.7	2.9	2.9	-0.6	1.3	2.9	2.8
Unemployment rate %	5.1	5.3	5.3	5.2	5.0	4.8	4.6	4.4	5.1	5.2	4.4	4.1
CPI %qtr	0.9	0.6	0.8	0.5	0.5	0.4	0.9	0.4	–	–	–	–
Annual change	2.5	2.8	3.0	2.9	2.5	2.2	2.3	2.2	2.2	2.9	2.2	2.0

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