Week beginning 18 August 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

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Information contained in this report current as at 15 August 2025

RBA cuts cash rate in evolution, not revolution, of views

Luci Ellis
Chief Economist, Westpac Group

- **The RBA Monetary Policy Board (MPB) cut the cash rate by 0.25ppts to 3.6% following its August meeting as widely expected. With underlying inflation clearly inside the 2–3% target range and heading towards its 2½% midpoint, the need for restrictive monetary policy is dissipating. The updated inflation forecasts are largely unchanged but show a 2.5% at the end of the (extended) forecast horizon to December 2027.**
- **The RBA's forecasts are predicated on further cuts to the cash rate as expressed by market pricing last week. The trough rate implied by this assumption is now sub-3%, consistent with our own view. In the press conference, the Governor did not rule out back-to-back cuts and emphasised that the MPB would take things meeting by meeting. The every-other-meeting pace implied by our own recent forecasts still seems a reasonable base case, though.**
- **The RBA has downgraded its near-term view of trend productivity growth, and hence GDP growth. Importantly, this does not imply a downgrade to the long-run trend. In addition, the RBA has moved away from its view of a year ago that slow productivity growth presented an upside risk to inflation.**

The decision by the MPB to cut the cash rate was widely anticipated. Inflation is at target and likely to stay there. The labour market has eased further, though the statement still characterises it as 'a little tight'. It was hard to construct a scenario where the information flow between the July and August meetings would have made the MPB want to keep rates on hold in August. Nonetheless, the benign print for Q2 underlying inflation and slight pick-up in unemployment were as expected. This helped 'seal the deal' and gave the six MPB members who had previously wanted to wait the evidence they needed to be comfortable cutting the cash rate in August. They joined the three who had voted for a cut in July for a unanimous vote this time, as we expected.

The evolution in the RBA's views since May, as expressed in its forecasts, has been fairly minor. The unemployment forecast is unchanged, implying no further increases in the unemployment rate from here. At these levels, the RBA assesses that 'some tightness remains' in the labour market. This benign outcome is vulnerable to labour supply rising faster than working-age population growth, given the multi-decade trend increase in female participation.

The forecasts for trimmed mean inflation now show a 2.5% for end-2027, the additional period as the forecast horizon rolls forward with time. But the flat-as-a-pancake 2.6% rate remains the forecast for the whole period covered by the May forecasts. Within the total, housing-related inflation is expected to be a little higher than previously forecast, while traded goods inflation could be a little lower, given slower global growth amid trade disputation.

The SMP highlights that trade patterns have adapted to US tariffs relatively smoothly, even though tariff rates have landed somewhat higher than assumed a few months ago. In particular, the Chinese economy has remained resilient; a key judgement in the forecasts – which we share – is that the Chinese authorities will continue to use policy stimulus to ameliorate the impact from trade restrictions and ongoing US policy uncertainty.

The forecasts for public demand and consumption have been lowered relative to the May forecasts. However, both are still expected to pick up over the next couple of years. The SMP points to government budgets in support of a view that the weakness in public demand will be temporary. Lower interest rates and some positive real income growth will both support consumption growth, as also implied by our own forecasts.

> **"RBA cuts cash rate 0.25ppts to 3.6%, with more cuts assumed to be needed to keep inflation at target."**

The revised RBA forecasts are predicated on the cash rate declining further from here, with the implied trough at 2.9% in 2026, similar to our own expectations. In the media conference, the Governor highlighted that a couple more rate cuts were necessary to achieve the current forecasts and keep inflation at target. She also noted that holding rates constant from here would result in inflation falling below the target midpoint. The Governor did not rule out back-to-back cuts and emphasised that the MPB would take things meeting by meeting. The every-other-meeting pace implied by our own recent forecasts still seems a reasonable base case, though.

RBA productivity view finally catches up to Bank of Canada

The main change in the RBA's views relates to GDP growth and productivity. Specifically, the RBA has revised down its assumption on trend productivity growth from around 1%yr to 0.7%yr, citing consistently lower outcomes than expected recently. The forecast for GDP has been revised down proportionally, though a pick-up in growth is still expected over the next couple of years.

The SMP devoted an entire chapter to explaining the change. Some of the recent weakness in productivity was acknowledged as being due to industry-specific factors that will unwind. These are the increased share of the non-market sector and the decline in mining productivity that Westpac Economics has been flagging for some time; the RBA's quantitative estimates of the drag align with our own previously published estimates. However, the trend growth rate that the RBA expects productivity to converge to as these factors unwind is now this lower 0.7%yr rate. In the media conference, the Governor characterised the change as being a fix to a 'puzzle', whereby their inflation and unemployment forecasts turns out to be roughly correct, but GDP and wages growth both turned out to be weaker than forecast.

One consequence of the revised view of trend productivity growth is that the RBA's view of potential or trend output growth over the next couple of years is also lower now. To put this in perspective, the downgrade to trend GDP is similar to the one implied by population growth being lower (1.2%–1.3%) in the forecast period than the 1.5%–1.6% range seen in the years leading up to the pandemic. The differences relate to the implications for (per person) living standards.

The recognition that productivity growth has been slower in recent decades than it was in the IT-boom of the late 1990s is not new (see this 2021 speech and this 2023 Bulletin article). It is also not Australia-specific but relates to a range of global factors, including the level of business dynamism, competition and adoption of technology. The downgraded RBA forecasts for business investment – and thus growth in the capital stock – have particular salience for this issue. These were reduced by more than GDP growth was, in recognition that slower demand growth lowers the return to future investment. This points to a disturbing path-dependence of lower growth begetting even less future supply capacity. If true, it would make a policy mistakes of keeping policy too tight even more problematic.

Importantly, the RBA does not assume that the weaker trend for the next couple of years necessarily implies that the long-term trend growth in productivity (and hence potential output growth) will be low. This would have been a big call given the current optimism around AI and other technologies and their implications for productivity growth.

What is new is that the RBA explicitly states that this reassessment has no implications for inflation. All the hand-wringing a year ago about wages growth being too fast given trend productivity growth turned out to be misplaced. The explicit assumption now is that households and businesses have (likely subconsciously) adapted to slower productivity growth, which is why wages growth is slower. This is exactly how the Bank of Canada framed the issue more than a year ago. Accordingly, this change in view has not boosted the inflation forecasts, but if anything has reduced the RBA's views of upside risks to inflation from this source and made it less nervous about further rate cuts.

Labour market to determine pace of policy adjustment

Elliot Clarke, Head of International Economics
Ryan Wells, Economist

In Australia, the RBA Monetary Policy Board (MPB) unanimously decided to cut the cash rate by 25bps, a move that came as no surprise to market participants. This week's decision chalks up a cumulative 75bps of rate cuts since February, highlighting the MPB's intent to gradually reduce policy restrictiveness as underlying inflation settles sustainably at the mid-point of the target range. The MPB continued to emphasise a "heightened level of uncertainty", meaning incoming data will remain critical to the pace at which policy is eased towards neutral.

In a video update midweek, Chief Economist Luci Ellis discussed the August decision and the RBA's updated forecasts. Outside of the downgrade to the RBA's productivity assumption – which fed into a lower growth profile without any consequences for inflation – key forecasts were broadly unchanged. Underlying inflation is expected to remain flat at 2.6%yr for the next two years before dropping to 2.5%yr in Dec-27 while the unemployment rate holds at 4.3%. These forecasts are predicated on a cash rate path similar to our own, so we remain comfortable calling for a further 75bps of easing to 2.85% on a quarterly pace to May 2026.

With inflation now largely under control, labour market developments are poised to receive a larger weight in the RBA's reaction function. This week's labour force data confirmed a gradual softening trend is re-emerging, with July's around-average employment gain of +24.5k barely able to offset two months of essentially zero net job creation. The unemployment rate has also started to lift above the 4% mark. The fact that its recent rise has been driven by an increase in youth unemployment – a labour market cohort more sensitive to changes in the business cycle – signals a broader lift in total unemployment is likely in coming months.

The shifting balance of risks was also evident in the Q2 Wage Price Index. The 0.8% (3.4%yr) gain was in line with consensus and the RBA's forecasts and suggests the labour market is no longer a source of material upside risk for inflation. The softening trend in employment was also evident in the NAB business survey despite an improvement in conditions (up to +5 in July). Private businesses are likely to limit their appetite for additional labour until a sustainable and broad-based uptrend in growth becomes evident.

Offshore, the major event was President Trump's decision to extend the 90-day tariff truce between the US and China for another term. This follows the sharp escalation post-Liberation Day, where US tariffs surged to 145% before being scaled back to 30% under the initial truce, which China responded to with a tariff reduction to 10%. Talks continue toward a lasting agreement, with rare earth minerals and China's access to technology the focus.

Comments from FOMC officials continued to focus on inflation risks and the latest price data provided justification. Headline consumer prices rose 0.2% in July, consistent with the average pace over the first half and expectations for this release. However, underlying pressures firmed, the core CPI lifting 0.3% in the month – the strongest monthly gain since January. Within the detail, services inflation accelerated to 0.4%mth, led by a sharp 4.0%mth rise in airline fares, alongside firmer prints for recreational, education, and medical services. Core goods inflation was contained at 0.2%, but the pickup in the 6-month annualised pace from 0% in December 2024 to an average of 1.2% in June/July makes clear tariff costs are slowly being passed through. Overnight the producer price detail also highlighted a combination of capacity constraints and tariff passthrough, core goods prices up 0.4% and services 1.1%.

China's consumer inflation pulse is, in contrast, non-existent, the annual CPI unchanged over the year as producer prices fell 3.6%. Excess industrial capacity and soft consumer demand are the cause of this price weakness and, until supply tightens meaningfully, this trend is likely to remain entrenched. Authorities in China continue to provide incremental support to the consumer, this week through a subsidised consumer credit scheme which has capacity to support a broad array of purchases. But, as made clear by the credit and deposit trends, consumers remain extremely cautious on their finances and are therefore reticent to ramp up discretionary purchases. If confidence in the outlook amongst households does not strengthen, our 4.6% forecast for GDP growth in 2026 is likely to face downside risks. Further detail on our expectations for China can be found in Westpac Economics' August Market Outlook, due for release later today on Westpac IQ.

Finally, data for the UK this week was constructive. UK GDP beat expectations, gaining 0.3% in Q2 after a strong 0.7% result in Q1. Though the Q2 result was principally due to support from public demand, with household consumption up just 0.1% and investment down 1.1%. The latest labour market data also showed tentative signs of improvement. The unemployment rate held at 4.7% in June, unchanged from the prior month, as employment growth accelerated to a nine-month high of +238k. Together these outcomes suggest a robust flow of new entrants into the labour force in response to robust labour demand. In such circumstances, wage growth is likely to maintain a robust pace, rising 4.8%yr over the three-months to June compared to 4.9%yr in May.

Are we there yet?

Kelly Eckhold
Chief Economist NZ

This week we published our latest Economic Overview. The report was titled “Are we there yet?” The cover page featured a picture of a bored child sitting in the back of a car, gazing out of the window, on what we imagine to be a long road trip. This experience – including the constantly repeated refrain “Are we there yet?” from the back seat, will be familiar to many parents.

A bit like the child in the picture, the New Zealand economy has been on a road trip in recent years, and households and businesses are similarly anxious – and increasingly impatient – to reach the destination. In this case, the hoped-for endpoint – sustained solid rates of growth with low inflation – is coming into view, but there's still some distance to travel.

Our updated forecasts continue to paint a picture of cautious optimism for New Zealand’s economy. While growth has slowed in the middle of the year, the outlook for 2026 is more promising, with GDP growth expected to rise from 2.4% in 2025 to 3.1% in 2026. This improvement is underpinned by the cumulative effects of the RBNZ’s monetary easing, resilient export performance, and a gradual recovery in household and business demand.

It’s still very much a two-speed economy. Household finances remain under pressure due to high living costs and a weak labour market. Hence consumer spending remains modest, especially for discretionary items. This was again evident this week, with electronic card spending at retail stores rising just 0.2%m/m in July. Growth was led by spending on groceries, where prices have been rising (food prices increased 5.0%y/y in July). By contrast, discretionary spending (e.g., hospitality and durables) has essentially been flat over the past four months.

The housing market appears well-balanced. Demand has picked up a bit, with this week’s REINZ report pointing to a 4%y/y lift in house sales in July. At the same time, house prices remained broadly stable (rising earlier in the year but falling over the last couple of months). We are still expecting a stronger finish to the year so that house prices grow 3-4% in 2025, increasing to 6% growth in 2026. That said, housing supply has been unusually responsive to rising demand as more properties have come to market, while the level of new home building has remained firm despite declining sharply from its previously highs. And with population growth also slowing (net migration stood at less than 14,000 in the year to June), it is possible that house prices will remain more subdued than we had earlier anticipated.

Business sentiment remains cautious, and many businesses say the going has been tough. While activity lifted earlier in the year, recent indicators have softened. Firms are optimistic about future conditions as they look forward to lower interest rates and government initiatives like the Investment Boost scheme. But in the here and now, firms remain in hunker-down mode. That said, this week it was heartening to see the BusinessNZ manufacturing PMI rise to a 3-month high of 52.8 in July after spending two months back below 50, with the new orders index rising to its highest level in almost three years.

The labour market remains weak. Some firms are still letting staff go, and all firms are trying to do more with their existing workforce for now. Even so, the unemployment rate is only rising gently. It reached 5.2% in the June quarter and is expected to peak at 5.3% by year-end. That’s just above the RBNZ’s most recent forecast, but in line with where its expectations have ranged over most of the last couple of years. The labour market always lags the cycle, hence job advertisements remain well below pre-Covid levels (and as of this week’s MBIE report for July, is yet to exhibit a discernible uptrend). When the labour market decisively turns, this will likely boost consumer sentiment, spending and demand, and elicit a virtuous cycle from businesses.

The strong point in the economy remains the agricultural sector, and this strength is expected to continue. Export prices remain high, and we expect to retain those gains for the foreseeable future. The farmgate milk price is forecast to remain at a historically high $10/kg. Beef and lamb prices are elevated due to global supply constraints that seem unlikely to be alleviated in the near term. Kiwifruit and apple prices are also strong, supported by demand and quality improvements. Export log prices are set to rise slightly, aided by China’s recovery. The most vulnerable area in the primary sector is the wine industry, where global supply is ample and where tariffs might blunt consumer appetites and promote diversion of product into markets we already rely on. But for most of our commodity exporters, the still-supportive level of the New Zealand dollar and global supply constraints mean that we think that returns can remain robust, even with tariffs and weaker global growth.

A generally supportive factor has been the stabilisation and improvement in the global outlook in recent months. Risks of a full-blown trade war have diminished, and the US tariff framework is now clearer. New Zealand’s 15% tariff is manageable for most, and exporters seem to be adapting well even though trading partner growth is forecast at 2.7% in 2025, below pre-pandemic averages.

Given the need to address the structural deficit, fiscal policy is unlikely to contribute much to growth in the near term, but there are reasons to expect a greater contribution looking forward. For now, the budget is tight, but our forecasts suggest tax revenue will eventually outstrip Budget 2025's relatively pessimistic forecasts. There may be scope for promises of increased discretionary spending or modest tax cuts in Budget 2026 – which may be well timed ahead of next year's General Election. We think the Government will stick with the objective of returning to a small OBEGALx surplus by 2028/29 which will leave net debt peaking at around 44% of GDP in 2026/27 and gradually declining thereafter. The Minister of Finance noted this week that there will be limited tolerance for shifting the timeframe to achieve surplus beyond 2028/29.

The Government's efforts to boost infrastructure development, ease regulatory constraints on building and agriculture and, critically, the new Investment Boost policy should add to growth over the medium term. At least in the near term, the Investment Boost policy should have its greatest impact in the agriculture-linked sectors (where incomes are strongest) and in the commercial property sector (where accelerated depreciation on long-lived assets will be more significant).

It's possible that credit rating agencies may become impatient with the long period of fiscal deficits and rising net debt. Investors should be alert for risks that any signs of further slippage in fiscal discipline prompts a sovereign credit rating downgrade. These risks might be elevated by New Zealand's generally weak productivity performance and still-wide current account deficit. We see the current account deficit narrowing further reflecting the full-year flow through of strong export returns, but it's likely to remain wider than historical norms at around 4.5% of GDP.

The inflation outlook will be a key factor driving interest rates. Consumer price inflation rose to 2.7% in the year to June and core inflation is contained but not low. Looking ahead, inflation is expected to push higher over the coming months. In fact, with continued increases in the costs of food, electricity and other items in Stats NZ's July Selected Prices update, we're now forecasting that inflation will rise back up to 3.1% in the September and December quarters (both 0.1ppts higher than we previously assumed). That rise in inflation is a key concern for the RBNZ, particularly with some measures of inflation expectations lifting in recent months.

This brings us to the outlook for monetary policy. This week we also published our preview of the RBNZ's upcoming 20 August meeting, which will also see the RBNZ provide updated forecasts in the accompanying Monetary Policy Statement. In that preview we ran through developments since the May meeting and how these are likely to be interpreted by the RBNZ's Monetary Policy Committee (MPC). On balance, we think that the MPC are likely to view the economy as broadly tracking in line with expectations. Therefore, we concluded that the MPC is very likely to deliver the further 25bps easing that it signalled in May, and again at last month's meeting. This would take the OCR to 3%.

More interesting for markets will be what the RBNZ signals about the outlook for policy at subsequent meetings – once again, in the RBNZ's view, "Are we there yet". Our forecast remains that next week's easing will most likely be the last for this cycle. However, we expect the RBNZ will communicate a data-dependent easing bias that implies some chance – similar to the roughly 50/50 chance communicated in May – of a further 25bp easing towards the end of the year (most likely at the November MPS – we think the bar to easing in October is higher). It is worth noting that we may well have a new RBNZ Governor by the November meeting (as well as a new external member of the MPC) which will also have a bearing on the policy outlook.

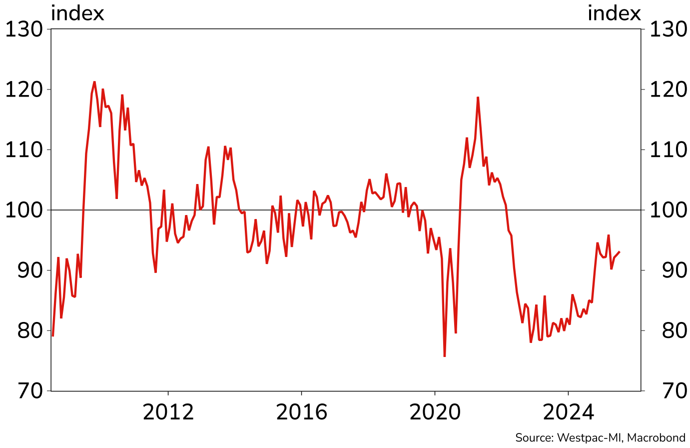
AUS: Aug Westpac-MI Consumer Sentiment (index)

Aug 19, Last: 93.1

Consumer sentiment ticked 0.6% higher to 93.1 in July from 92.6 in June. Despite the gain, responses over the survey week show a clear disappointment following the RBA's surprise move to leave rates on hold at its July meeting, with those surveyed prior reporting a significantly firmer index read of 95.6.

The July detail suggests sentiment should post a solid gain in August with the RBA finally delivering the expected 25bp cut.

Consumer Sentiment Index

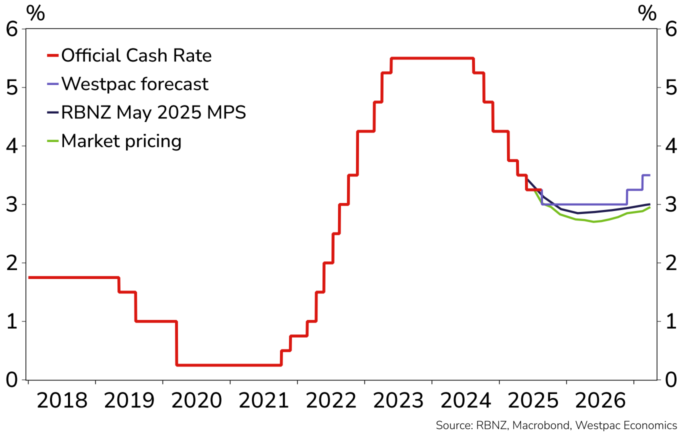


NZ: RBNZ Monetary Policy Statement (%)

Aug 20, Last: 3.25, Westpac f/c: 3.00, Market: 3.00

We expect the RBNZ will cut the OCR 25bps at its upcoming meeting, taking the OCR to 3.00%. The RBNZ's previous communications indicated that, provided economic conditions evolved as expected, they were likely to cut the cash rate again after the pause in July. And on balance recent data have not delivered major surprises. Importantly, while the near-term inflation outlook has firmed, much of that is due to higher food prices. Inflation in more interest rate-sensitive areas continues to cool as expected, and the longer-term outlook remains contained. The RBNZ is likely to retain a cautious and data-dependent easing bias, with the forward path expected to signal a 50% chance of the OCR being cut to 2.75%.

RBNZ Official Cash Rate



What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 18							
NZ	Jul	BusinessNZ PSI	index	47.3	–	–	Businesses continue to report soft trading conditions.
Eur	Jun	Trade Balance	€bn	16.2	–	–	Imports have been soft recently.
US	Aug	NAHB Housing Market	index	33	34	–	Homebuilder sentiment wallows as rate pressure holds.
Tue 19							
Aus	Aug	Westpac–MI Consumer Sentiment	index	93.1	–	–	Positive reaction to the latest RBA cut expected.
US	Jul	Housing Starts	%mth	4.6	–2.4	–	Affordability issues shifts focus to lower-cost projects.
	Jul	Building Permits	%mth	–0.1	–0.2	–	A fourth consecutive decline expected.
Wed 20							
NZ		RBNZ Policy Decision	%	3.25	3.00	3.00	RBNZ to maintain data dependent easing bias.
Jpn	Jun	Core Machinery Orders	%mth	–0.6	–1.0	–	Closely watched as a leading indicator of capital spending.
Eur	Jul	HICP Inflation	%ann	2.0	–	–	Final estimate.
UK	Jul	CPI	%ann	3.6	–	–	Business tax hikes look to be passing through to consumers.
US		FOMC Meeting Minutes	–	–	–	–	More colour on how members view the balance of risks.
		Fedspeak	–	–	–	–	Bostic, Waller
Thu 21							
Aus	Aug	MI Inflation Expectations	%ann	4.7	–	–	Some certainty around tariffs should drive a further easing.
NZ	Jul	Trade Balance	$mn	142	–	–436	Seasonal pickup in imports, flat exports.
Jpn	Aug	S&P Global Manufacturing PMI	index	48.9	–	–	Trade uncertainty causing reluctance for new orders.
	Aug	S&P Global Services PMI	index	53.6	–	–	Domestic economy supporting the services sector.
Eur	Aug	HCOB Manufacturing PMI	index	49.8	–	–	Manufacturing activity cautiously regaining momentum.
	Aug	HCOB Services PMI	index	51.0	–	–	Businesses work through backlog as incoming works soften.
UK	Aug	S&P Global Manufacturing PMI	index	48.0	–	–	Manufacturing production in its ninth month of contraction.
	Aug	S&P Global Services PMI	index	51.8	–	–	Firms becoming more optimistic on the services outlook.
US	Wkly	Initial Jobless Claims	000s	224	–	–	Closely watched for signs of strain in the labour market.
	Aug	Philly Fed Business Outlook Survey	index	15.9	8.0	–	Expected prices paid index at its highest level in over 3yrs…
	Aug	S&P Global Manufacturing PMI	index	49.8	–	–	…while the PMI showed selling prices near late-2022 levels.
	Aug	S&P Global Services PMI	index	55.7	–	–	At a 7 month high, with continuous expansion for 2.5 years.
Fri 22							
Jpn	Jul	CPI	%ann	3.3	3.1	–	Inflation expectations on a firm path up.
Eur	Aug	Consumer Confidence	index	–14.7	–	–	Consumers lean towards building savings over the next year.
UK	Aug	Gfk Consumer Sentiment	index	–19	–	–	Sentiment stuck in pessimism and going nowhere …
	Jul	Retail Sales	%mth	0.9	–	–	… which is showing through to cautious consumer spending.
US	Jul	Leading Index	pts	–0.3	–0.1	–	A lift has not been recorded since last December.
	Jul	Existing Home Sales	%mth	–2.7	–0.8	–	Record high prices appear to be deterring buyers.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (15 Aug)	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
Cash	3.60	3.60	3.35	3.10	2.85	2.85	2.85	2.85	2.85
90 Day BBSW	3.61	3.55	3.30	3.05	2.95	2.95	2.95	2.95	2.95
3 Year Swap	3.29	3.35	3.45	3.60	3.70	3.80	3.85	3.90	3.95
3 Year Bond	3.38	3.40	3.50	3.65	3.75	3.85	3.90	3.95	3.95
10 Year Bond	4.24	4.25	4.30	4.35	4.45	4.55	4.60	4.65	4.70
10 Year Spread to US (bps)	–5	–10	–10	–15	–15	–15	–15	–15	–15
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	4.28	4.35	4.40	4.50	4.60	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	3.15	3.10	3.10	3.10	3.10	3.20	3.45	3.70	3.85
2 Year Swap	3.04	3.20	3.35	3.50	3.65	3.80	3.90	3.95	4.00
10 Year Bond	4.42	4.50	4.60	4.65	4.75	4.85	4.90	4.95	4.95
10 Year Spread to US (bps)	13	15	20	15	15	15	15	15	10

Exchange rate forecasts

	Latest (15 Aug)	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
AUD/USD	0.6499	0.66	0.68	0.69	0.70	0.71	0.71	0.72	0.72
NZD/USD	0.5922	0.60	0.61	0.61	0.62	0.62	0.62	0.63	0.63
USD/JPY	147.71	146	144	142	140	138	136	134	133
EUR/USD	1.1652	1.17	1.18	1.19	1.19	1.20	1.20	1.21	1.21
GBP/USD	1.3531	1.35	1.36	1.36	1.37	1.37	1.37	1.37	1.38
USD/CNY	7.1813	7.15	7.10	7.05	7.00	6.95	6.90	6.80	6.70
AUD/NZD	1.0974	1.10	1.12	1.13	1.13	1.14	1.14	1.14	1.14

Australian economic 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	4.2	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	0.7	0.8	0.8	0.6	0.8	–	–	–	–
%yr end	3.4	3.4	3.3	3.2	3.0	3.0	2.9	3.0	3.2	3.2	3.0	3.1
CPI Headline %qtr	0.9	0.7	0.8	0.5	0.6	0.8	0.6	0.5	–	–	–	–
%yr end	2.4	2.1	2.7	2.9	2.6	2.7	2.5	2.6	2.4	2.9	2.6	2.6
CPI Trimmed Mean %qtr	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.7	–	–	–	–
%yr end	2.9	2.7	2.4	2.4	2.3	2.2	2.2	2.3	3.2	2.4	2.3	2.5

New Zealand economic forecasts

	2025				2026				Calendar years			
% Change	**Q1**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2024**	**2025f**	**2026f**	**2027f**
GDP %qtr	0.8	0.0	0.5	1.1	0.8	0.7	0.8	0.8	–	–	–	–
Annual avg change	-1.1	-0.9	0.0	1.0	1.7	2.4	2.8	2.9	-0.6	1.0	2.9	3.2
Unemployment rate %	5.1	5.2	5.3	5.3	5.2	5.0	4.8	4.6	5.1	5.3	4.6	4.2
CPI %qtr	0.9	0.5	1.1	0.5	0.5	0.2	0.8	0.4	–	–	–	–
Annual change	2.5	2.7	3.1	3.1	2.6	2.3	2.0	2.0	2.2	3.1	2.0	2.1

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