



Week beginning 8 September 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: The Tussles.

The Week That Was: A promising trend for Australia.

Focus on New Zealand: Reforms that a new RBNZ Governor might consider.

For the week ahead:

Australia: Westpac-MI consumer sentiment, NAB business conditions, MI inflation expectations.

New Zealand: Retail card spending, net migration, manufacturing PMI, MBIE online job ads.

China: CPI, PPI, trade balance.

Japan: Current account balance.

Euro Area: ECB policy decision, Sentix investor confidence.

United Kingdom: Monthly GDP, trade balance.

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

Information contained in this report current as at 5 September 2025

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

The Tussles

Luci Ellis, Chief Economist, Westpac Group
Matthew Hassan, Head of Australian Macro-Forecasting

- For some time, we have been pointing to the need for private sector demand growth to pick up and offset an expected fade in growth in public demand. Recent data confirm that this is taking place, with consumer spending now gaining more momentum while the decline in public investment has become more apparent. This is not a consumer boom but rather a long-awaited recovery from an extraordinarily extended period of weakness.
- While we may still see a 'shaky handover' from public to private demand drivers, the risks around the domestic outlook are now more two-sided. As always with a tussle between two forces working in opposite directions, though, the net outcome can be noisy and the underlying trend will not always be straightforward to read.
- The labour market outlook reflects another tussle between opposing forces. While overall output growth is expected to increase further from here, activity will be less job-rich as growth in the labour intensive 'care economy' normalises and the expansion becomes centred on a less labour-intensive market sector. At the same time, labour supply is likely to trend up given the demographic forces pushing up participation. The outcome of this tussle will matter for the evolution of labour market slack.

This week's [June quarter national accounts release](#) marked a notable step along the path of Australia's evolving growth narrative. It showed the economy expanding a solid 0.6% in the June quarter 2025, lifting annual growth to 1.8%yr, returning to positive in per capita for the first time since 2023.

The headline result was slightly better than expected but the detail contained a more material upside surprise on consumer spending: a 0.9%qtr rise lifting growth to 2%yr. While some of this appears to be due to one-offs, underlying momentum looks firmer, consistent with rising growth in household disposable incomes and improving consumer sentiment. The consumer-led recovery that began in mid-2024 had seemed to lose its way a little in the first half of 2025 but now looks to be more firmly back on track.

Spending growth is still not strong per se. What we are seeing is a long-awaited recovery from an extraordinarily long period of weakness. The seven consecutive quarterly declines in per capita spending in 2023 and 2024 is the longest sequence of declines since quarterly estimates became available in 1960. The peak-to-trough fall is also larger than that seen during the early-1990s recession and not far off the decline seen during the GFC, albeit spread over two years rather than one.

Even with a recovery and a solid June quarter result, per capita spending has only clawed back about 40% of the decline.

And, as mentioned, there were some temporary factors in the mix in the June quarter. The ABS highlighted the close timing of Easter and ANZAC Day public holidays in 2025, which appears to have encouraged longer breaks, giving a bigger than usual boost to discretionary services spend (where most of the upside surprise came from). There may also have been a bigger than usual response to End of Financial Year sales – our **Westpac-DataX Card Tracker** suggests this has been followed by a much quieter July-August with the pattern of shoppers more actively targeting sales windows something we have been seeing over most of the last two years. There may also be some other one-off factors at play – e.g. insurance-funded replacement spending and delayed activity relating to disruptions from Cyclone Alfred in March.

The full extent of these influences will only become apparent once the September quarter data rolls in. If they do prove to be large, we could well see some combination of a softer September quarter spend and downward revisions to the June quarter.

But even allowing for some likely one-off boosts, the June quarter update suggests the consumer recovery is on a firmer footing. For the first time in a while, risks to the consumer are 'two-sided' rather tilted to the downside.

"This is not a consumer boom but rather a long-awaited recovery..."

Outside of the consumer, the update was less comforting. New business investment declined in the quarter with capex intentions suggesting the softness will continue. Meanwhile public demand is showing a clearer slowdown centred on a turn in public investment which has now fallen nearly 7% over the past three quarters. While the consumer is looking better, the wider mix still points to residual risks of 'shaky handover' as growth moves from public to private demand drivers.

The implications for labour demand are more nuanced. While the balance of these forces is expected to see GDP growth continue to pick up from here, the composition of growth will become less 'job rich' as it becomes more centred on the market-sector. The 'care economy' has expanded considerably over recent years, as we have noted on previous occasions. This is a labour-intensive part of the economy, which is why employment growth has been able to remain robust and the labour market tight, even though overall economic growth has been lacklustre over the past two years.

Older, more female workforce as participation rises

We should not forget the supply side of the labour market equation either. As described in a note [released today](#) with my colleague Ryan Wells, there is also a tussle between labour demand (wherever it ends up) and the ongoing uptrend in labour supply coming from rising participation rates. The latter has been an underappreciated feature even though it is apparent in multiple countries for at least a quarter-century. This is because most people assume that as population ageing sees a higher proportion of people of retirement age this leads to a shrinking workforce relative to the adult population.

It turns out that population ageing happens because people are living longer, healthier lives and having smaller families. This means that fewer people are retiring early due to ill health and disability. It also means that many people end up working beyond conventional retirement ages in order to fund what would otherwise be a very long, expensive retirement. Meanwhile, smaller families mean people on average are spending less time out of the workforce. Labour participation of women, and of older workers of both sexes, therefore rises.

For many countries, including Australia and most other advanced economies other than the US, the net effect has been that overall participation has risen not fallen. There are probably limits to this effect, which high 'within-age-group' participation countries like Japan and New Zealand are testing. But for Australia at least, it seems very likely that overall participation rates will remain on an upward trend for a while yet. This has probably been under-appreciated because it is counter-intuitive, and because it is not a phenomenon in the US, as the note with Ryan discusses.

The net of some softening growth in labour demand but still-rising labour supply could mean that labour market slack increases more than some forecasters are expecting. How this plays out for domestic inflation pressures remains to be seen, but it is one of the reasons we think that inflation could be lower in early 2026 than the RBA currently forecasts.

Cliff Notes: a promising trend for Australia

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

In Australia, [Q2 GDP](#) confirmed the economy is starting to turn a corner, rising 0.6% to be up 1.8% over the past year. The fact that household spending was the main driver of growth, up 0.9% and 2.0%yr, was perhaps the most encouraging revelation of the detail. Although this was partly due to abnormal seasonality and sales events, corroborated by a stronger lift in discretionary services spend, this result still marks a welcome and genuine shift. The steady recovery in real discretionary incomes is playing a crucial role, supported by continued gains in wages, [moderating inflation](#), shrinking interest bills and tax relief.

Trends across the rest of the economy were little changed. Public investment continues to retreat from record highs as major infrastructure projects near completion. Though, this looks to be facilitating capacity rebalancing in the construction sector towards housing. Worryingly, businesses remain hesitant to invest in additional capacity, as evinced by the -0.4% decline in new business investment in Q2.

The external sector meanwhile provided a slight boost to economic activity in the quarter, net exports adding 0.1ppts to GDP. This support looks to have extended into Q3, July's [goods trade surplus](#) of \$7.3bn a seventeen-month high on the back of stronger exports to the US as well as softer imports. Globally, trade networks are adapting to US tariffs, but it will still be some time before the 'new normal' is fully understood. Our latest edition of ['talking about trade'](#) takes stock of the latest developments in global trade and economic activity.

Before moving offshore, a final note on housing. The latest [Cotality](#) (formerly CoreLogic) data showcased another solid gain for house prices in August, up 0.8% (3.6%yr), highlighting the positive impetus rate cuts provide. Although [dwelling approvals](#) surprised to the downside with an -8.2% decline – due to continued volatility in the 'units' category – conditions are becoming more supportive as cost pressures ease and homebuyer sentiment strengthens. Affordability constraints remain the key risk to the uptrend, as discussed in our latest [Housing Pulse](#).

Offshore, the data flow was light in the lead-up to tonight's much-anticipated US August employment report. Of the releases to date, the US Federal Reserve's latest [Beige Book](#) was most significant, providing another downbeat view of current conditions and the outlook.

"Most of the twelve Federal Reserve Districts reported little or no change in economic activity... and contacts reported flat to declining consumer spending because, for many households, wages were failing to keep up with rising prices". Contacts also "frequently cited economic

uncertainty and tariffs as negative factors". On the labour market, "eleven Districts described little or no net change in overall employment levels". Only "two Districts reported an increase in layoffs... but contacts in multiple Districts reported reducing headcounts through attrition—encouraged, at times, by return-to-office policies and facilitated, at times, by greater automation, including new AI tools". Labour supply is also constrained, holding the unemployment rate down. In September, "half of the Districts... reported a reduction in the availability of immigrant labor".

On inflation, "ten Districts characterized price growth as moderate or modest"... [but] nearly all Districts noted tariff-related price increases, with contacts from many Districts reporting that tariffs were especially impactful on the prices of inputs". "Contacts in multiple Districts also reported rising prices for insurance, utilities, and technology services". The tension the FOMC face between their inflation and employment mandates was also highlighted by [New York Fed President Williams](#) overnight, albeit with clear hope that these uncertainties would resolve themselves through 2026, allowing the FOMC to return policy slowly to a broadly neutral setting.

William's optimism for growth needs a firmer foundation to build in coming months based on the latest ISM detail. The manufacturing ISM PMI ticked up to 48.7 in August as the new orders component rose to 51.4pts – still a weak outcome versus the five-year pre-COVID average of 56.3. The employment indicator meanwhile remained contractionary. For services, while the headline index lifted to 52.0 in August, the employment index languished at a contractionary reading of 46.5. Both ISM surveys therefore point to a material risk of economy-wide headcount reduction in coming months.

The US economy looks to need greater support than the two cuts we see into year end to complete this easing cycle. But, in the absence of a marked deceleration in inflation, this is hard to justify. In our view, the six rate cuts the market now have priced to January 2027 would require the unwinding of bilateral tariffs (possible given this week the Federal Appeals Court upheld the view that Liberation Day's bilateral tariffs are illegal) or a much sharper deterioration in economic activity and the labour market, which would force the FOMC's to look past current above-target inflation.

Over in Europe, the flash estimate for August inflation printed at 2.1%, the sixth consecutive actual read within 0.2ppts of the ECB's 2.0% target, while the unemployment rate remained at historic lows in July, printing at 6.2%. On the surface, the latter result is indicative of a tight labour market; however, there is cause to believe current conditions are instead best

considered balanced. Prior to the pandemic, from 2013 the unemployment rate trended lower in part due to the effect on total participation of population ageing, an evolving global phenomenon expanded on this week by [Chief Economist Luci Ellis and Economist Ryan Wells](#). A preference for lower hours and an increase in participation amongst women and seniors have also boosted the level of employment in Europe. As a result, there is little reason to fear inflation spurred by the labour market. The ECB is therefore likely to take the policy rate to the lower end of the neutral range and then go on hold for an extended period, allowing GDP growth to firm slowly to trend through 2026.

Reforms that a new RBNZ Governor might consider



Darren Gibbs
Senior Economist NZ

It appears that the appointment process for a new permanent Governor of the RBNZ is well advanced and an announcement might arrive within the next few weeks. With this in mind, this week we thought it was timely to issue a report canvassing some of the [reform opportunities that the incoming Governor may wish to consider](#) advancing with the Minister of Finance, to increase the transparency and accountability of monetary policy implementation. We also mooted a potential change to the inflation target itself.

Boosting transparency and accountability

We think there are several reforms that could boost the transparency and accountability of monetary policy implementation.

Introducing regular votes at the MPC: Currently, the RBNZ MPC has held formal votes only on three occasions: May 2023, May 2025 and August 2025. On other occasions, the meeting's Statement of Record has indicated that various options were debated, but a desire to forge and present consensus meant that no formal votes were held. This lack of regular, publicised voting means market participants and the public are often left to infer the preferences and convictions of committee members from sometimes ambiguous meeting summaries. The US Fed, the Bank of England (BoE), the Bank of Japan (BoJ), and Sweden's Riksbank all conduct formal votes – with attribution – at their policy-setting meetings. Norway's Norges Bank also holds votes, though it sometimes withholds disclosure of individual votes. The Bank of Canada, the Reserve Bank of Australia (RBA), and the European Central Bank (ECB) usually do not hold votes, although the RBA did conduct a formal vote at their May 2025 Statement of Monetary Policy meeting. We think regular, publicised votes at every Official Cash Rate (OCR) review would significantly enhance the transparency of the RBNZ's decision-making.

Publicising MPC members' voting choices: While the Governor has noted, as in the August 2025 Monetary Policy Statement press conference, that members are free to "out themselves" if they wish to make their voting choice known, no member has ever chosen to do so. So, a logical extension to regular voting is the public disclosure of which options individual MPC members voted for (the current MPC Charter requires such votes to be unattributed). Currently, the anonymity of committee members' votes may be intended to foster frank debate and shield members from external pressure. However, international experience suggests that publicising individual votes can strengthen institutional

credibility and foster more robust policy debate. The Fed and BoE, for instance, have successfully balanced transparency with the protection of individual reputations, and their example underscores the value of openness. By making individual votes public, the RBNZ would give New Zealanders a clearer picture of how monetary policy decisions are reached, who holds minority viewpoints, and how the balance of opinion may shift over time. This would also allow policymakers to be held to account for their decisions and rationales, ultimately strengthening the credibility of the institution.

Enhancing information on the range of Committee views:

Another area ripe for reform is the communication of the diversity of views among MPC members regarding the balance of risks around the RBNZ's forecasts. The MPC process already collects views from members on the extent of risk – both upside and downside – perceived ahead of final discussions and again after the decision is made. But we think the RBNZ could usefully go further. For example, the material published quarterly by the Fed, including histograms capturing meeting participants' sense of the balance of risk around key forecast variables, provides valuable information not conveyed in the baseline forecast. Publishing some of this information would be valuable. It would enable markets and the public to identify the most salient areas of perceived risk around the forecasts, enhancing their ability to anticipate changes in the MPC's thinking and reducing the likelihood of unexpected policy shifts. Changes to the MPC Charter may be required to facilitate these kinds of disclosures.

Press conferences to follow every MPC meeting: At present, the RBNZ only holds press conferences when a Monetary Policy Statement (MPS) is produced. This is out of step with many central banks, including the Fed, the ECB, the BoJ and the RBA, which hold press conferences following every policy decision. Additional press conferences at the inter-MPS meetings would add to the transparency of monetary policy, providing interested observers with additional information about the factors driving the Bank's decisions and additional opportunities for the media to hold the RBNZ to account on behalf of the New Zealand public.

Increasing opportunities for MPC member speeches:

Currently, there is limited visibility regarding the views of external (non-RBNZ) MPC members on the economic outlook and the priorities for monetary policy. To further boost transparency, there is significant value in hearing more regularly from these members, as their perspectives

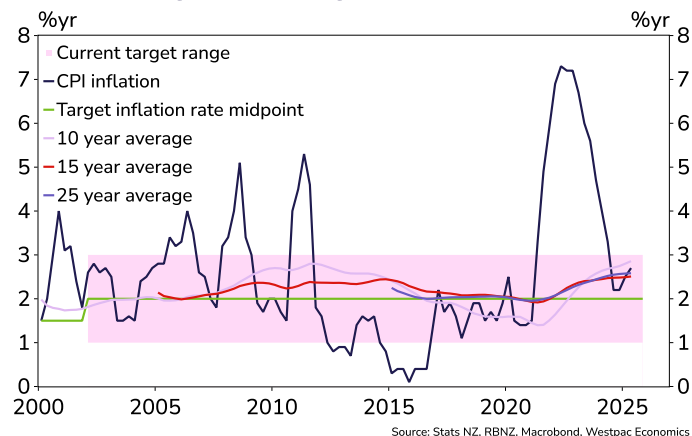
can illuminate the range of thinking within the MPC and highlight key issues for markets and the public. Encouraging more frequent speeches by MPC members would enhance transparency and allow for a broader exchange of ideas. Of course, there may be practical considerations: some members might require additional analytical support or paid hours to prepare speeches, particularly if their other professional obligations are significant.

Expanding the number of OCR reviews: The scheduling of OCR reviews is an active issue, with the MoF having signalled a desire to shorten the lengthy gap between the current November and February meetings. Expanding the number of OCR reviews in the annual schedule would reduce this gap and allow for a more consistent flow of information and decision-making. Ideally, the MPS's would revert to the March, June, September, and December cadence, with Monetary Policy Reviews fitted in between these meetings. The RBNZ has already announced OCR review dates up to mid-2026, so any changes to the schedule could be implemented relatively quickly and communicated well in advance.

Revisiting the policy target.

A more contentious question the incoming Governor could consider is whether to revisit the RBNZ's inflation target. Over the past two decades, the RBNZ has struggled to consistently achieve its target. Inflation has averaged around 2.6% over the last 25 years – although CPI inflation has been above and below 2% around 50% of the time.

Inflation target vs average inflation



This historical record suggests that the 2% midpoint target has been challenging to meet – mainly because inflation has tended to rise further above the 2% mid-point compared to periods when it has been lower than 2%. Public expectations of inflation tend to be above the target, and often higher than measured inflation itself. While New Zealand's target falls within the norms of advanced economies, it is worth noting that Australia's target is specified around a midpoint of 2.5%. Aligning the target with historical outcomes and regional norms could be sensible.

A 2.5% inflation target (perhaps expressed as a 2-3% range, to align with the RBA's target) might better match New Zealand's historical capacity to deliver price stability and bring expectations closer to reality. Now that inflation is within the 1-3% target range, a change would be easier to justify and implement. Such an adjustment would require changes to the MPC's Remit and as such require endorsement by the MoF. Raising the mid-point of the inflation target would need to be matched with increased focus on the MPC to ensure the future average inflation rate doesn't drift higher with the target midpoint.

This week's key data: revisions suggest imports overstated

This week's limited data flow has mostly been second tier. Dwelling consents rebounded in July and so remain in an 18-month long sideways trend. The volume of building construction activity fell 1.8%q/q in Q2, only slightly weaker than we were expecting, led by a decline in residential building following a surprising increase in Q1. News from the housing market suggested that buyers retain the upper hand, with Cotality reporting a further modest decline in house prices in August (to a two-year low). International trade data confirmed a solid lift in the terms of trade in Q2, but also a 4%q/q decline in export volumes following a similar-sized increase in Q1. The latest GDT dairy auction resulted in a 4% decline in overall prices and about a 5% decline in the key milk powder products. We have been anticipating some further decline in prices from the highs seen around the turn of the year and so the latest outcome remains consistent with our forecast payout to farmers for this season.

Finally, and perhaps of greatest interest, was the revision to historical import data that came with this week's trade release. [As we noted in our report](#), Stats NZ has concluded that it has significantly overstated the value of low value imports (parcels worth less than \$1000, excluding GST) entering the country. This is especially so since the arrival of Temu, which has led to a decline in average parcel values. On its own, this implies an impending 0.5%ppt downward revision to the annual current account deficit (currently 5.7% of GDP), although annual benchmark revisions to estimates of investment income will also be incorporated when June quarter data are released on 17 September. There are no implications for the level of GDP, but the June quarter national accounts – released 18 September – will see a matching downward revision to the level of consumption spending. At the margin, this may play into the recent RBNZ narrative regarding the weak state of household sector demand.

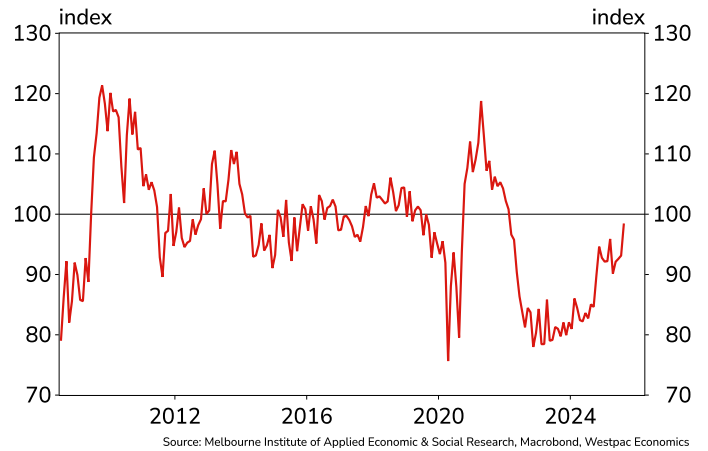
AUS: Sep Westpac-MI Consumer Sentiment (index)

Sep 9, Last: 98.5

Consumer sentiment posted a solid 5.7% gain in August, a clear positive response to the RBA's third interest rate cut. At 98.5, the monthly Index read was just 1.5% off an outright positive result.

The September update may finally bring an end to the long run of pessimism (it has been 42 months since Australian consumers last registered a net positive sentiment read). Assessments of the economy should have been bolstered by the stronger than expected June quarter national account update. While often a double-edged sword for sentiment, signs of strengthening dwelling price growth may also be taken as positive evidence that interest rate cuts are working to lift activity.

Consumer Sentiment Index

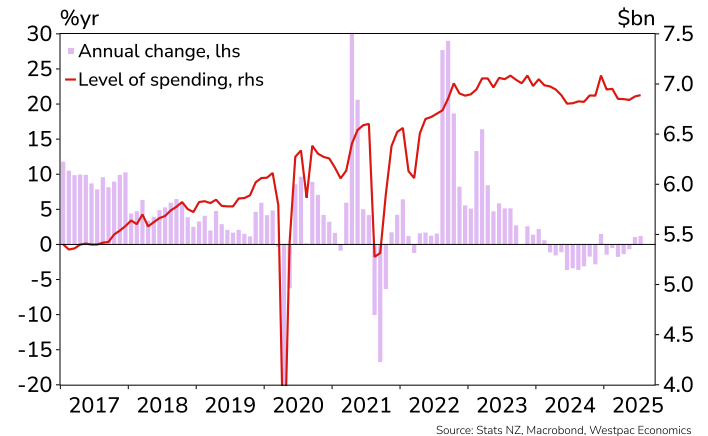


NZ: Aug Retail Card Spending (%mth)

Sep 12, last: 0.2, Westpac f/c: 0.3

Retail spending rose 0.2% in July, mainly due to increased spending on groceries. However, rather than reflecting an increase in demand, much of that rise likely reflects the large price increases in recent months. Looking at discretionary categories (like furnishings and hospitality), spending levels have essentially been flat for the past four months. We're forecasting a 0.3% rise in retail spending in August, with continued increases in food prices again a key factor underpinning the increase in spending. However, with rising costs for essentials, spending in discretionary areas is expected to remain modest.

NZ retail card spending



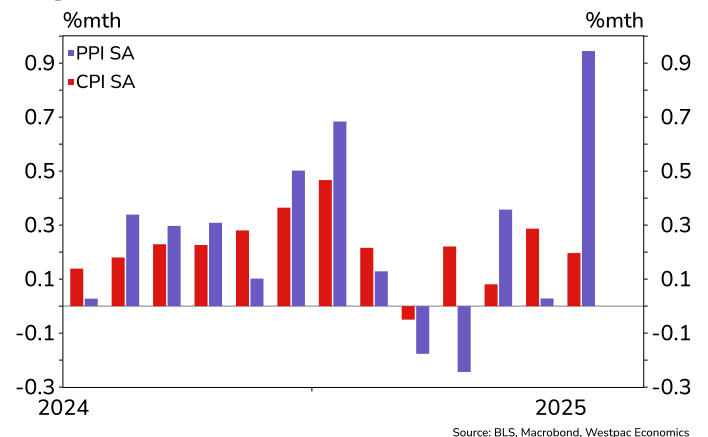
US: Aug CPI report (%mth)

Sep 11, headline, Last: 0.2, Westpac f/c: 0.3, Mkt f/c: 0.3

The July CPI report provided clear evidence of tariff passthrough, six-month annualised core goods inflation having accelerated from 0% to over 1.0% from December 2024 to July 2025. Guidance from US businesses, most notably in recent editions of the Federal Reserve's Beige Book, has also shown that this is just the start, with firms actively delaying and/or attempting to offset tariff passthrough. The US' effective tariff rate doubling in August will have brought greater awareness of the challenge firms face.

We expect the August CPI print to be much like July's, with headline and core prices likely to rise 0.3%. There is some upside risk in this update and the months into year end. This is due to both the tariffs and the capacity constraints the US economy faces. We see the annual core rate holding around 3.0%yr into 2026.

US price risks clear



What to watch

For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 08						
Jpn	Q2 GDP	%qtr	0.3	0.3	–	Final estimate, likely to confirm the preliminary reading.
	Jul Current Account Balance	¥bn	2398	2556	–	Volatile series, expected to go back up.
Chn	Aug Trade Balance	US\$bn	98.2	97.5	–	Non-US markets supporting exports.
Eur	Sep Sentix Investor Confidence	index	–3.7	–	–	The latest political and geopolitical developments in focus.
Ger	Jul Industrial Production	%mth	–1.9	–	–	Dropped to the post-pandemic low in June.
US	Jul Consumer Credit	\$bn	7.4	10.0	–	Fluctuating around a broadly stable trend.
Tue 09						
Aus	Sep Westpac–MI Consumer Sentiment	index	98.5	–	–	May finally bring to an end 42 months of pessimism.
	Aug NAB Business Conditions	index	5	–	–	Bucked the trend moving higher in the last couple months.
NZ	Q2 Business Financial Data	\$bn	–	–	–	Final inputs for Q2 GDP.
US	Aug NFIB Small Business Optimism	index	100.3	–	–	Mood has improved notable since the Liberation Day shock.
Wed 10						
NZ	Jul Net Migration	no.	1670	–	–	Holding at low but positive levels.
Chn	Aug PPI	%ann	–3.6	–2.9	–	Strong deflationary pressures relating to overcapacity...
	Aug CPI	%ann	0.0	–0.3	–	...keeping consumer prices broadly flat.
US	Aug PPI	%mth	0.9	0.3	–	Will be watched closely after a sharp increase in July.
Thu 11						
Aus	Sep MI Consumer Inflation Expectations	%	3.9	–	–	Continues to unwind.
Eur	ECB Policy Decision - Deposit Rate	%	2.0	2.0	–	No change expected, inflation broadly in line with the target.
US	Aug CPI	%mth	0.2	0.3	0.3	Core prices likely to rise 0.3% too, upside risks remain.
	Wkly Initial Jobless Claims	000s	237	–	–	Consistent with broadly stable labour market conditions.
Fri 12						
Aus	RBA Speak	–	–	–	–	RBA's Jones in a panel discussion at The Regulators conf.
NZ	Aug Manufacturing PMI	index	52.8	–	–	Has improved this year though still choppy.
	Aug Retail Card Spending	%mth	0.2	–	0.3	Growth in discretionary spending remains modest.
	Aug MBIE Online Job Ads	%mth	2.6	–	–	Modestly above the cycle low point in recent months.
UK	Jul Monthly GDP	%mth	0.4	–	–	Unlikely to maintain the growth pace seen in the prior month.
	Jul Trade Balance	£bn	–5015	–	–	Has been quite stable lately.
US	Sep Uni. of Michigan Sentiment survey	index	58.2	59.3	–	At very low levels historically.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (5 Sep)	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	3.58	3.55	3.30	3.05	2.95	2.95	2.95	2.95	2.95
3 Year Swap	3.40	3.35	3.45	3.60	3.70	3.80	3.85	3.90	3.95
3 Year Bond	3.48	3.40	3.50	3.65	3.75	3.85	3.90	3.95	3.95
10 Year Bond	4.35	4.25	4.30	4.35	4.45	4.55	4.60	4.65	4.70
10 Year Spread to US (bps)	19	-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	4.16	4.35	4.40	4.50	4.60	4.70	4.75	4.80	4.85
New Zealand									
Cash	3.00	3.00	2.50	2.50	2.50	2.50	2.75	3.00	3.25
90 Day Bill	3.02	2.80	2.60	2.60	2.60	2.70	2.95	3.20	3.45
2 Year Swap	2.91	2.90	3.00	3.20	3.35	3.55	3.70	3.80	3.95
10 Year Bond	4.41	4.40	4.50	4.60	4.70	4.80	4.85	4.90	4.95
10 Year Spread to US (bps)	25	5	10	10	10	10	10	10	10

Exchange rate forecasts

	Latest (5 Sep)	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
AUD/USD	0.6528	0.66	0.68	0.69	0.70	0.71	0.71	0.72	0.72
NZD/USD	0.5860	0.60	0.61	0.61	0.62	0.62	0.62	0.63	0.63
USD/JPY	148.18	146	144	142	140	138	136	134	133
EUR/USD	1.1669	1.17	1.18	1.19	1.19	1.20	1.20	1.21	1.21
GBP/USD	1.3453	1.35	1.36	1.36	1.37	1.37	1.37	1.37	1.38
USD/CNY	7.1358	7.15	7.10	7.05	7.00	6.95	6.90	6.80	6.70
AUD/NZD	1.1139	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	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2024	2025f	2026f	2027f
GDP %qtr	0.3	0.6	0.5	0.6	0.6	0.6	0.6	0.6	-	-	-	-
%yr end	1.4	1.8	1.9	1.9	2.2	2.2	2.4	2.4	1.3	1.9	2.4	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	1.1	0.2	0.6	0.8	0.6	0.5	-	-	-	-
%yr end	2.4	2.1	2.9	2.9	2.6	2.8	2.3	2.6	2.4	2.9	2.6	2.5
CPI Trimmed Mean %qtr	0.7	0.6	0.7	0.4	0.6	0.5	0.5	0.7	-	-	-	-
%yr end	2.9	2.7	2.5	2.4	2.3	2.2	2.1	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

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.



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