



Week beginning 13 October 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: They'll go with the (data) flow.

The Week That Was: Risks to the downside.

Focus on New Zealand: Breaking the spell.

For the week ahead:

Australia: RBA minutes, Bullock and Kent speeches, labour market data, business sentiment survey.

New Zealand: REINZ house prices and sales, retail card spending, selected price indices.

Japan: Industrial production, core machine orders.

Euro Area: Industrial production, trade balance, ZEW survey, and final HICP for September.

United Kingdom: Labour market data, monthly GDP.

United States: Fed Speakers, CPI, PPI, retail sales, housing activity (official data releases may be delayed).

Information contained in this report current as at 10 October 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.

They'll go with the (data) flow



Luci Ellis
Chief Economist, Westpac Group

- **There is still enough data to come before the next RBA meeting to justify a November cut, even though currently available information would suggest a hold is more likely.**
- **Some recent data on inflation and household spending may contain less signal about the outlook for subsequent quarters than the RBA's September communication seems to imply. A hold in November could be followed by a downside inflation surprise in the December quarter and a cash rate cut in February, similar to the flow of surprises in late 2023 and early 2024.**
- **If the RBA does hold the cash rate steady at the November meeting, the chance increases that it cuts in February and ends up at a trough of 2.85% rather than something higher.**

It's almost certain that RBA has not yet decided whether or not to cut the cash rate at its November meeting. If the meeting were held today, they would keep rates on hold, awaiting further data. Several potentially decisive data releases are due before the actual meeting, though, including the September labour data and the full quarterly CPI. Until then, we need to hold two possible futures in mind: hold or cut.

The August CPI indicator did imply an ugly result for the September quarter. Our own nowcast for the trimmed mean measure is a 'big' 0.8%qtr that could easily round up to a 0.9%, a result that would surely stay the RBA's hand. Looking at the detail, though, outside home-building costs it is not clear that the August data provided much signal of an ongoing higher rate of inflation than expected. As we noted at the time, the result in market services was mixed, with some personal services inflation below our forecasts while the cost of eating out was stronger. The latter suggests that, following a period of retrenchment in hospitality (evident in the labour account employment data), improving conditions have allowed for some margin repair. Some of the price gains may also indirectly relate to recent annual award wage increase; though this is a normal seasonal effect, its size will depend on how margins react. Neither of these influences on price growth are likely to be sustained if demand remains patchy.

We therefore think the economy could be in for something like a re-run of late 2023, when an upside surprise in September quarter inflation was followed by a downside surprise (to something more like our own near-cast) in the December quarter. The result was a hike in late 2023 followed by an 'on-the-fly' pivot following the February 2024 meeting – from flagging possible further hikes in the post-meeting statement

to 'not ruling anything in or out' in the media conference. That message landed a lot better, and sure enough, the next move was, eventually, a cut.

We are also mindful of the two-sided risks around both the labour market and household spending data. We will know more about the labour market shortly when the September monthly labour force data is released next week, completing the picture for the quarter. So far, we see a gradual softening in employment growth as demand pivots away from the jobs-rich 'care economy'. The unemployment and underemployment consequences of this are being masked by an unwind in the extra labour supply induced by earlier cost-of-living pressures. With demographic drivers still implying an upward trend in labour force participation, we see more latent labour market slack emerging over time and weighing on wages growth and inflation. There is precedent for this outcome in Australia's experience in the late 2010s.

On household spending, the August Household Spending Indicator, released after the September RBA Monetary Policy Board (MPB) meeting, was notably below market expectations. This accords with our assessment that the expected recovery in consumer spending has been patchy and that the strength in national accounts consumption in Q2 partly reflected some one-off factors such as insurance payouts and the unwinding of some electricity rebates. Though we see two-sided risks around the consumption outlook, the more downbeat tone from consumer sentiment in recent months certainly suggests that underlying momentum is still subdued. Given how weak real household incomes have been for a number of years, this ongoing pessimistic tone does not surprise us.

" The RBA has almost certainly not yet decided whether or not to cut the cash rate in November. "

Recall also that a recovery in household spending is necessary to counterbalance the slowdown in public sector demand growth that is already underway. Faster growth in household spending should only stay the MPB's hand from further rate cuts if the pick-up is stronger than implied by the RBA's August forecasts. These were constructed on an assumption of a couple more cash rate cuts, as the market was pricing at the time. Far too many observers are in the habit of seeing any pick-up in demand or housing prices as something for policy

to react against, rather than as the expected and intended transmission of monetary policy. The Governor's comments at the latest media conference show that the RBA, at least, does understand the difference.

The rates outlook boils down to the issue of how much signal to take from an upside surprise in one quarter in terms of what that means for subsequent quarters. RBA Governor Bullock has on several occasions insisted that 'we will be guided by our forecasts'. However, that statement sits a bit uncomfortably with the flat profile for the RBA's trimmed mean inflation forecasts and the unemployment rate. These give the impression of a set of forecasts being used as a communication device to explain and frame a policy decision rather than an independent input into that decision. This is understandable and perhaps inevitable given the judgement involved in synthesising the output of many different models and information sources. However, it does hold the risk that the policy view helps shape the forecast rather than the other way around.

What's left in these circumstances is reactivity to incoming data – that is, to the recent past. As well as making policy less predictable – contrary to the MPB's stated intentions – it is not a great way to run an economy policy setting that affects the economy with a lag, especially when inflation has been within the target range for a little while now at the same time as policy is likely still restrictive.

Bottom line: the odds that the RBA cuts in November are, at this point, below 50% but still a long way from zero. The data flow could change things again. Frankly, the prospect of flip-flopping a 'call' as the month goes on is unattractive, especially when it is quite obvious that the policymakers have not made up their mind yet. We must hold the two possibilities in mind at least until the labour market data come in. (A good-enough labour market result would make it unlikely that the RBA would cut, even if the September quarter CPI comes in a little more benign than we currently expect.)

The RBA communications schedule has half a dozen speeches between now and the November meeting that will be opportunities for it to provide guidance on some of its key forecast judgements, though they all pre-date the release of the September quarter CPI. If the RBA does hold in November, though, our conviction that they end up cutting in February rises, as does our expectation that the trough will be 2.85% rather than something higher. The more the MPB hesitates in the face of uncertainty, the more likely it is that domestic inflation pressures surprise it on the downside next year, and trimmed mean inflation turns out more like the Westpac Economics forecast than the August RBA one.

Cliff Notes: risks to the downside

Ryan Wells, Economist

Illiana Jain, Economist

Sian Fenner, Head of Business and Industry Economics

In Australia, the only update of note this week was October's [Westpac-MI Consumer Sentiment Survey](#), which ultimately disappointed with a -3.5% decline to 92.1. Combined with last month's fall, all gains over May to August have been erased and sentiment is now back into outright pessimistic territory. The most recent fall appears to be largely a consequence of renewed fears over the cost-of-living following the latest stronger-than-expected inflation update.

This looks to have fed through to households' opinions on family finances. Both sub-indexes tracking current views and expectations deteriorating sharply back below long-run averages (-4.8% and -9.9% respectively). This coincided with the lift in expectations around mortgage interest rates. That said, while some consumers appeared to be 'bracing for the worst' as far as last week's RBA's decision was concerned, the Board's non-committal and cautious language accompanying the decision went some way towards calming these fears. On the economy, consumers have become more downbeat on the year-ahead outlook (-2.5%) but remain fairly agnostic on the medium-to-longer term outlook (+1.4%).

Against this backdrop, consumers' spending intentions remain a clear laggard in the survey detail. At 97.2, the 'time to buy a major household item' sub-index is some 21% below long-run average levels. This strikes a similar tone to official household spending data which is pointing to a more modest recovery following a solid showing in Q2 (which was buoyed by temporary factors including insurance payouts, abnormal seasonality, and EOFY sales). Going forward while a recovery is clearly underway, households' 'value-conscious' attitude suggests that underlying momentum is still subdued. As a result, spending growth may remain patchy over the coming months and quarters.

"The RBA has almost certainly not yet decided whether or not to cut the cash rate in November".

This implies that the projected recovery in household spending is unlikely to be a decisive factor in the RBA's near-term policy decision. Instead, as [Chief Economist Luci Ellis](#) highlights in this week's essay, attention will be focused on upcoming labour market and inflation data ahead of the RBA's November decision – the RBA has almost certainly not yet decided whether or not to cut the cash rate in November with these updates set to be the big deciding factor.

Offshore, the US government failed to reach an agreement on spending extending the shutdown and continuing to disrupt the release of official data. Consequently, attention was focused on the minutes of the FOMC's September meeting.

The minutes struck a balanced tone with members highlighting both upside risks to inflation and growing downside risks to employment. The decision to cut rates by 25bps was motivated by weaker labour market conditions which also led them to "no longer characterize labor market conditions as solid". Though downside risks were emphasised, the FOMC also affirmed they did not see a sharp deterioration in labour market conditions and that softer job gains were a function of both labour demand and supply, the latter reflecting the impact of fewer migrants. The view on inflation was more encouraging with the minutes noting that "excluding the effects of this year's tariff increases, inflation would be close to target" and that they "perceived less upside risk to their outlooks for inflation than earlier in the year". While concerns around inflation had subsided, the committee continues to expect an increase in inflation in the near-term and are attuned to how this is being transmitted into inflation expectations. We anticipate the FOMC will cut the federal funds rate once more this year, consistent with their view that "it likely would be appropriate to ease policy further over the remainder of this year".

Closer to home, the Reserve Bank of New Zealand cut its OCR by 50bps, a move that was out of consensus with the market but anticipated by our New Zealand colleagues. The Committee's concern around excess capacity motivated the larger move though a 25bp cut was also considered. Forward guidance provided in the Media Release suggests further reductions are likely, we expect a 25bp cut in November. Further details on RBNZ's announcement can be found [here](#).

Breaking the spell



Michael Gordon
Senior Economist, NZ

The Reserve Bank delivered the 50bps OCR cut that we were expecting this week. Some Monetary Policy Committee members had previously argued for a larger move, as a ‘circuit breaker’ to the pervasive gloom among households and businesses. And after the weak June quarter GDP results and this week’s soft business sentiment survey, it’s understandable that those members proved to be persuasive this time around. We continue to expect another cut of 25bp at the November review; further cuts into next year remain a possibility but are not our base case.

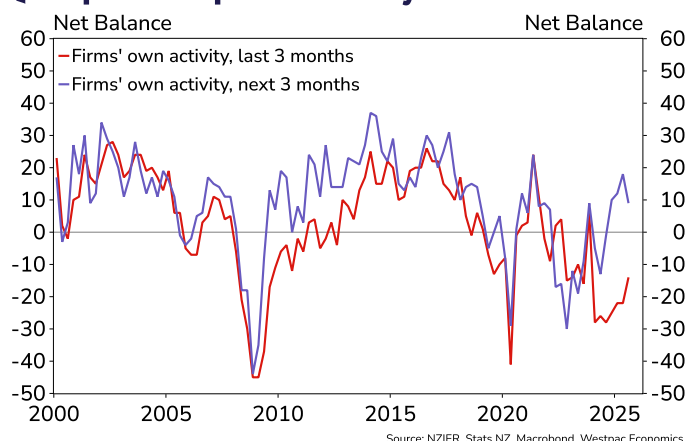
The seeds for this week’s decision were sown in the August Monetary Policy Statement, which we perceived as a dovish shift from the RBNZ. There was a strong sense that the RBNZ was losing patience with the lack of momentum in some parts of the economy, despite a year of falling interest rates, and had little tolerance for a further increase in the economy’s spare capacity.

The August decision was taken to a vote, with two of the six committee members voting for a larger 50bp cut. The reasoning given by those seeking a 50bps cut was that global policy uncertainty seemed to be having a persistent and self-reinforcing impact on consumption and investment, and that a larger OCR cut might help to break that dynamic (presumably in a way that two consecutive 25bp cuts would not).

The case of those arguing for a ‘circuit breaker’ would no doubt have been bolstered by the GDP figures that were released the following month. GDP fell by 0.9% in the June quarter, a stark turnaround from a 0.9% rise in the March quarter. The RBNZ had been early in identifying that the June result would likely be negative, largely due to a seasonal distortion in the data. But even after accounting for this, the results were much weaker than the RBNZ or anyone in the market had expected. We immediately shifted our October OCR forecast from a 25bp to a 50bp cut after the GDP release.

This week’s NZIER Survey of Business Opinion suggested that the economic recovery remained sluggish into the September quarter. (While the survey was published only a day before the OCR decision, the RBNZ would’ve had sufficient time to go through the detail.) A net 14% of firms saw weaker performance over the last three months – an improvement compared to the net 22% in the previous quarter, but still very soft compared to history. Expectations for the three months ahead were a net 9% positive, but were down from 18% in the previous survey and were the lowest reading in a year.

QSOB past vs expected activity

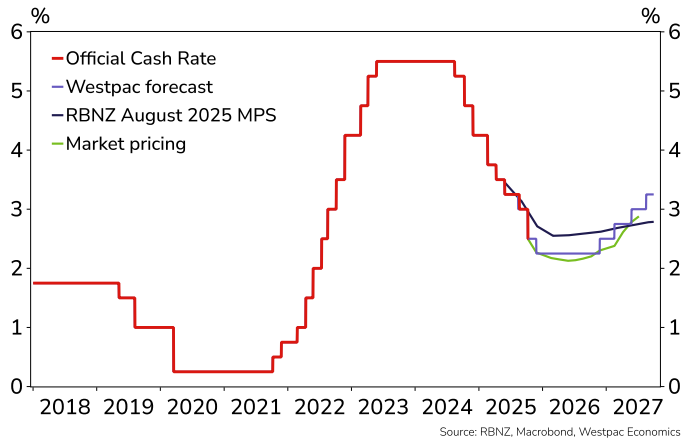


With these soft economic indicators in hand, the Monetary Policy Committee’s decision this week was reached by consensus, with no vote required. That said, it doesn’t appear to have been a clear-cut decision; the record of the meeting suggests that there was serious debate between a 25bp and a 50bp move. But ultimately the arguments for a ‘circuit breaker’ move proved to be persuasive enough to the entire committee.

Market opinion was split ahead of the decision. Interest rate markets were pricing less than a 50% chance of a 50bp easing, and the median economist forecast was for a 25bp move (although among the domestic banks there was a slight majority for 50bp). With the larger move on the day, and the RBNZ’s forward guidance also leaning dovish, we’ve since seen a sizeable drop in short-term interest rates and in the New Zealand dollar. At the time of writing the NZD/AUD exchange rate has fallen to around 0.8760 – continuing the sub-0.90 move that we had been forecasting for quite some time.

Given our expectations for the data flow over the coming weeks, a further 25bp reduction in the OCR seems more likely than not at the 26 November meeting. The RBNZ noted that it “remains open to further reductions [plural] as required for inflation to settle sustainably near the 2 percent target mid-point”. So we wouldn’t rule out further easings into next year, but this will be data-dependent and there is a significant amount of water to go under the bridge even between the November review and the next one in February.

RBNZ Official Cash Rate



Interest rate passthrough

Stats NZ's June quarter update on household incomes and savings shed some further light on the transmission of the RBNZ's interest rate reductions. Since August 2024, the RBNZ has cut the OCR by 300bp. However, as we've often highlighted, the passthrough of interest rate reductions is subject to long and variable lags.

That's in large part because of the structure of New Zealand's mortgage market – about 90% of lending is fixed for a chosen period. And in the current cycle, the passthrough of rate cuts was further delayed as earlier this year many borrowers were opting to roll on to relatively more expensive floating or short-term rates while they waited for further fixed-rate cuts. This is a key reason why, despite large reductions in the OCR over the past year, we haven't seen much of a response in terms of economic conditions.

However, Stats NZ's latest update shows that interest rate reductions are now flowing through to households' back pockets, as increasing numbers of borrowers are rolling on to significantly lower mortgage rates. To put the fall in interest costs in context, over the past year the one-year mortgage rate has fallen by around 150bps, while the two-year rate is around 240bps lower than in 2023. That saw household spending on interest costs fall for a second quarter in a row.

Importantly, the passthrough of the RBNZ's OCR reduction still has some way to go, with around 40% of all mortgages coming up for repricing again in the next six months. As these loans reset at lower rates, we expect to see the OCR cuts over the past year having a bigger impact on economic conditions through the final months of this year and the early part of 2026.

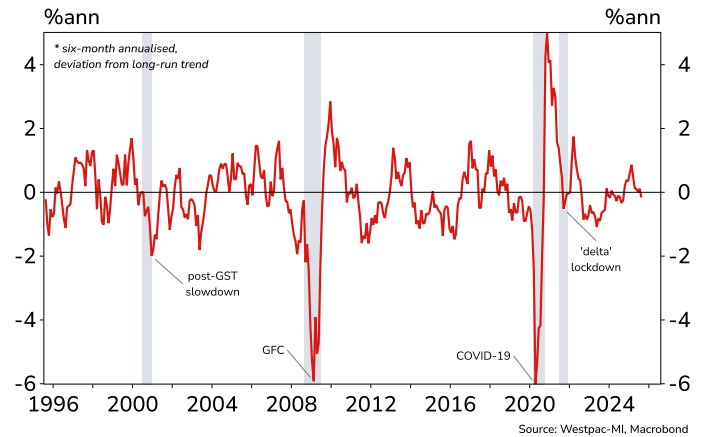
AUS: Sep Westpac-MI Leading Index

Oct 15, Last: **-0.16%**

The Leading Index growth rate dropped back into slight negative in Aug from slight positive in Jul. The measure implies a loss of momentum with Aug marking the first negative, below-trend read since Sep last year. While the weakness is not overly concerning there has been a clear shift from the above-trend momentum evident earlier in the year.

The Sep read look likely to be on the soft side again. It will include another set of weak updates for the ASX200 (down -1.4%); the Westpac-MI Consumer Expectations Index (down -4%); dwelling approvals (down -6%); and total hours worked (down -0.4%). Other components have been more subdued than weak.

Westpac-MI Leading Index



AUS: Sep Labour Force – Employment Change (000s)

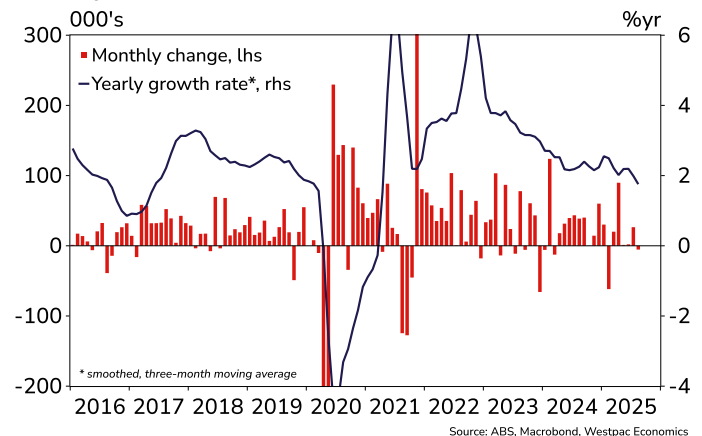
Oct 16, Last: **-5.4**, Westpac f/c: **15**
Market f/c: **20**, Range: **10 to 35**

Employment surprised to the downside in August, the -5.4k decline driving the three-month average annual growth pace down to 1.8%yr from 2.5%yr in February.

This re-emergence of a gradual softening trend is occurring amid a rebalancing of jobs growth between industries. The 'care economy' was responsible for around 80% of jobs growth over 2023 and 2024, but it's contribution has since halved. Meanwhile, the market sector is slowly improving, though this is largely due to earlier weakness around hospitality fading.

For October, we have pencilled in a lift in employment of +15k, which would see the employment-to-population ratio hold broadly steady around the 64% mark.

Employment growth is slowing down



AUS: Sep Labour Force – Unemployment Rate (%)

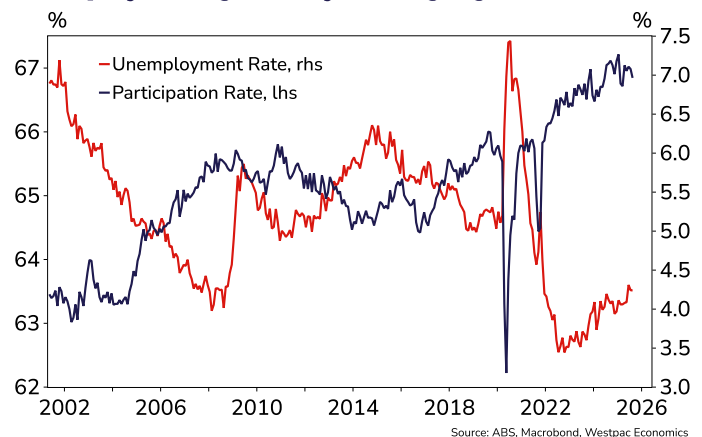
Oct 16, Last: **4.2**, Westpac f/c: **4.3**
Market f/c: **4.3**, Range: **4.2 to 4.4**

In August, the participation rate fell from 67.0% to 66.8%, enabling the unemployment rate to hold steady at 4.2% (4.24% at two decimal places).

We had been expecting a cyclical downswing in participation for some time – with easing cost-of-living pressures and cooling labour demand meaning fewer individuals would be active in the labour market. This cyclical easing in participation is likely to be modest in scale, with [structural demographic factors](#) set to support higher participation in the longer-term.

Participation is expected to hold steady at 66.8% in August, which together with our employment forecast, would result in the unemployment rate rounding up to 4.3%.

Unemployment gradually moving higher

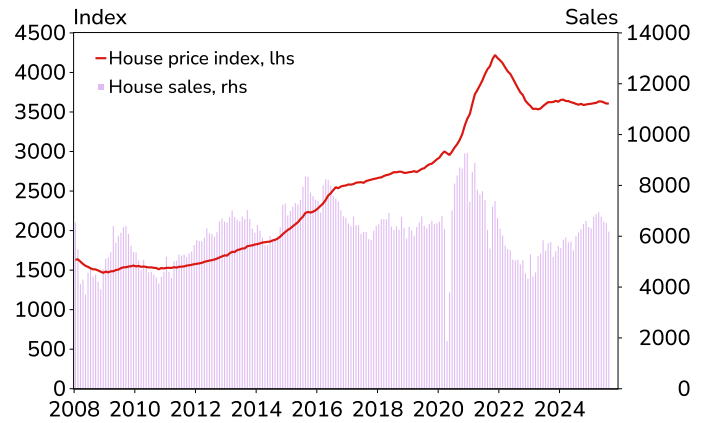


NZ: Sep REINZ House Prices and Sales (%ann)

Oct 14, Prices, Last: +0.4 Sales, Last: -3.7

The New Zealand housing market remained fairly static in August. Prices were flat for the month, and sales continued to ease off their earlier highs. While lower mortgage rates have helped to spur higher levels of activity this year, demand is being matched by an ample supply of homes hitting the market. As a result, there has been little upward pressure on sale prices. Performance has varied across the country however, with the more dairying-intensive regions tending to fare best, while the main centres of Auckland and Wellington have softened.

REINZ house sales and prices



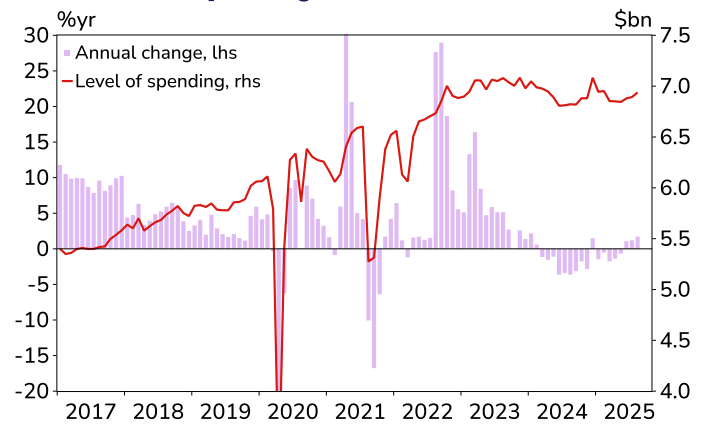
Source: REINZ, Macrobond, Westpac Economics

NZ: Sep Retail Card Spending (%mth)

Oct 14, Last: +0.7, Westpac f/c: +0.3

Retail spending was stronger than expected in August, with sales up 0.7%. That was the third gain in a row and included increases in all the core categories. We're forecasting another 0.3% rise in spending in September. Some of that is related to increases in fuel prices, which will siphon funds away from other areas. Even so, we still expect a modest rise in core (ex-fuel) spending, including further modest gains in discretionary areas. Falls in borrowing costs are now passing through to households' back pockets, and that should support spending over the months ahead.

NZ retail card spending



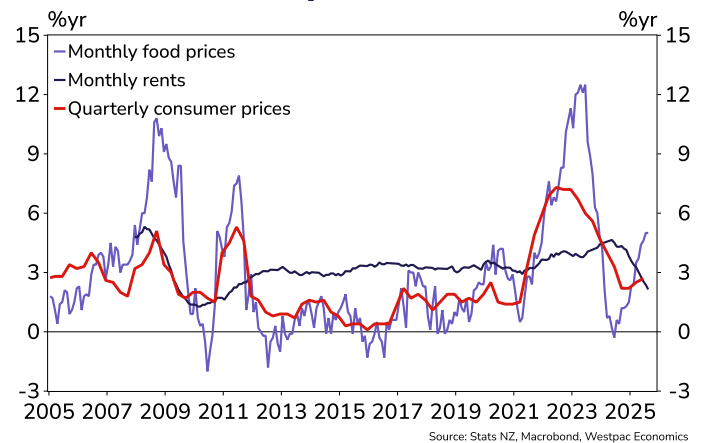
Source: Stats NZ, Macrobond, Westpac Economics

NZ: Sep Selected Price Indices

Oct 16

This will be the last monthly price update before the full CPI is released on 20 October. In terms of specifics, we expect to see a 0.1% rise in food prices over the month, with falls in fresh produce prices balanced against higher grocery prices. We also expect another weak 0.1% rise in housing rents with several regions (most notably Wellington) seeing some falls in rents against a backdrop of ample supply. We'll also be watching for further large increases in household energy prices and a rebound in travel costs after last month's sharp falls. Overall, we expect the September report to confirm our forecast that annual inflation is pushing back up to 3% (or just slightly above). That would be in line with the RBNZ's forecast. Much of that rise is in non-core categories and is likely to be temporary.

NZ selected consumer prices



Source: Stats NZ, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 13							
NZ	Sep	BusinessNZ PSI	index	47.5	–	–	Yet to see an improvement in this measure this year.
	Aug	Net Migration	no.	2060	–	–	Stabilised at low positive levels.
Tue 14							
Aus	Sep	NAB Business Conditions	index	7	–	–	Conditions sitting around the long-term average.
		RBA Minutes	–	–	–	–	To provide additional insights into the Board's deliberations.
NZ	Sep	REINZ House Prices	%yr	0.4	–	–	House price trends remain subdued ...
	Sep	REINZ House Sales	%yr	–3.7	–	–	... even as lower mortgage rates spur higher activity.
	Sep	Retail Card Spending	%mth	0.7	–	0.3	Discretionary spending gradually pushing higher.
Eur	Oct	ZEW Survey Of Expectations	index	26.1	–	–	German investors remain cautiously optimistic.
UK	Aug	ILO Unemployment Rate	%	4.7	4.7	–	Sitting at its highest level in over four years.
US		Fedspeak	–	–	–	–	Powell and Bowman
	Sep	NFIB Small Business Optimism	index	100.8	–	–	Has recovered half of its tariff induced decline from earlier.
Wed 15							
Aus	Sep	Westpac-MI Leading Index	%ann'd	–0.16	–	–	The Sep read looks likely to be on the soft side again.
		RBA Assistant Governor (Economic)	–	–	–	–	Hunter speaking in Sydney, 10:30am AEDT.
Jpn	Aug	Industrial Production	%mth	–1.2	–	–	Final estimate.
Chn	Sep	PPI	%ann	–2.9	–2.3	–	Deflationary pressures seem to be easing ever so slightly ...
	Sep	CPI	%ann	–0.4	–0.2	–	... while consumer prices are once again falling.
Eur	Aug	Industrial Production	%mth	0.3	–	–	Industrial production is yet to see a sustained recovery.
US		Fedspeak	–	–	–	–	Miran, Waller, and Collins.
	Oct	Fed Empire State Manufac. Survey	index	–8.7	–	–	On an upward trend since April.
		Federal Reserve's Beige Book	–	–	–	–	Update on current economic conditions across the districts.
	Sep	CPI*	%mth	0.4	0.4	–	August gave further evidence of a slow passthrough of tariffs.
Thu 16							
Aus		RBA Governor Bullock	–	–	–	–	Fireside chat in the US, 6:45am AEDT.
		RBA Assistant Governor (Fin Mkts)	–	–	–	–	Kent speaking in Sydney, 8:50am AEDT.
	Sep	Employment Change	000s	–5.4	20.0	15.0	Gradual softening trend has re-emerged for jobs ...
	Sep	Unemployment Rate	%	4.2	4.3	4.3	... seeing unemployment slowly tick higher.
NZ	Sep	Selected Price Indices - Food	%mth	0.3	–	0.1	Falls in produce prices, increases in grocery goods.
	Sep	Selected Price Indices - Rents	%mth	0.1	–	0.1	Rental growth very soft, esp. in areas like Wellington.
Jpn	Aug	Core Machinery Orders	%mth	–4.6	0.4	–	Three declines in the last four months.
Eur	Aug	Trade Balance	€bn	5.3	–	–	External sector shaping up to be the key risk for Q3 growth.
UK	Aug	Trade Balance	£bn	–5.3	–	–	Services exports has fallen for two consecutive months.
	Aug	Monthly GDP	%	0.0	0.1	–	Resilience seen in the first half of the year looks to be fading.
US		Fedspeak	–	–	–	–	Waller, Miran, and Bowman.
	Sep	Retail Sales*	%mth	0.6	–	–	Online spending surges as bargain hunting ramps up.
	Sep	PPI*	%mth	–0.1	–	–	Producer prices fell for the first time since April.
	Oct	Philly Fed Business Outlook Survey	index	23.2	–	–	Above average expectations for prices paid and received.
	Aug	Business Inventories*	%mth	0.2	–	–	Holding a touch below average levels.
	Oct	NAHB Housing Market Sentiment	index	32	–	–	Homebuilder confidence slumps as housing affordability bites.
		Initial Jobless Claims*	000s	–	–	–	Started to trend softer prior to government shutdown.
Fri 17							
Eur	Sep	HICP	%ann	2.2	2.2	–	Final estimate.
US		Fedspeak	–	–	–	–	Musalem fireside chat at IIF conference in Pennsylvania.
	Sep	Housing Starts*	%mth	–8.5	0.6	–	Construction slows as housing supply reaches decade highs.
	Sep	Building Permits*	%mth	–2.3	1.2	–	Has declined for five consecutive months.
	Sep	Import Price Index*	%mth	0.3	0.1	–	Importers look to be absorbing most of the tariff costs.
	Sep	Industrial Production*	%mth	0.1	0.0	–	Manufacturing capacity has been improving.

* Data releases may be delayed/cancelled due to the US government shutdown.

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Economic & financial forecasts

Interest rate forecasts

Australia	Latest (10 Oct)	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
Cash	3.60	3.35	3.10	2.85	2.85	2.85	2.85	2.85	2.85	2.85
90 Day BBSW	3.59	3.30	3.05	2.95	2.95	2.95	2.95	2.95	2.95	2.95
3 Year Swap	3.56	3.40	3.45	3.50	3.60	3.70	3.80	3.90	3.95	4.00
3 Year Bond	3.59	3.45	3.50	3.55	3.65	3.75	3.85	3.90	3.95	4.00
10 Year Bond	4.38	4.35	4.45	4.55	4.60	4.65	4.70	4.75	4.80	4.85
10 Year Spread to US (bps)	25	15	15	15	10	5	0	-5	-5	-5
United States										
Fed Funds	4.125	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875
US 10 Year Bond	4.13	4.20	4.30	4.40	4.50	4.60	4.70	4.80	4.85	4.90
New Zealand										
Cash	2.50	2.25	2.25	2.25	2.25	2.50	2.75	3.00	3.25	3.75
90 Day Bill	2.55	2.35	2.35	2.35	2.45	2.70	2.95	3.20	3.45	3.85
2 Year Swap	2.57	2.70	2.90	3.15	3.35	3.55	3.70	3.85	3.95	4.00
10 Year Bond	4.14	4.20	4.30	4.45	4.55	4.70	4.85	4.90	4.95	4.95
10 Year Spread to US (bps)	1	0	0	5	5	10	15	10	10	5

Exchange rate forecasts

	Latest (10 Oct)	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
AUD/USD	0.6564	0.68	0.69	0.70	0.71	0.71	0.72	0.72	0.73	0.73
NZD/USD	0.5755	0.59	0.60	0.61	0.62	0.62	0.63	0.64	0.64	0.65
USD/JPY	152.76	145	143	141	139	137	135	133	132	131
EUR/USD	1.1568	1.18	1.19	1.19	1.20	1.20	1.21	1.21	1.21	1.21
GBP/USD	1.3306	1.36	1.36	1.37	1.37	1.37	1.37	1.38	1.38	1.38
USD/CNY	7.1244	7.10	7.05	7.00	6.95	6.90	6.80	6.70	6.60	6.50
AUD/NZD	1.1411	1.15	1.16	1.15	1.15	1.14	1.14	1.13	1.13	1.12

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	0.7	0.8	0.6	0.5	-	-	-	-
%yr end	2.4	2.1	3.0	3.0	2.8	2.9	2.4	2.6	2.4	3.0	2.6	2.5
CPI Trimmed Mean %qtr	0.7	0.6	0.8	0.5	0.6	0.5	0.6	0.6	-	-	-	-
%yr end	2.9	2.7	2.7	2.6	2.5	2.4	2.2	2.3	3.2	2.6	2.3	2.5

New Zealand economic forecasts

	2025				2026				Calendar years			
% Change	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2024	2025f	2026f	2027f
GDP %qtr	0.9	-0.9	0.6	1.0	0.7	0.4	0.8	1.2	-	-	-	-
Annual avg change	-1.1	-1.1	-0.4	0.4	0.8	1.6	2.1	2.5	-0.6	0.4	2.5	3.5
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	3.0	2.5	2.2	2.0	2.0	2.2	3.0	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.



Corporate Directory

Westpac Economics / Australia

Sydney

Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis

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

Matthew Hassan

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

Elliot Clarke

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

Sian Fenner

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

Justin Smirk

Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante

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

Mantas Vanagas

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

Illiana Jain

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

Neha Sharma

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

Ryan Wells

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

Westpac Economics / New Zealand

Auckland

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

E: economics@westpac.co.nz

Kelly Eckhold

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

Michael Gordon

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

Darren Gibbs

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

Satish Ranchhod

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

Paul Clark

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

Westpac Economics / Fiji

Suva

1 Thomson Street
Suva, Fiji

Shamal Chand

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



 westpaciq.com.au

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