Week beginning 3 November 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

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New Zealand: Building permits, Q3 labour market surveys, fiscal accounts.

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Information contained in this report current as at 31 October 2025

Inflation spooks RBA, longer wait for cash rate cuts

Luci Ellis
Chief Economist, Westpac Group

- **As flagged earlier in the week, the RBA is now expected to keep the cash rate on hold in November and December. A February cut is also unlikely unless the labour market deteriorates in the near term by more than we expect.**
- **Monetary policy is still somewhat restrictive, so some further cuts to the cash rate next year are warranted. Our revised inflation forecast starts higher than previously but still goes below the midpoint of the RBA's 2–3% target range, troughing at 2.3%. Without further rate cuts, inflation would fall further than this. We therefore expect two more 25bp cuts; the earliest likely date for the first of these cuts is now May (to 3.35%), followed by August (to 3.1%). If the RBA instead waits beyond May to start cutting, we anticipate an additional cut late 2026 to a trough of 2.85%.**
- **Our revised outlook incorporates the stronger starting point for consumption flagged in the October Market Outlook and our revamped Card Tracker data. Without further rate cuts, though, we anticipate this consumer recovery would fade quickly. A slightly weaker starting point for the labour market also sees the peak for the unemployment revised up to 4.6% late next year.**

As we flagged earlier this week, the release of higher-than-expected inflation data will have spooked the RBA and taken a cash rate cut off the table for November. We never expected a follow-up cut in December, noting the RBA Monetary Policy Board's (MPB) preference for caution.

There is a pathway to a February rate cut, but only if the labour market deteriorates more than expected in the next couple of months, and the emerging consumer recovery falters quickly. This is not our expectation. Although we expect the December quarter inflation data to be a lot less scary than the September quarter, we think it will take more than one quarter of data to convince the RBA that the inflation trend is still consistent with target beyond the short term. This is particularly so given that a couple of CPI categories, including home-building prices and AV-related services, do look to be seeing a sustained pick-up.

Our base-case expectation is therefore now that the RBA does not cut the cash rate until May 2026, to 3.35%. A further 25bp cut to 3.1% in August is also expected.

Monetary policy is still somewhat restrictive. Further cuts to the cash rate next year are therefore warranted given that underlying inflation will remain within the band and be heading down in coming quarters. We concur with the RBA that it is not sensible to be too precise about where the 'neutral rate' is at any point in time. That said, a 50bp adjustment to the cash rate from here can be reasonably seen as removing the remaining restrictiveness of policy.

The higher starting point for trimmed mean inflation lifts the inflation outlook in the near term. But with interest rates a bit higher for longer and the gradual softening in the labour market already underway, there is downward pressure on inflation further out. (We are looking to see whether the RBA's revised forecasts next week incorporate this point and have a downward slope, or whether the flat profiles of the previous three forecast rounds are still favoured.)

Our revised forecasts, also published today, still show trimmed mean inflation drifting below the midpoint of the RBA's 2–3% target range, troughing at 2.3% late in 2026. If things turn out as our forecasts imply, the RBA's forecasts will also be revised down over time, if they do not already show a similar low point next week. That in turn would drive a decision to remove the current restrictive stance of monetary policy to avoid inflation going below the bottom of the target.

"Two cash rate cuts expected, in May and August; a later start would induce additional easing. "

We had already revised up our near-term forecast for consumption in light of stronger internal data on spending. These data, as shown in our revamped Card Tracker, suggest that the consumer recovery is now on a firmer footing. We believe that the bounce-back in national accounts measures of consumption will be another factor keeping the RBA on hold for longer.

Our internal data also show, however, that the pick-up in spending is concentrated among mortgagors, that is, people with mortgage debt. Renters and people who do not pay either rent or mortgage repayments have not increased their spending to the same extent. This leads us to suspect that there is a risk that this recovery is a relief rally, contingent on the cash rate cuts that have been seen so far. If rates were to remain on hold from here, that recovery would falter and fade out over 2026, especially given that jobs growth has slowed and the unemployment rate has drifted up marginally. The sizeable impulse coming from the Stage 3 tax cuts (more than $20bn a year) will also be fading.

We also expect that the slightly weaker starting point for the labour market and later date for cash rate cuts implies a softer outlook for employment. We have revised up the peak for the unemployment rate to 4.6%, late in 2026. The RBA has repeatedly stated (correctly) that it does not mechanically map its assessment of 'full employment' to a particular level of the unemployment rate. That said, it is clear from the RBA's internal analysis released under Freedom of Information law that it would not consider the labour market to be 'a little tight' at that level. Assuming the RBA does indeed cut the cash rate on the expected timetable, some recovery from that point is expected over 2027.

Given the RBA's determination to reach the exact midpoint of its 2–3% target range, it is possible that even two quarters of more moderate inflation relative to the September quarter outcome will not be enough to convince the MPB that further rate cuts are needed. The bias to stay on hold will be strong given the uplift in consumer spending and the brisk recovery in housing prices. As noted earlier in the week, we therefore contemplate an alternative scenario where the cuts to the cash rate do not start until August (or even later). This would see further easing in both the labour market and the inflation outlook, and a larger eventual policy response needed by the RBA. A third cut would take the cash rate to 2.85%, a level that is probably mildly supportive and would help return inflation to the target midpoint from below.

There is also a more hawkish case that could be made for the rates outlook, but it would require developments that we do not think are that likely. Firstly, it would require the consumer recovery to accelerate in the face of ongoing (slightly) restrictive monetary policy and a softening labour market. Unless household income growth also improves, real consumer spending power will be constrained and the recovery would falter, much as we saw earlier this year. Secondly, it would imply that Australia is facing renewed ongoing domestic inflation pressures, either because interest rates at current levels are actually stimulatory, or because the labour market is tighter than we believe. We do not think the data support either interpretation, noting among other indicators of domestic financial conditions that household credit is not rising faster than household income, and that wages growth has not been surprising on the upside.

Our base case therefore moves to two cash rate cuts, in May and August, with a decent chance of a later timing and larger number of cuts if the RBA has been so spooked by this week's inflation data that it delays even further.

Cliff Notes: data challenges

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

In Australia, the long-awaited Q3 CPI printed materially above market expectations, both on a headline (1.3%qtr/3.2%yr) and trimmed mean (1.0%qtr/3.0%yr) basis. This does not look to be isolated to 'one-offs', creating a firmer starting point for inflation moving into the second half of this year. Goods inflation is not providing as much of a disinflationary offset as before – a key dynamic evident globally; but more critically, market services inflation remains 'sticky' around the top of the RBA's 2-3% target band. We are also wary of the fact that some key sub-components are showing signs of a more sustainable pick-up, which suggests that upside risks may also lie ahead.

Earlier today, Chief Economist Luci Ellis detailed the changes to our RBA cash rate forecasts. For the RBA to remain confident that inflation will settle at the mid-point of the target range, multiple quarterly readings on inflation will need to be assessed in detail. For that reason, we now anticipate the RBA to remain on hold until mid-2026, when we expect it will deliver 25bp rate cuts in May and August, bringing the cash rate to 3.10%. We view the risks around our base case as relatively balanced. Given policy is currently restrictive, any further delay raises the probability that the RBA will eventually have to cut the cash rate by more than 50bps to a 2-handle. The recent softening in labour market conditions will remain a key consideration too, but it would take a material weakening beyond our current forecast to warrant the RBA moving any earlier than May.

The FOMC meeting was the most closely watched policy engagement of the week globally. The Committee decided to cut the fed funds rate by 25bps to a midpoint of 3.875% and also announced an end to quantitative tightening from 1 December. There was dissent on both sides for the rates decision, with Miran favouring a 50bp cut but Schmid no change. From the tone of the statement and Chair Powell's press conference guidance, the Committee remains positive on the underlying health of the US economy and are not overly concerned by the shut down – believing its economic impact will quickly reverse and, in the meantime, that authorities still have enough information on the economy to recognise a material adverse turn, if it were to occur. The October cut was instead characterised as a marginal risk management decision given "downside risks to employment rose in recent months".

Most members also continue to show concern over upside risks for inflation. In the press conference, Chair Powell stated a rate cut in December is "far from a foregone conclusion" with "strongly differing views" on the short-term path for policy. Later in the press conference, Chair Powell added that a "growing chorus feels like maybe [the] Fed should wait a [meeting] cycle" to assess conditions. While absent from the FOMC's current narrative, we also continue to believe that capacity is limited in the US economy and so see upside risks to the market's expected policy rate path to, or through, 3.00% over the next 12 to 18 months. Clearly, if our expectations prove prescient, long-term yields are also likely to rise.

On the same day as the FOMC, the Bank of Canada also cut by 25bps to 2.25%. Guidance suggests this is likely to be the trough for the foreseeable future, with the policy rate now seen as "at about the right level". Growth forecasts were revised down, but the supply shock created by US trade policy is limiting authorities' ability to stimulate growth while keeping inflation near target.

The Bank of Japan then held its policy rate steady in a 7-2 vote, mirroring September's decision. Growth for the year ending March was revised up slightly (+0.1ppt) on improved trade certainty, while the inflation projections were broadly unchanged. Inflation is expected to soften through 2026 due to easing food prices and base effects, but the Committee remains confident inflation will be near the 2.0% target at the end of the projection period. Inflation's persistence and a tight labour market continue to support wage growth. However, weak firm profitability poses a risk to achieving policy's goal. The Committee reiterated its commitment to further rate hikes but gave no timing guidance. We expect the next move in March, though stronger-than-expected financial and wage data could bring January into play.

The ECB also delivered no surprises, the Governing Council keeping the deposit rate at 2.0%. No updated economic projections were published at this time, and the policy statement maintained the existing forward guidance wording – stating that the Governing Council "will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance".

President Lagarde struck a somewhat more positive tone regarding the euro area's economic growth outlook, suggesting that the EU-US trade deal reached over the summer, the ceasefire in the Middle East, and progress in US-China trade negotiations have reduced some of the downside risks. Regarding inflation, Lagarde once again noted that underlying inflationary pressures remain consistent with the ECB's target, reiterating her view that monetary policy is in a good place.

Towards the end of the week, the meeting between President Trump and President Xi delivered to expectations, with both sides discarding threatened actions and edging back protectionist measures already in place. The US agreed to halve the tariff related to fentanyl from 20% to 10% after

China agreed to crack down on the production and distribution of the chemicals used to make it. China also agreed to buy soybeans from the US and delay the rare earth restrictions they had planned to put in place. Note though the licencing regime for rare earths announced earlier in the year will reportedly remain in place.

Evident in the initial readout from last week's Plenum and a subsequent pledge by authorities to materially increase consumption's share of China's economy, President Xi and the Central Government are increasingly turning their attention away from relations with the US to domestic development priorities and the continued strengthening of relationships across Asia, South America and Africa. This is where China sees opportunity for activity and income growth and a further strengthening of China's position in the global economy.

Running rough

Kelly Eckhold
Chief Economist, NZ

This week we released our final Economic Overview for 2025 with the theme "Running rough". This referred to the stop-start nature of the economy through 2025 and the generally disappointing performance in the second half of the year. In many respects the economy has resembled an aging jalopy that on a good day shows potential for some get up and go, but on others it looks doubtful whether forward motion is possible at all.

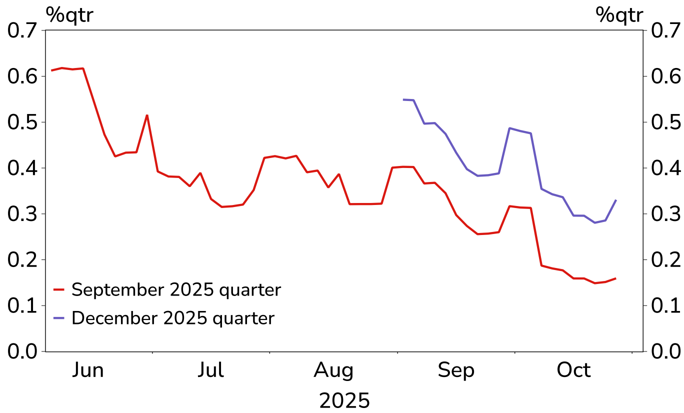
This theme is reflected in our updated forecasts where we have pushed out the timing of the economic recovery for 3-6 months, reflecting the quite poor dataflow seen recently. Thinking back six months or so, the view was that by now the economy would be showing strong signs of firing on all cylinders and heading towards a period of above-trend growth, as interest rate cuts and strong commodity returns drove a stronger and increasingly broader upturn.

That isn't what has transpired – instead growth took a backward step in the June quarter, and available indicators suggest still sub-par growth in the second half of 2025. This means the significant excess capacity that has built up in the last couple of years is not reducing yet, although hopefully it isn't getting too much larger.

We have revised down our short-term growth projections to imply 1.2% growth for 2025. As we noted in our GDP deep dive this week, the reported volatility of GDP significantly exceeds what's really been happening in the economy in the last few years. Nevertheless, we think that underlying output still went backward in the June quarter (by about -0.1%) and it's only slowly coming out of that hole – adjusting for statistical volatility, we estimate the economy grew by 0.2% in Q3 and expect that it will grow by 0.4% in Q4. The volatility of measurement and other factors will make the comeback look a little stronger (reported growth figures are likely to print at 0.4% in Q3 and 0.8% in Q4) – but don't be fooled by that sort of statistical 'noise' in the data. We are still some way off before registering consistently solid trend growth.

This more cautious view of the short-term outlook appears vindicated by recent economic indicators. This week we saw an unconvincing increase in monthly business confidence and a small fall in consumer confidence. Neither of these reports screams a stunning reignition of the economy. Our Nowcast continues to suggest Q3 and Q4 growth languishes around 0.2-0.3% for each quarter, which is on the low side of our forecasts for underlying GDP growth.

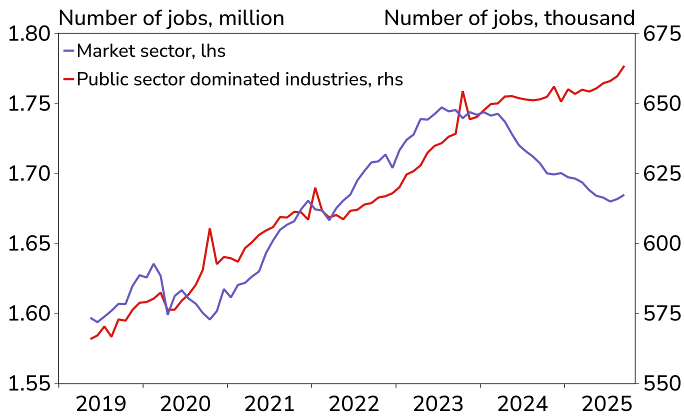
New Zealand GDP nowcast



Source: Macrobond, Westpac Economics

All this is consistent with our updated, less positive picture for the labour market. The Q3 labour market reports are out next week and we expect a further rise in the unemployment rate, flat employment growth, and still-declining wage inflation. We have pushed up the expected peak unemployment rate to 5.4% in the Q4 report (due early February next year), and we don't expect unemployment to fall until mid-2026. Again, that recovery is pushed out another 3-6 months.

Monthly Employment Indicator



Source: Stats NZ, Macrobond, Westpac Economics

The public sector has been a pillar of support for the jobs market over the last couple of years; the real weakness in that time has been in the private sector, particularly for highly cyclical industries such as construction and manufacturing. The Monthly Employment Indicator (MEI) of filled jobs suggests that we're finally starting to see a turn in that trend. That said, we're aware that this measure tends to be overstated on its initial release, and our assumption is that the true picture was closer to flat on average for the September quarter.

"We continue to have optimism for the year ahead. For all the faults of this old jalopy of an economy, it has received a good amount of oil and gas now."

We continue to have optimism for the year ahead. For all the faults of this old jalopy of an economy, it has received a good amount of oil and gas now. 300 bp of OCR cuts have been delivered, and we expect another 25 (possibly 50) bp to be delivered in the November Monetary Policy Statement, before the RBNZ calls it a day with the easing cycle and sits back and lets the medicine do its work over 2026. Of the total 325-350 bp of cuts this cycle we think about 60% of those have passed into household budgets. So there is still a bit more to come (perhaps 80-90 bp in effective mortgage rate terms). These stimulatory interest rates, combined with still resilient export commodity prices and a supportive exchange rate mean we expect 3% GDP growth in 2026. That's above trend.

Inflation looks like it has peaked at 3% in Q3 2025, and we expect it will track down towards 2.2% by the end of 2026. Commodity and food prices aren't likely to add to inflation in 2026 as they did in 2025. In addition, the cyclically sensitive elements of inflation are now running at low levels and should remain low while significant excess capacity remains. Those conditions should see inflation dropping back to levels the RBNZ is comfortable with over the year ahead. We don't think there's a strong chance of sub 2% inflation right now given the large rises in administered prices (local authority rates and utility fees) that remain in prospect.

Fiscal policy is expected to remain tight given the lack of money in the Government's kitty. The prospect of a surplus (in OBEGALx terms) remains in 2029. There's huge uncertainty in those forecasts as it's by no means clear that the assumptions driving the fiscal outlook will pan out as expected. The next General Election, likely in late 2026, is going to see voters presented with a broad range of taxation and spending options.

We got a hint of that this week when the Labour party announced its Capital Gains Tax policy coupled with a promise of three free doctor's visits for all. There will be other ideas on the table too. Our assessment of the CGT is that it might deter investment in property at the margin, but it isn't a game changer for the property market, as reductions in demand for investment property might be balanced by reduced supply given the reduced incentives to invest in the sector. The revenue raised might be modest given we don't expect very high house price inflation in coming years (and any revenue that accrues isn't available until late in the decade). But we can't quibble much with the assumptions made at this stage.

We continue to think the New Zealand dollar will languish for the time being. Interest rate differentials are low and growth modest. While we might not move much lower versus what we expect will be a weaker US dollar, we are likely to underperform against the TWI basket more broadly. The NZD/AUD exchange rate, in particular, could remain pretty weak – aided by some of the data seen in Australia of late.

Ultimately, we continue to expect that New Zealand Interest rates will normalise. Our assumption on the neutral OCR remains 3.75%, hence current interest rates are stimulatory. That petrol should propel us forward in 2026. But once we do see things moving forward sustainably, the case for keeping the OCR close to 2% will look thinner. Our base case is the OCR will start rising again in late 2026 after the election. But an earlier, perhaps mid-year take-off shouldn't be dismissed if the interest sensitive sections of the economy get moving. The RBNZ's comfort with inflation much above 2% might reduce when sustained above-trend growth is in prospect.

Turning to other news, over the past week Fonterra's shareholders voted in favour of the company's proposal to sell most of its consumer business (excluding that in China) to the French dairy giant Lactalis for $NZ4.2bn. The deal, which – subject to numerous regulatory approvals – is expected to be completed in the first half of next year, will see $NZ3.2bn returned to shareholders (around $NZ2 per share) and $NZ1.0bn retained by Fonterra to reinvest in growing its ingredients and food services businesses (Fonterra hopes that within three years this growth will replace the profits it will lose from selling its consumer business). It also includes a multiyear agreement to supply raw ingredients to Lactalis.

For Fonterra's roughly 8150 farmer shareholders, this implies an average return of just under $NZ400k per farm. That said, there is a wide variety of farm sizes (and the median herd is much smaller than the mean herd) as well as some variation in shareholding structures (i.e., shares held per kilo of milk solids produced). So many farmers will likely see a return of $NZ200-300k while a few will see returns that are multiples greater.

So, what will farmers do with this money? We expect that many will seek to reinvest this money in their farm, by paying down debt and/or additional on-farm investment. Some will likely use this money to expand their farms, potentially allowing some farmers to exit the industry. Some may also be funnelled into non-farm investments (retirement funds and the like), so as to diversify earnings. And finally, some will doubtless will find its way into the broader economy through increased spending on holidays, cars, home renovations and the like.

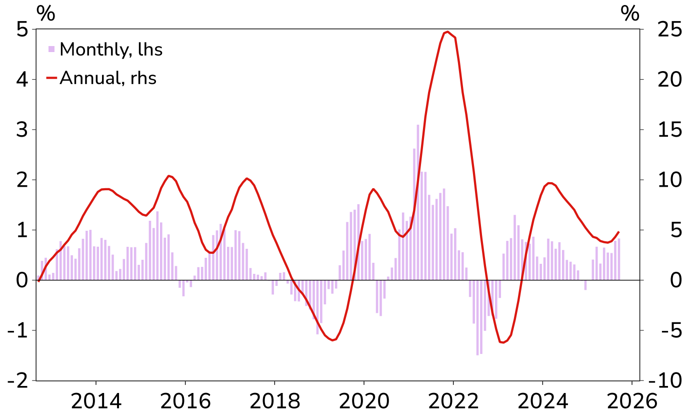
AUS: Oct Cotality Home Value Index (%mth)

Nov 1, Last: 0.8, Westpac f/c: 1.1

The Cotality home value index moved another step higher with prices up 0.9% in Sep. This compares to a 0.8% gain in August and a 0.5-0.6% pace in the three months prior. Annual growth lifted to 4.3%yr, with quarterly gains tracking at a 9.4% annualised pace.

Daily measures point to an even stronger rise in October, tracking a 1.1% gain for the month as a whole. This is set to lift annual growth to 5.4%yr, a 12mth high. The detail from daily measures points to particularly strong 1.5%+ rises in Perth and Brisbane, the latter seeing annual growth tip back over 10%yr.

Upswing underway



Source: Cotality Australia, Macrobond, Westpac Economics

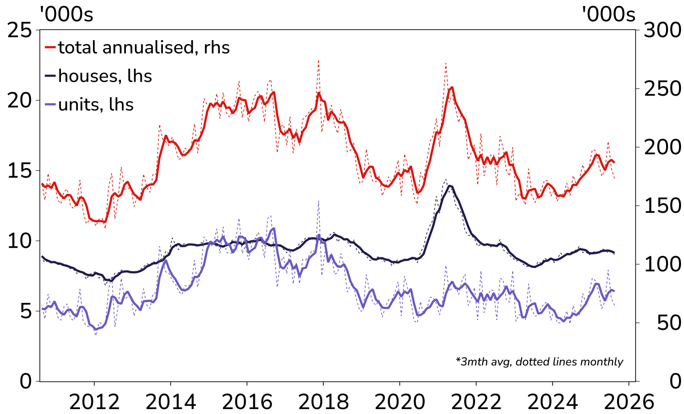
AUS: Sep Dwelling Approvals (%mth)

Nov 1, Last: –6.0, Westpac f/c: 7.0
Mkt f/c: 5.0, Range: 0.0 to 8.0

Dwelling approvals declined –6% in Aug following a 10% drop in Jul and a 14% jump in Jun. Weakness again centred on units which continue to unwind the strength seen back in May and June, but detached dwellings were also down –2.6%.

September is expected to show a solid rebound. HIA figures on new home sales – often a guide to detached and medium density approvals – surged very strongly in Sep. While more uncertain, the unwind in high rise approvals may now be largely over. On balance we expect total approvals to post a 7% gain with significant risks either side.

A bumpy few months



Source: ABS, Macrobond, Westpac Economics

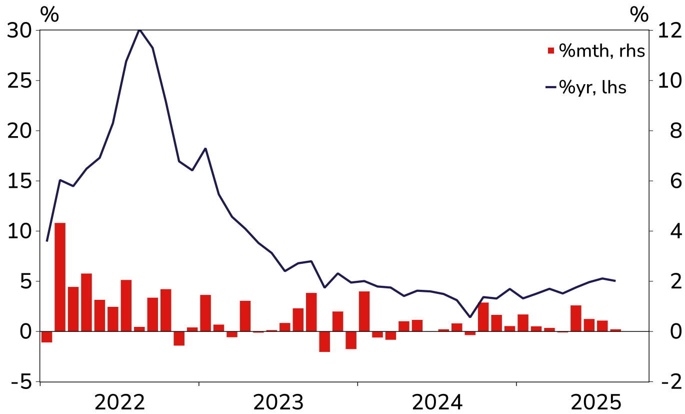
AUS: Sep Household Spending Indicator (%mth)

Nov 1, Last: 0.1, Westpac f/c: 1.1
Mkt f/c: 0.4, Range: 0.2 to 1.1

The ABS monthly household spending indicator (MHSI) posted a muted 0.1% gain in Aug. Annual growth slowed to 5.0%, and the six-month annualised pace eased to 4.4%.

Our revamped **Westpac-DataX Card Tracker** now produces more accurate guidance for the ABS measure (see here). It suggests activity posted a solid rebound in the Sep month. We expect the MHSI to show a 1.1% gain. Note that the Sep report will also include quarterly volume estimates, adjusted for price increases – the first 'partial' national accounts measure. Given the upside surprise on the Q3 CPI, this looks likely to come in at around 0.5%qtr, down a touch on Q2's 0.7% gain.

Consumer recovery looking a little better shaped



Source: ABS, Macrobond, Westpac Economics

AUS: RBA Policy Decision (%)

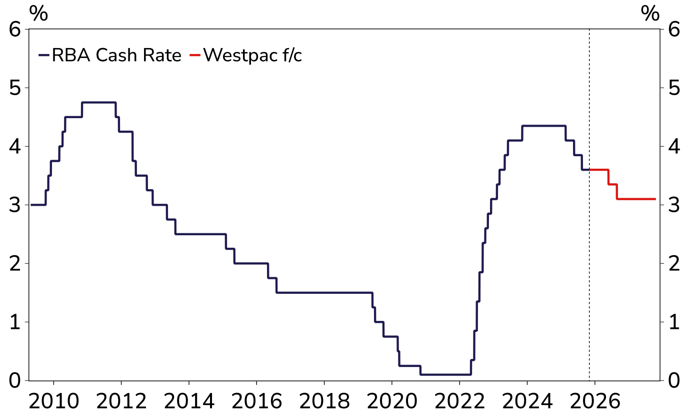
Nov 4, Last: 3.60, Westpac f/c: 3.60
Mkt f/c: 3.60, Range: 3.60 to 3.60

The latest data implies a "material miss" on inflation to the upside, which will be enough for the RBA to keep the cash rate on hold at its meeting next week and in December.

Monetary policy remains somewhat restrictive, and further cash rate reductions will likely be required next year given that underlying inflation is expected to stay within the target band and ease over the coming quarters.

Our base-case expectation is for two cash rate cuts. The first in May 2026, to 3.35%, with an additional 25bp cut to 3.10% in August. For more detail on the balance of risks around this forecast, see page 2.

RBA to leave rates unchanged in November



Source: RBA, Macrobond, Westpac Economics

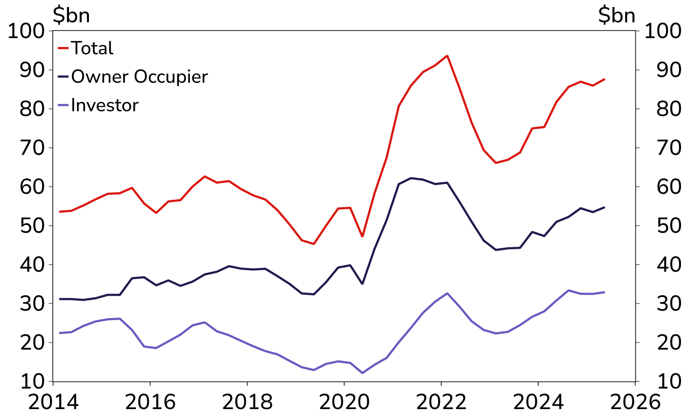
AUS: Sep Goods Trade Balance ($bn)

Nov 6, Last: 1.8, Westpac f/c: 4.1
Mkt f/c: 4.0, Range: 3.0 to 4.5

A decline in gold exports, combined with a surge in imports of consumption goods in August, drove the goods trade surplus down to a seven-year low of $1.8bn. We expect monthly trade flows to remain volatile in September, but anticipate a recovery in the trade balance to a $4.1bn surplus, broadly in line with the average level seen so far this year.

Exports are likely to rebound following the 7.8%mth decline in August. Iron ore and coal exports are expected to be stronger; this should help offset the anticipated drop in LNG exports. Non-rural exports should also remain robust, but after reaching a six-month high in August, potential for further increases appears limited. On the import side, we have pencilled in a decrease of around 1%mth in total imports, although inflows of consumption goods are projected to remain solid, given evidence that consumer spending held up during Q3.

Housing Finance Approvals



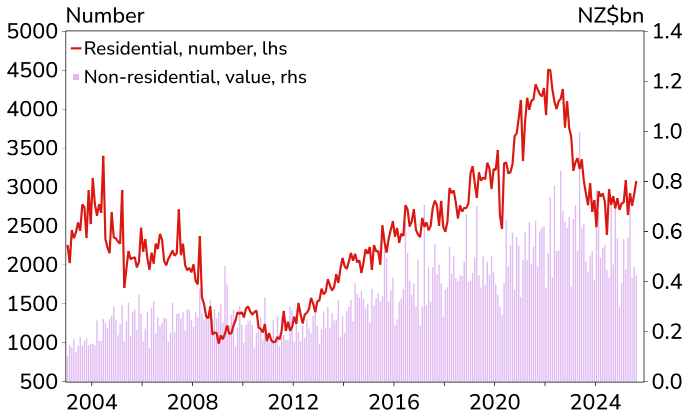
Source: ABS, Macrobond, Westpac Economics

NZ: Sep Building Consents

Nov 3, last +5.8%, Westpac f/c: -2.0%

The number of residential building consents rose 6% in August, following a similar sized gain in July. We're forecasting a 2% fall in September as some of last month's lift related to the volatile multi-unit categories. More important than month-to-month swings, the total number of homes consented over the past 12 months has remained stable at around 34,000 for more than a year now. While we don't expect a material upswing until next year, we'll be watching for early signs that the development pipeline is starting to firm. On the non-residential front, softness in public sector projects is continuing. Planned private sector work is holding up, but is unlikely to break higher until economic conditions more generally firm.

Building consents stabilising



Source: Stats NZ, Macrobond, Westpac Economics

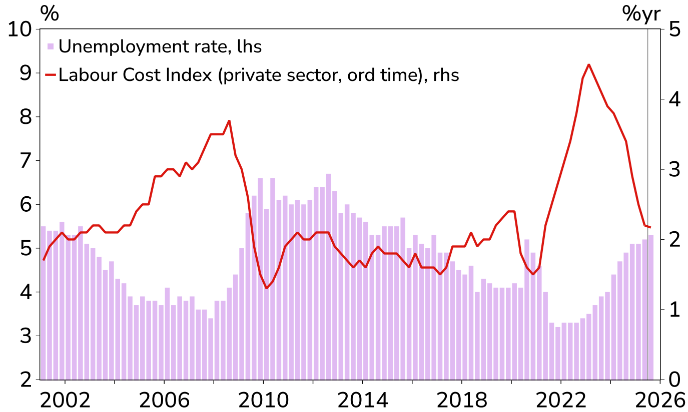
NZ: Q3 Labour Market Surveys

Nov 5, Unemployment rate – Last: 5.2%, Westpac f/c: 5.3%

Labour Cost Index, private sector – Last: +0.6%, Westpac f/c: +0.5%

We expect the unemployment rate to rise from 5.2% to 5.3% for the September quarter. Monthly employment indicators have ticked up recently, but were around flat on average over the quarter. That's not enough to absorb the growth in the working-age population, which will likely be resolved through a mix of higher unemployment and lower participation. Given the softness in the labour market, wage growth has dropped back to levels that are consistent with 2% overall inflation.

Labour market remains subdued



Source: Stats NZ, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 03							
Aus	Oct	Cotality Home Value Index	%mth	0.9	–	1.1	Housing prices gather further steam in the spring high season.
	Oct	MI Inflation Gauge	%ann	3.0	–	–	Inflation gauge trending higher since mid-year.
	Oct	ANZ–Indeed Job Ads	%mth	–3.3	–	–	Posted its largest monthly decline since February 2024.
	Sep	Dwelling Approvals	%mth	–6.0	5.0	7.0	Supportive market conditions should see approvals lift.
	Sep	Household Spending Indicator	%mth	0.1	0.4	1.1	Our internal card data is showing solid spending momentum …
	Sep	Household Spending Indicator	%yr	5.0	5.5	6.3	… hinting a firmer footing for the consumer recovery.
NZ	Sep	Building Permits	%mth	5.8	–	–2.0	Watching for early signs of a firming.
Chn	Oct	RatingDog Manufacturing PMI	index	51.2	50.7	–	Positive, albeit subuded, sentiment contrasts with official PMI.
Tue 04							
Aus	Nov	RBA Policy Decision	%	3.60	3.60	3.60	Rate cut is off the cards following upside surprise to Q3 CPI.
		Melbourne Cup	–	–	–	–	Vic public holiday. Tight field, bookies favour Half Yours.
US	Oct	ISM Manufacturing PMI	index	49.1	49.2	–	Weakness in the US manufacturing sector to continue.
Wed 05							
NZ		RBNZ Financial Stability Report	–	–	–	–	Six-monthly review of financial conditions.
	Q3	Employment Change	%qtr	–0.1	0.1	0.0	Jobs market has stabilised in recent months, but …
	Q3	Unemployment Rate	%	5.2	5.3	5.3	… not enough to prevent a further uptick in unemployment.
	Q3	LCI Wage Inflation (Pvte, Ord. Time)	%qtr	0.6	0.5	0.5	Wage growth back in line with 2% inflation target.
	Oct	ANZ Commodity Prices	%mth	–1.1	–	–	Dairy prices down, beef and lamb up.
Chn	Oct	RatingDog PMI Services	index	52.9	–	–	Services sentiment exceeding manufacturing …
	Oct	RatingDog PMI Composite	index	52.5	–	–	… driving the overall momentum in the economy.
Thu 06							
Aus	Sep	Trade Balance	$bn	1.8	4.0	4.1	Stronger commodity exports expected to drive surplus higher.
NZ	Sep	Fiscal Accounts 3mths to Sep	NZ$m	–	–	–	First look at how tax revenue is tracking for the '25/26 year.
Eur	Sep	Retail Sales	%mth	0.1	–	–	So far implies weakening household spending growth in Q3.
Ger	Sep	Industrial Production	%mth	–4.3	–	–	A recovery after summer factory closures expected.
UK		BoE Policy Decision	%	4.00	4.00	–	Higher inflation putting the easing cycle on pause.
US	Oct	ADP Employment Change	000s	–32	25	–	In the spotlight, given the delay in the official payrolls data.
	Oct	ISM Services PMI	index	50.0	51.0	–	Broadly neutral sentiment in the services sector.
		Fedspeak	–	–	–	–	Williams, Hammack.
Fri 07							
Jpn	Sep	Household Spending	%yr	2.3	2.6	–	Growth has been following an upward trajectory.
Chn	Oct	Trade Balance	US$bn	90.45	–	–	Downward pressure from weak US exports and high imports.
US	Nov	Uni. Of Michigan Sentiment	index	53.6	54.0	–	Remains near historical lows.
	Sep	Consumer Credit	$bn	0.363	–	–	Volatile around a broadly flat trend.
		Fedspeak	–	–	–	–	Paulson, Musalem, Williams.

US government data releases are delayed indefinitely due to the government shutdown. These releases will be reinstated once publication by agencies is confirmed.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (31 Oct)	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27
Cash	3.60	3.60	3.60	3.35	3.10	3.10	3.10	3.10	3.10	3.10
90 Day BBSW	3.64	3.55	3.55	3.45	3.20	3.20	3.20	3.20	3.20	3.20
3 Year Swap	3.58	3.40	3.45	3.50	3.60	3.70	3.80	3.90	3.95	4.00
3 Year Bond	3.61	3.45	3.50	3.55	3.65	3.75	3.85	3.90	3.95	4.00
10 Year Bond	4.31	4.30	4.35	4.40	4.45	4.50	4.55	4.60	4.60	4.65
10 Year Spread to US (bps)	21	15	15	15	15	10	5	0	–5	–5
United States										
Fed Funds	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875
US 10 Year Bond	4.10	4.15	4.20	4.25	4.30	4.40	4.50	4.60	4.65	4.70
New Zealand										
Cash	2.50	2.25	2.25	2.25	2.25	2.50	2.75	3.00	3.25	3.50
90 Day Bill	2.52	2.35	2.35	2.35	2.40	2.70	2.95	3.20	3.40	3.70
2 Year Swap	2.57	2.70	2.90	3.10	3.35	3.55	3.70	3.85	3.95	4.00
10 Year Bond	4.06	4.15	4.30	4.45	4.55	4.70	4.85	4.90	4.95	4.95
10 Year Spread to US (bps)	–4	0	10	20	25	30	35	30	30	25

Exchange rate forecasts

	Latest (31 Oct)	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27
AUD/USD	0.6548	0.67	0.68	0.69	0.70	0.71	0.72	0.72	0.73	0.73
NZD/USD	0.5730	0.58	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65
USD/JPY	153.99	152	151	150	149	148	146	144	142	140
EUR/USD	1.1569	1.17	1.18	1.18	1.19	1.19	1.20	1.20	1.21	1.21
GBP/USD	1.3153	1.34	1.35	1.36	1.36	1.37	1.37	1.37	1.38	1.38
USD/CNY	7.1107	7.10	7.05	7.00	6.95	6.90	6.80	6.70	6.60	6.50
AUD/NZD	1.1428	1.15	1.16	1.17	1.17	1.16	1.15	1.14	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	0.6	0.6	0.6	0.6	0.6	0.6	–	–	–	–
%yr end	1.4	1.8	2.1	2.1	2.4	2.4	2.4	2.4	1.3	2.1	2.4	2.6
Unemployment rate %	4.1	4.2	4.3	4.5	4.5	4.5	4.6	4.6	4.0	4.5	4.6	4.4
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	1.3	0.6	0.9	0.8	0.7	0.5	–	–	–	–
%yr end	2.4	2.1	3.2	3.6	3.6	3.6	2.9	2.8	2.4	3.6	2.8	2.6
CPI Trimmed Mean %qtr	0.7	0.7	1.0	0.7	0.6	0.6	0.5	0.6	–	–	–	–
%yr end	2.9	2.7	3.0	3.1	3.0	2.9	2.4	2.3	3.3	3.1	2.3	2.6

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	0.4	0.8	0.6	0.3	0.8	1.2	–	–	–	–
Annual avg change	–1.1	–1.1	–0.4	0.3	0.5	1.2	1.6	2.1	–0.6	0.3	2.1	3.4
Unemployment rate %	5.1	5.2	5.3	5.4	5.4	5.3	5.1	4.9	5.1	5.4	4.9	4.3
CPI %qtr	0.9	0.5	1.0	0.4	0.4	0.5	0.8	0.5	–	–	–	–
Annual change	2.5	2.7	3.0	2.9	2.3	2.3	2.1	2.3	2.2	2.9	2.3	2.1

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