



Week beginning 10 November 2025

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: RBA holds cash rate at 3.6%, stuck near neutral.

The Week That Was: Gaining confidence with inflation.

Focus on New Zealand: Labour market soft, but with some green shoots.

For the week ahead:

Australia: RBA's Hauser, labour market, finance approvals, Westpac-MI consumer sentiment.

New Zealand: Retail card spending, net migration, RBNZ survey of expectations.

China: Industrial production, retail sales and fixed asset investment.

Eurozone: Industrial production, Q3 GDP (second estimate), Sentix and ZEW surveys.

United Kingdom: Q3 GDP, labour market data.

United States: NFIB business sentiment, Fed speakers.

Information contained in this report current as at 7 November 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.

RBA holds cash rate at 3.6%, stuck near neutral



Luci Ellis
Chief Economist, Westpac Group

- The RBA Monetary Policy Board (MPB) kept the cash rate on hold at 3.6% as expected in a unanimous vote. The September quarter inflation shock lifted the near-term inflation outlook. Some of this increase is seen as temporary, such that the RBA's trimmed mean inflation forecast is back near the midpoint of the 2–3% target range by mid-2027. But the MPB remains cautious given recent evidence of “more persistent inflation”.
- The RBA's post-meeting communication recognised “a recent easing” in the labour market but still regards it to be “a little tight”. The unemployment forecast was edged up but remains flat through the whole forecast period, with a risk it might rise. Other key risks related to the ongoing pick-up in private demand, and how it balances against the slowdown in growth in public demand.
- While the RBA, appropriately, expects inflation to be lower once the September quarter spike has washed through, it is cautious about the outlook and likely to remain on hold until inflation falls below the target midpoint, or the labour market eases more than it currently expects.

As was universally expected, the RBA kept the cash rate on hold following the November meeting of the Monetary Policy Board (MPB). The September quarter CPI result was well above expectations. Some of this surprise was seen as evidence of inflation being a little more persistent than expected. Underlying (trimmed mean) inflation is expected to remain elevated in the near term before returning close to the midpoint of the 2–3% target range by mid-2027. In the media conference following the meeting, the Governor characterised the MPB as having no bias and that it will be taking things meeting by meeting from here. The stance of policy was seen as “pretty close to neutral”, though the closer you are to that point, the harder it is to gauge what side of a very fuzzy line you are on.

Overall, the language was not as hawkish as it could have been. The RBA acknowledged that some of the latest inflation spike was temporary, and an increase in the cash rate was not considered. Still, with a technical assumption of one rate cut mid next year resulting in an inflation forecast that is not quite at the target midpoint, the MPB must be assumed to be on hold until something happens to change that forecast.

The RBA has concluded from the latest upside inflation surprise that there is a bit less capacity in the economy than it previously thought. As well as the inflation data, it rested this assessment on survey measures of capacity utilisation and related indicators, even as the labour market softened. We think

this may assume a very fast pass-through from shifts in capacity to pricing decisions. In its annual forecast review included in the Statement on Monetary Policy (SMP), it also acknowledged an alternative explanation: that firms used the recent pick-up in domestic demand to recover earlier margin compression. This could mean that inflation remains a little elevated in the near term. Without household income growth also picking up, though, further widening in margins would result in a renewed squeeze on household spending power. That would see the recovery in private demand growth falter later on.

The RBA also provided guidance on the transition the full Monthly CPI, which begins next month. The ABS will continue to publish the quarterly Trimmed Mean for the next 18 months, using quarterly data as it currently does. To maintain historical consistency, the Bank will continue to focus on this measure of core inflation while the ABS collects the additional data required to effectively seasonally adjust all relevant monthly CPI components.

“RBA holds cash rate steady at 3.6% in November, expects some of the recent rise in inflation to be temporary but partly also a signal of capacity pressures.”

In the interim, the monthly Trimmed Mean will include components with incomplete seasonal adjustment. Some series will be smoothed to mitigate seasonal effects. As a result, the monthly Trimmed Mean will behave differently from the quarterly measure, and the three-month average of the monthly Trimmed Mean is unlikely to match the quarterly Trimmed Mean. Along with the RBA's assessments of spare capacity, this leaves plenty of room for judgement.

The post-meeting communication characterised the labour market as still “a little tight”, despite “a recent easing”. The unemployment rate has recently picked up by more than the RBA expected, but it assesses the outlook from here as “stable” and the labour market more broadly as “healthy”. It acknowledges a risk that the labour market eases more in the near term than it currently expects. We note, however, that much of the RBA's assessment of current labour market conditions rests on labour market indicators derived from non-public longitudinal labour market data, particularly the quit rate (a point noted in the post-meeting media conference

Q&A). Indeed, most of the indicators of full employment in the RBA's preferred suite pointed to further easing since the March quarter. The only exceptions were a small tick up in the NAB survey measure of difficulty finding suitable labour, and the two separation rates based on non-public data.

At this stage, the RBA's capacity and growth assessments seem to leave little scope for further easing. Under the assumed path for the cash rate (about 25bps in easing) "capacity pressures are expected to remain and be slightly more pronounced over the forecast period than assessed at the time of the August forecasts. The below-trend growth and gradual easing in the labour market over the past three years has brought demand and supply in the economy closer to balance, but capacity pressures are not expected to ease much further". There is plenty of uncertainty around this view though: "Demand is expected to be slightly above potential supply over the forecast period, given the market path for the cash rate, although that assessment is uncertain." If things played out in line with Westpac's somewhat lower inflation and higher unemployment forecasts, it is clear from the RBA's communication that the MPB would not resile from adjusting monetary policy.

Observations about the forecast changes

The RBA's forecasts on the real economy were little changed. GDP growth was marked up slightly in the near term but expected to track at or slightly below 2%yr from here (in line with the RBA's recently revised estimate of potential output growth). An upgrade to private demand is offset by a downgrade to public demand. (Interestingly, the SMP acknowledges that this shift will boost measured productivity a bit, something we have been saying for a long while). Westpac is considerably more positive on the private demand outlook across consumption, dwelling investment and business investment.

Underlying inflation is expected to be slightly higher, staying above the 2–3% target range until the second half of 2026. The unemployment rate is forecast to increase slightly in quarterly terms, stabilising at 4.4%. Nonetheless, the Bank assesses "there will be slightly more capacity pressure in the economy than previously thought, so the outlook for inflation and wages growth have been revised a little higher".

Relative to the RBA, Westpac expects inflation to subside more quickly with slightly more slack in the labour market and a marginally softer profile for public demand growth. That in turn gives scope for additional policy easing driving a firmer medium term growth path for demand.

One way to think about the flat inflation forecasts in recent RBA SMPs is that the labour market was seen as a little tight, imparting a tendency for inflation to drift up, which was offset by monetary policy also being a little tight. While the starting point for inflation is now higher, shifts in the labour market and the assumed policy path both imply that a downward slope is appropriate this time around. That is what the revised forecasts deliver, with trimmed mean inflation returning to be close to the midpoint of the target range during 2027.

The RBA's August forecasts were based on an assumed path for the cash rate that involved one further cut (to 3.3%) in 2025 and two more in 2026, for a trough cash rate of 2.9%. The pricing last week that underpinned this quarter's forecasts was significantly higher. Only one cut (to 3.3%) was priced, and not until mid 2026. The RBA assesses the current policy stance as being mildly restrictive, which implies some downward pressure on inflation. Even if that were not the case, the November forecasts should still be showing some downward pressure on inflation relative to the flat profile in the August forecasts. The RBA's workhorse MARTIN model would suggest something of the order of at least 0.1%pt; some of the other models the RBA uses are more sensitive than this, but not by much.

Similarly, the starting point for the labour market is softer than the August forecasts assumed. While the RBA was still characterising the labour market as 'a little tight' based on a broader range of indicators, again, relative to the August forecasts the labour market must be creating relatively less upward inflation pressure. The size of this impetus is harder to gauge, but the flat profile in prior rounds implies that the upward pressure from the tight labour market was of a similar order of magnitude to the downward pressure from the policy stance. So count in at least another 0.1%pt off inflation late in the forecast period for this shift.

A welcome feature of the RBA's current forecasts is that it now acknowledges that its flat participation rate forecast reflects the combination of the dampening effect of cyclical drivers offsetting a structural upward trend. Recall that some of the recent strength in the participation rate reflected the strong jobs market attracting people into (or to stay in) the labour market. On top of this, cost-of-living pressures induced people to supply more labour than normal. These two features are now unwinding, as we predicted over a year ago. At the same time, the structural upward trend from rising female (and we note, older) participation continues. This justifies a flat trend in participation for the next little while – but, we caution, not forever.

Cliff Notes: gaining confidence with inflation

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

As Half Yours' forged ahead to take the Melbourne Cup, RBA Governor Bullock and the Monetary Policy Board (MPB) made clear they are not willing to gamble on inflation's return to target, opting to keep the [cash rate on hold at 3.6%](#) at their November meeting. The unanimous decision came as no surprise to market participants after annual trimmed mean inflation printed at 3.0%yr in Q3. The MPB conceded that some of this acceleration was due to "temporary factors", but there was also "evidence of more persistence". The RBA's revised forecasts now see the unemployment rate at 4.4% over the forecast horizon (up from 4.3%), while underlying inflation holds above the mid-point of the target range through 2026, then draws close in 2027.

Highlighted by Westpac [Chief Economist Luci Ellis](#) in this week's video update, with policy only mildly restrictive, the RBA can afford to keep the cash rate at current levels while it assesses the inflation trend for a couple more quarters without too much of a risk to activity.

"We expect two more 25bp rate cuts from the RBA, but not until May and August next year."

Turning to the outlook for the consumer. Our [card activity](#) data continues to point to a solid uptrend in consumer demand; however, the Q3 update on household spending muddled the waters, real spending surprising to the downside with a meagre 0.2% lift compared to Q2's 0.9% gain. The susceptibility of household demand to sentiment and the cost of living was also called out by the RBA's latest business liaison which characterised consumers as "value conscious". We will receive a full update on consumer demand and household finances in the National Accounts release on 3 December, but this will only be for Q3. We may not get a full picture on the susceptibility of consumer demand to changing interest rate expectations until early-to-mid-2026.

The uncertainty over the timing and scale of further interest rate cuts notwithstanding, October's [Cotality data](#) points to household wealth compounding at a rapid rate, with home prices across the major capital cities growing at a circa 12% annualised pace during the 3 months to October. The RBA believes these gains may boost spending in time. That said, one household's gain is another's loss vis a vis affordability; and an increase in spending ahead of income requires a willingness to dissave or take on additional debt. Bear in mind as well that the support afforded by rate cuts and policy measures such as the recent roll-out of the First Homebuyer

Guarantee Scheme will fade in coming months as prices move higher. [Tight supply](#), however, will remain a support for price growth for the foreseeable future.

Offshore, the data flow was again light as the current US Government shutdown became the longest ever. The ISM manufacturing and service PMIs point to soggy conditions, the headline indexes remaining below average and the employment measures consistent with an outright reduction in headcount in October. Challenger job cuts also spiked to the highest October reading in over 20 years, taking year-to-date job losses above 1 million. Challenger, Gray and Christmas report that the reductions have been concentrated in technology and warehousing and are in part due to AI adoption. Note that this measure is an estimate of gross job cuts. ADP private payrolls is, in contrast, a measure of net job creation. The latter survey reported a 42k job gain in October, leaving the 6-month average at a modest, but positive, 20k. Apart from Governor Miran, Fed speakers this week kept their options open for the December meeting, continuing to raise concerns over inflation risks as well as threats to the labour market.

Across the Atlantic, the Bank of England's Monetary Policy Committee left the Bank Rate unchanged at 4.0%. The decision was a 5-4 split decision, and the communications carried a dovish tone. The minutes revealed that among the five members in the majority, four were concerned about the persistence of inflation. One member, Governor Bailey, judged that slack in the UK economy is rising; however, he preferred to "wait and see if the durability of disinflation is confirmed". The forward guidance was explicit, stating that "Bank Rate is likely to continue on a gradual downward path" if the disinflationary process continues.

There were few changes to the BoE's forecasts. CPI inflation is expected to fall below 3% around Q2 next year, then return to around 2% in Q2 2027 – a very similar path the August projection. GDP growth is expected to remain in the 1–1.5% range until early 2027, with some acceleration towards a 2% pace from late-2027. With Governor Bailey likely to favour a cut if current trends persist, we now anticipate a further 25bp policy easing at the MPC's final meeting of the year in December and a 25bp rate cut per quarter through the first half of 2026.

Labour market soft, but with some green shoots



Michael Gordon
Senior Economist

The September quarter labour market surveys were as subdued as expected, giving the Reserve Bank little new to chew on ahead of its policy review later this month. Other data this week was mixed, with another drop in dairy prices and a shortfall in government revenue, but an encouraging run of gains in building consents.

The Household Labour Force Survey showed a lift in the unemployment rate from 5.2% to 5.3% in the September quarter, its highest level since 2016. Employment was flat, which was a relative improvement on the declines seen in previous quarters. But with the working-age population still growing, this was instead absorbed through a mix of higher unemployment and lower participation. Our [quarterly labour market chartpack](#) goes further into the details.

Given the degree of spare capacity in the labour market, wage pressures have been unsurprisingly subdued. The Labour Cost Index rose by 0.4% for the quarter, taking annual growth down to a four-year low of 2.1%. The distribution of pay rates has returned to pre-Covid trends: only 44% of roles saw a pay rise over the last year, and for those that did see an increase, the average size is converging on the 2-3% range.

One unexpected but encouraging result was a 0.9% rise in hours worked, the first increase since December 2023. Hours per worker had fallen markedly over the last year, implying that employers were adjusting to the soft economy by reducing hours rather than laying off workers. The latest result suggests that we may be seeing the usual early response to a pickup in demand: employers will first look to get more out of their existing workers, before they turn to hiring new ones.

The labour market surveys were the last major data release before the RBNZ's *Monetary Policy Statement* on 26 November. With the results almost entirely in line with the RBNZ's earlier forecasts, there was little guidance as to the next OCR decision – arguably the odds of a 50bp cut have reduced a little, as the risk of an unexpectedly weak print has now passed. While there are some early signs of the economy stabilising, the existing degree of spare capacity will leave the RBNZ comfortable that inflation will moderate back towards 2% next year. We continue to expect a 25bp cut at the November review.

The GlobalDairyTrade auction for early November recorded a 2.4% fall in prices, its sixth straight decline. Prices have fallen by 16% from their peak in May this year, and are lower than they were a year ago.

The global market is flush with milk this year, with last year's high prices incentivising more production, and with European and US farms less affected by disease than they were last year. Milk production among the top exporting countries is up about 3% on a year ago.

We're not particularly fazed by this, as our long-held forecast of a \$10/kg farmgate milk price for this season assumed a fall in auction prices over this year. That said, the headroom in our forecast is starting to run out; further declines in auction prices in the coming months would require a downgrade to the full-season outlook. The weaker New Zealand dollar has been providing some buffer against the fall in world dairy prices over recent months.

Following a slightly better end to the 2024/25 year than predicted in the Budget, the government's operating deficit for the September quarter was \$500m larger than the Treasury expected, and \$200m larger than the same time last year. Core Crown spending was close to expectations, but tax revenue was below forecast, mostly due to individuals' income tax payments.

Despite the miss on the operating deficit, the residual cash position – which is what really matters for the government's bond issuance requirements – was \$1.6bn better than forecast, due to lower-than-expected capital spending outflows. While a good portion of this may be due to timing, this also comes after a cash deficit for the 2024/25 year that was \$4bn smaller than expected. As a result, these figures don't suggest an obvious need to increase the borrowing programme at the Half-Year Economic and Fiscal Update in December.

The final data release of note this week was a surprisingly strong signal for the beleaguered building industry. Housing consents 7% in September, the third straight month of strong gains. Previously this measure had been choppy around an overall sideways trend for the past year or so.

Looking ahead, we expect consent numbers will continue to trend higher over the year ahead and that homebuilding activity will lift over 2026. However, it's likely to be a gradual rise. While low interest rates are supporting new development, population growth remains low and there have been sizeable increases in the housing stock over the past few years, which is still weighing on house price growth.

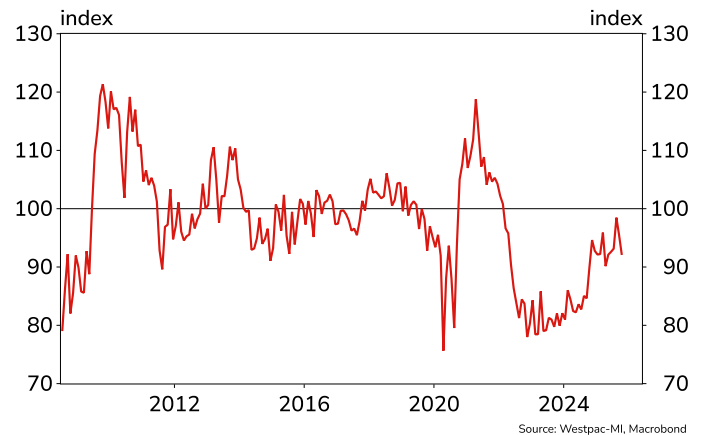
AUS: Nov Westpac-MI Consumer Sentiment (index)

Nov 11, Last: 92.1

Consumer confidence has fallen 6.5% over Sep-Oct, giving back all of the gains seen between May and Aug when rate cuts were giving a clear boost. At 92.1, the October Index read was back at firmly pessimistic levels, albeit still well above the very weak reads seen during the extended 'cost-of-living' crisis.

The latest survey is in the field over the week ending Nov 8. This will capture reactions to the RBA's decision to leave the cash rate on hold at its November meeting following a recent upside surprise on inflation and despite further evidence of a softening labour market. This is likely to weigh on sentiment, but exactly how much of a dampener will be of great interest in the run-up to holiday high season for retail.

Consumer Sentiment Index



AUS: Q3 Dwelling Finance Approvals (%qtr)

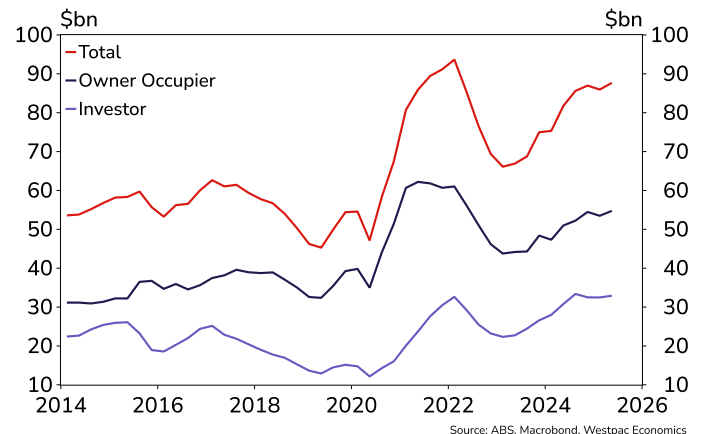
Nov 12, Last: 2.0, Westpac f/c: 3.5

Market f/c: 2.6, Range: 0.2 to 4.0

The value of new dwelling finance approvals (ex. refi) rose 2.0% in Q2. The mix favoured owner-occupiers (+2.4%), particularly for construction-related loans (+5.6%), while investor loan values also rose modestly after two consecutive declines prior (+1.4%).

We have pencilled in a lift of 3.5% in Q3, taking the cue from the lift in the total value of credit enquiries over the quarter. Finance has been lagging well behind the value of purchases, so some form of 'catch-up' is to be expected. Private credit data suggests the gain should be centred on investors, a forecast 4.5% gain, while owner-occupier loans should lift around 3%.

Dwelling Finance Approvals



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

Nov 13, Last: +14.9, Westpac f/c: +15

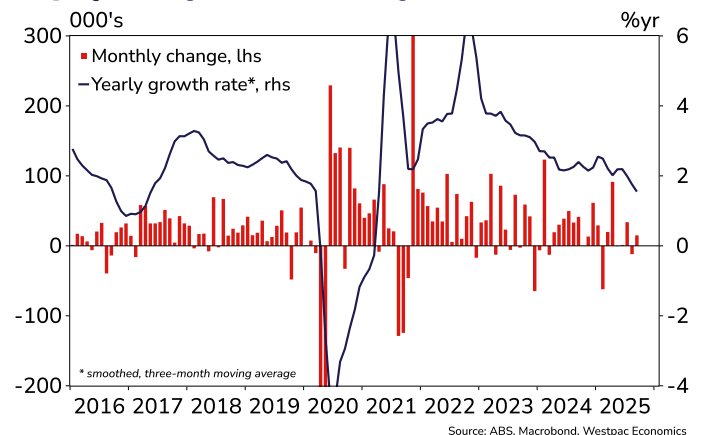
Market f/c: 20 Range: 10. to 40

Employment rose by +14.9k in September. On a three-month average basis, employment growth has slowed to 1.5%yr, down from 2.2%yr six months ago and now well below the long-run average pace of 1.9%yr.

Underlying this slowdown in employment growth is a rebalancing across industries, with the contribution from the job-intensive 'care economy' falling while the market sector stages a gradual and 'patchy' recovery.

For October, we have pencilled in another lift in employment of +15k, around the average pace over the past year.

Employment growth is slowing down



AUS: Oct Labour Force – Unemployment Rate (%)

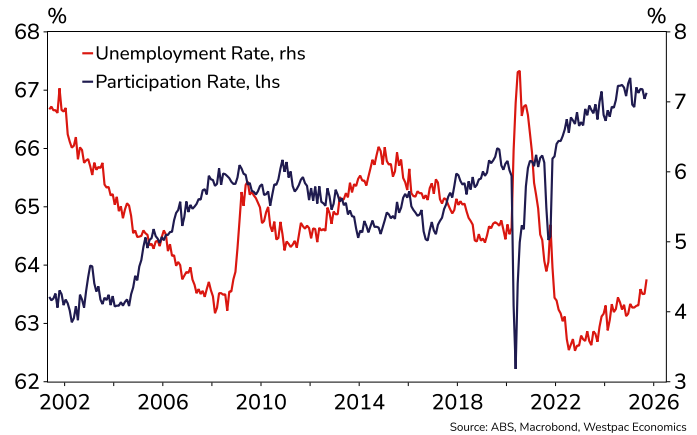
Nov 13, Last: 4.5, Westpac f/c: 4.4
Market f/c: 4.4, Range: 4.3 to 4.5

Higher participation, combined with softer hiring, opened up a bit more labour market slack in September, seeing the unemployment rate lift by more than expected – from 4.3% up to a new cycle high of 4.5% (or 4.46% to two decimal places).

There is always a bit of noise in the monthly survey, so we anticipate that a slight pull-back in the participation rate (to 66.9%) will accompany a rounding down of the unemployment rate to 4.4% in October.

That is not to say that there was no signal in the latest move – it is part of a re-emerging trend softening in conditions. That said, we do not suspect the unemployment rate to rise much further from here, to a forecast peak of 4.6% in H2 2026.

Unemployment rate ticking higher

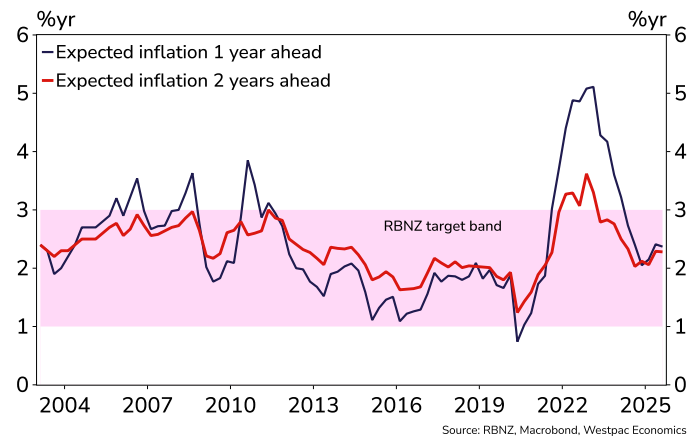


NZ: Q4 RBNZ Survey of Expectations (%ann)

Nov 11, Expected Inflation Two Years Ahead, Last: 2.28

Inflation expectations will be an important consideration for the RBNZ ahead of its 26 November policy meeting. While the RBNZ signalled an easing bias at its October policy announcement, the lift in inflation back to 3% raises questions about the extent and pace of further rate cuts. Expectations of inflation took a step higher through the middle part of the year, and there's a risk of a further modest increase in the Q4 survey. Even so, longer-term expectations are likely to remain comfortably inside the RBNZ's target band, consistent with the softness in demand and lingering spare capacity in the economy.

Inflation expectations within the target range

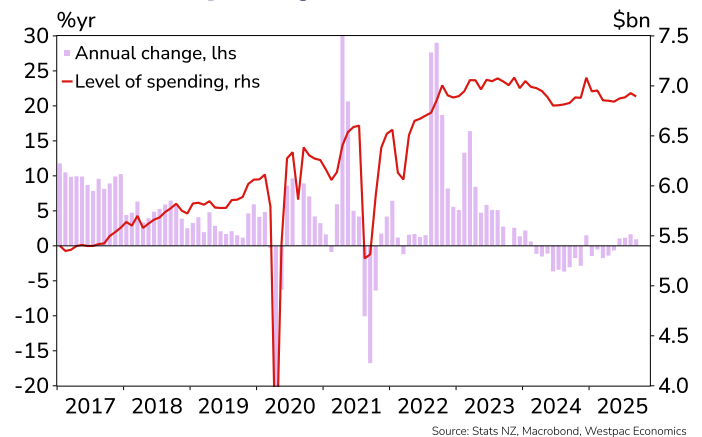


NZ: Oct Retail Card Spending (%mth)

Nov 13, Last: -0.3, Westpac f/c: +0.3

Retail spending fell 0.5% in September. However, that fall followed three months of gains. Looking at the longer-term trend, the picture is one of modest growth rather than decline, with spending levels up 1% over the past year. We're forecasting a 0.3% rise in spending in October. Some of that is related to increases in fuel prices. Even so, we still expect a modest rise in core (excl. fuel) spending, including 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



What to watch

For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 10						
Aus	RBA Deputy Governor	–	–	–	–	Hauser speaking in Sydney, 10:30am AEDT.
Eur	Nov Sentix Investor Confidence	index	–5.4	–4.6	–	Expectations are positive weighed down by current conditions.
Tue 11						
Aus	Nov Westpac–MI Consumer Sentiment	index	92.1	–	–	Will capture reactions to the latest RBA's decision.
	Oct NAB Business Conditions	index	8	–	–	Businesses cautious as forward orders dip below average.
NZ	Q4 RBNZ Inflation Expectations	%yr	2.3	–	–	Near-term likely to lift, longer-term exps still contained.
Jpn	Sep Current Account Balance	¥bn	3776	2468	–	Current account surplus rising in Q3.
Eur	Nov ZEW Sentiment Survey	index	22.7	–	–	Survey of financial analysts on six-month economic outlook.
UK	Sep ILO Unemployment Rate	%	4.8	5.0	–	At a 4.5 year high, but response rate remains low.
US	Oct NFIB Small Business Optimism	index	98.8	98.2	–	Rising inflation pressures and softer sales outlook cited.
Wed 12						
Aus	RBA Assist' Governor (Fin System)	–	–	–	–	Jones speaking in Broadbeach, 9:15am AEDT.
	Q3 Housing Finance Approvals	%qtr	2.0	2.6	3.5	A "catch-up" with higher house prices expected.
	Q3 Owner-Occupier Loans	%qtr	2.4	–	3.0	Private credit data suggests that the gain ...
	Q3 Investor Loans	%qtr	1.4	–	4.5	... should be centred on investors.
US	Fedspeak	–	–	–	–	Waller, Miran, Bostic, Williams, Paulson.
Thu 13						
Aus	Nov MI Inflation Expectations	%yr	4.8	–	–	Up 0.8ppts since the start of the year.
	Oct Employment Change	000s	14.9	20.0	15.0	Employment growth slows to a below-average pace ...
	Oct Unemployment Rate	%	4.5	4.4	4.4	... but monthly noise likely to see partial reversal in U/E.
NZ	Oct Retail Card Spending	%mth	–0.5	–	0.3	Watching for a gradual lift in discretionary spending.
	Sep Net Migration	no.	460	–	–	Steady at low but positive levels.
Eur	Sep Industrial Production	%mth	–1.2	1.0	–	Germany record strongest monthly fall since March 2022.
UK	Q3 GDP	%qtr	0.3	0.1	–	Monthly GDP indicator has printed a –0.1% and 0.1% so far.
US	Fedspeak	–	–	–	–	Musalem.
Fri 14						
NZ	Oct Manufacturing PMI	index	49.9	–	–	Has been choppy around the 50 mark this year.
Chn	Oct Industrial Production	ytd %yr	6.2	6.1	–	Risks to China's growth outlook are domestic in nature ...
	Oct Retail sales	ytd %yr	4.5	4.4	–	... as consumption struggles to gain a footing ...
	Oct Fixed Asset Investment	ytd %yr	–0.5	–0.8	–	... and investment in high-tech manufacturing matures.
Eur	Q3 GDP	%qtr	0.2	0.2	–	Second estimate.
	Sep Trade Balance	€bn	9.7	–	–	Surplus has expanded for two consecutive months.
US	Fedspeak	–	–	–	–	Bostic, Schmid.

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 (7 Nov)	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	3.65	3.50	3.25	3.15	3.15	3.20	3.20	3.20	3.20
3 Year Swap	3.60	3.55	3.50	3.50	3.60	3.70	3.80	3.90	3.95	4.00
3 Year Bond	3.62	3.60	3.55	3.55	3.65	3.75	3.85	3.90	3.95	4.00
10 Year Bond	4.33	4.35	4.35	4.40	4.45	4.50	4.55	4.60	4.60	4.60
10 Year Spread to US (bps)	25	20	20	20	15	10	10	10	5	0
United States										
Fed Funds	3.875	3.875	3.625	3.375	3.375	3.375	3.375	3.375	3.375	3.375
US 10 Year Bond	4.08	4.15	4.15	4.20	4.30	4.40	4.45	4.50	4.55	4.60
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	2.48	2.35	2.35	2.35	2.40	2.70	2.95	3.20	3.40	3.70
2 Year Swap	2.54	2.65	2.90	3.10	3.35	3.55	3.70	3.85	3.95	4.00
10 Year Bond	4.09	4.15	4.30	4.45	4.55	4.70	4.85	4.90	4.95	4.95
10 Year Spread to US (bps)	1	0	15	25	25	30	40	40	40	35

Exchange rate forecasts

	Latest (7 Nov)	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
AUD/USD	0.6480	0.66	0.67	0.69	0.70	0.71	0.72	0.72	0.73	0.73
NZD/USD	0.5635	0.57	0.57	0.59	0.60	0.61	0.62	0.63	0.64	0.65
USD/JPY	153.00	153	152	151	150	148	146	144	142	140
EUR/USD	1.1549	1.16	1.17	1.18	1.19	1.19	1.20	1.20	1.21	1.21
GBP/USD	1.3135	1.33	1.33	1.34	1.35	1.36	1.37	1.37	1.38	1.38
USD/CNY	7.1195	7.10	7.05	7.00	6.95	6.90	6.80	6.70	6.60	6.50
AUD/NZD	1.1499	1.16	1.17	1.16	1.16	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

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

©2025 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, “Westpac”). References to the “Westpac Group” are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Things you should know

We respect your privacy: You can view the [New Zealand Privacy Policy here](#), or the Australian [Group Privacy Statement here](#). Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

This information, unless specifically indicated otherwise, is under copyright of the Westpac Group. None of the material, nor its contents, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior written permission of the Westpac Group.

Disclaimer

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision.

This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter,

distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author’s knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

Further important information regarding sustainability related content: This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access [Westpac’s Financial Services Guide here](#) or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac (“WNZL”). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at www.westpac.co.nz.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any

Disclaimer continues overleaf ►

matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

Fiji: Unless otherwise specified, the products and services for Westpac Fiji are available from www.westpac.com.fj © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia and registered as a branch in Fiji. The liability of its members is limited.

Papua New Guinea: Unless otherwise specified, the products and services for Westpac PNG are available from www.westpac.com.pg © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia. Westpac is represented in Papua New Guinea by Westpac Bank - PNG - Limited. The liability of its members is limited.

U.S.: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ("WCM"), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WCM other than as provided for in certain legal agreements between Westpac and WCM and obligations of WCM do not represent liabilities of Westpac.

This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found here. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.