Week beginning 15 December 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%, focused on upside risks.

The Week That Was: Price pressures to remain the focus.

Focus on New Zealand: Jingle all the way.

For the week ahead:

Australia: Westpac-MI consumer sentiment and leading index, RBA's Jones and Brischetto speak.

New Zealand: Half-year economic and fiscal update, price indexes, REINZ house prices, Q3 GDP.

Japan: BoJ policy decision, Q4 Tankan survey, November CPI.

China: November retail trade, fixed asset investment and industrial production.

Eurozone: ECB policy decision, industrial production, ZEW survey of expectations.

United Kingdom: BOE policy decision, unemployment rate, November CPI, retail sales.

United States: Nonfarm payrolls, November CPI, retail sales.

Information contained in this report current as at 12 December 2025

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RBA holds cash rate at 3.6%, focused on upside risks

Sian Fenner, Head of Business and Industry Economics
Justin Smirk, Senior Economist

- **As widely expected, the RBA kept the cash rate on hold at 3.6% in a unanimous decision. The statement struck a slightly more hawkish note but in the following media conference Governor Michele Bullock was focused on the upside risks to inflation.**
- **Following the media conference, the probability of a rate hike has risen. But we see this to be dependent on data over the coming months and a more likely scenario is a prolonged pause.**
- **Rate cuts could still be brought back to the table if our view that supply will not be a constraint and the economy can grow faster without triggering inflation is realised.**
- **As such, our current baseline is for two 25bp rate cuts but not until mid-2026. This would bring the cash rate to 3.1% –125bp below its peak this monetary policy cycle.**

Today's decision by the RBA to leave the cash rate unchanged at 3.6% was widely anticipated by the market and economists. It was a unanimous decision. The statement struck a slightly more hawkish note but in the following media conference, Governor Bullock indicated that the Board was focused on the upside risks to inflation.

She confirmed that at today's meeting "a rate cut was not on the table", adding that supply and demand conditions are a little tight. The potential necessary conditions for a rate hike in 2026 were also discussed as the Board believe the balance of risks for inflation have tilted to the upside.

While the Board acknowledged that some of the recent increase in underlying inflation was due to temporary factors, they still saw some signs of a broader pick-up. They also remain concerned over labour market tightness and strong growth in broader measures of wages and high unit labour costs.

They will continue to monitor these factors against a backdrop of what they believe to be a stronger pick up in private demand that could lead to capacity pressures.

But as our Chief Economist Luci Ellis recently noted in "Swing up, you won't hit a wall", the view that stronger private demand will quickly collide with supply constraints is misplaced. Indeed, we think the RBA and some other economists' projection of trend growth of 2% is too conservative. We see 2¼% or higher as realistic given population, participation, and potential productivity gains.

There is no denying that overall productivity has been very weak. But as we have previously highlighted, this in part reflects the rapid increase in the share of the care economy over recent years, which is very labour intensive and mechanically less productive than the market sector. But as private demand and the market sector become an increasing driver of economic growth, this will support an improvement in headline productivity measures. This is not just a shift in the composition of the economy. The recovery in business investment, as seen in the Q3 National Accounts, and the solid lift in private business capex intentions will see the share of business investment lift from its historical lows. With more capital per worker, we will see stronger productivity. Then there is the technological innovation and adoption, including an eventual lift from AI.

It is also worth noting that the economy is not booming. Real disposable income per person has only just returned to 2020 levels, the stimulatory impact of Stage 3 tax cuts are rolling off and with rates on hold for longer, the boost from earlier rate cuts will also fade.

Overall, we do not expect the economy to hit a hard capacity wall any time soon. If this view proves correct, the economy can grow faster without triggering further inflation, reducing the need for slightly restrictive policy.

Indeed, we expect core inflation to ease back toward, and eventually below, the mid-point of the target band by the end of 2026. Much of the recent increase reflects higher administrative prices, seasonal volatility and the removal of cost-of-living assistance. These are unlikely to be repeated to the same extent. Further out, as productivity improves and wage inflation moderates this will also support lower core inflation.

As such, our current baseline is for two more 25bp rate cuts but not until mid-2026. This would bring the policy rate to 3.1% – 125bp below its peak this monetary cycle.

Still, following Governor Bullock's comments in today's press conference, the probability of a rate hike has risen. This would be dependent on persistence of the current reacceleration in inflation. Instead, we see the risks as being more tilted to a prolonged pause. The evolution of the data over the coming months will see the RBA reassess the sustainability of inflation moving back to target and the restrictiveness of current policy settings.

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Cliff Notes: price pressures to remain the focus

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

The RBA's decision to leave the cash rate unchanged came as no surprise to the market, but the focus was always going to be on the RBA's take on the recent dataflow. In the event, the Monetary Policy Board conceded that part of the recent lift in underlying inflation "may be persistent", but also that some was due to "temporary factors". On activity, "private demand has strengthened, driven by both consumption and investment", and, if it were to persist, would "likely add to capacity pressures". Though the "risks to inflation have tilted to the upside" in the RBA's view, they do not appear to be in any rush to pre-emptively react to these risks, noting that "it will take a little longer to assess the persistence of inflationary pressures."

Underlying the RBA's assessment on the balance of risks is a somewhat more pessimistic view on supply capacity which, in the context of an economic upswing, begets a more hawkish tone around the inflation outlook. Our view on productivity, population and participation is more constructive, implying that the economy can handle a higher rate of growth without sparking excessive inflation. As temporary factors wash out, inflation should resume its trajectory toward the mid-point of the target range, providing scope to deliver two more rate cuts next year. If inflation dynamics take longer to normalise, the risk is that the cash rate could remain on hold for longer than our current base case.

Developments around the labour market will also be key for policy hence. The data continues to speak to a gradual softening as jobs growth across broad industry segments normalises. The November update revealed a decline in employment (–21.3k) which was 'cushioned' by an unexpected fall in the participation rate, resulting in the unemployment rate holding steady at 4.3%. We expect a bit more slack to open up over the next year, putting a lid on any upside risks to inflation stemming from the labour market.

Before moving offshore, a final note on business. The latest NAB business survey indicated that business conditions remained positive and generally steady around long-run average levels in November, notwithstanding a small decline. Business confidence was a little shakier in the month, but a more constructive picture around forward orders has allowed businesses to remain cautiously optimistic. As evidence of a sustained recovery continues to build, businesses will be able to expand capacity with a greater degree of confidence.

In the US, the FOMC cut the fed funds rate by 25bps to 3.625% at their December meeting but maintained its projection of only one further cut in 2026 and another in 2027, reaching a broadly neutral rate of 3.125% by end-2027.

This cautious approach reflects expectations of above-trend growth through 2028, supported by real income gains and AI-driven infrastructure investment, seeing the unemployment rate ease back to 4.2%.

Inflation is only forecast to decline gradually from 3.0% in 2025 to 2.0% by 2028, implying moderately restrictive policy will achieve the dual mandate, eventually. We anticipate capacity constraints and persistent inflation risks will limit further easing by the FOMC to just one more cut, which is most likely to be seen in Q1 2026 before inflation proves more persistent than the Committee currently expects. The fed funds rate on hold at 3.375% with persistent inflation risks is likely to bias up long-term yields, particularly amid elevated fiscal uncertainty.

The Bank of Canada subsequently kept rates steady at 2.25%, maintaining an accommodative stance to support the economy as it navigates excess capacity and trade uncertainty. The Governing Council remain confident inflation will remain at target with the inflation rate having held close to their target of 2.0% for over a year and excess capacity and softer wage growth likely to offset any upside risk to consumer prices from trade. The labour market has strengthened in recent months but still remains weak compared to where it was prior to the pandemic.

In China meanwhile, consumer inflation accelerated to 0.7%yr in November as producer prices deflation became more even entrenched, with prices down 2.2%yr. The rise in consumer prices reflects increases in the cost of food and gold jewellery versus demand-led inflation which there is little-to-no evidence of. Further support centred on household consumption should broaden consumer inflation through 2026.

Producer prices are unlikely to sustainably grow until capacity tightens, however. This could be a long way off. 'Anti-involution' policies champion profitability, but this does not preclude new more productive supply being invested in to replace old ineffective capacity or to meet demand for new goods and services. Price declines and profitability can therefore co-exist sustainably.

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Jingle all the way

Michael Gordon
Senior Economist

As is often the case, a lot of economic data has been squeezed into the days before Christmas this year. The highlight will no doubt be the September quarter GDP release on Thursday, which now looks set for a strong rebound from the shockingly weak June quarter result. But there's plenty of more timely data to pick over as well, and what we've seen so far points to the New Zealand economy regaining some momentum towards the end of the year.

As we detailed in our preview note, we've revised up our GDP forecast to a 0.9% increase for the quarter, from 0.6% previously (and 0.4% at the time of our October Economic Overview). If we're right, this will be a substantially stronger result than the general tone of the data – including those that go into our GDP Nowcast model – had been suggesting over the last few months. But recent releases have painted a much stronger picture, and in many cases these are what go directly into the GDP calculations.

Firstly, the retail trade survey at the end of last month showed a surprisingly strong 1.9% rise in volumes for the September quarter. Last week, the building work survey showed a pickup in homebuilding activity, outweighing a further decline in non-residential work. And finally, the business financial data released this week showed solid gains across a range of services sectors, especially wholesaling and professional services.

As we noted in our recent GDP Insights article, there were some identifiable factors that depressed growth in the June quarter, and will add around 0.2% to growth in the September quarter. Even so, a 0.9% reported increase would still represent a solid improvement. Our work also shows that while some excessive seasonality has crept into the quarterly GDP figures in recent times, this doesn't appear to have distorted growth rates in September quarters.

A 0.9% increase would be substantially stronger than the 0.4% that the Reserve Bank expected in its November Monetary Policy Statement, suggesting that the economy is working through its excess capacity faster than thought. While the RBNZ themselves may take this in their stride, it comes at a time when interest rate markets are already falling over themselves to price in a turnaround to OCR hikes next year. At the least, this once again points to the undesirability of having a nearly three-month gap between policy reviews over the summer period; we think it would pay for the RBNZ to provide some guidance on its thinking once people start returning to the office in January.

The usual charge that can be levelled at the GDP figures is that they are quite dated by the time of the release. However, we've also had a number of indicators relating to the December quarter that have also been positive, with more releases to come next week.

Retail card spending rose 1.2% in November. That was stronger than the 0.6% rise that we had pencilled in, although we certainly recognised the possibility of a strong result based on what we saw from spending on Westpac-issued credit and debit cards. Improving household finances were a likely driver, as well as the increasing prevalence of Black Friday sales (and the difficulty of seasonally adjusting the data for shopping patterns that are still in motion).

The manufacturing PMI rose slightly to 51.4 in November, the fifth consecutive month that it has been at or above the 50 mark. While not necessarily pointing to strong growth, it's certainly an improvement over the persistently weak readings that we saw throughout last year. The equivalent services PSI will be released on Monday; unlike manufacturing, this measure has remained below 50 this year.

Net migration reached 2400 people in October, the highest since April last year. The number of departing Kiwis has continued to track down from its highs since the start of this year, though the level remains well above average. Meanwhile, short-term visitor arrivals rose for a fourth consecutive month in October, reaching a new post-Covid high. Visitor numbers are now running at around 93% of their 2019 (pre-Covid) levels.

Lastly, the weekly snapshots of filled jobs, which are provided by Stats NZ based on income tax data, have been noticeably more perky in recent weeks. The usual pre-Christmas pickup in hiring has been stronger this year than in the last few years, and jobs now look to be slightly above year-ago levels. That picture is further supported by the MBIE job advertisement index, which ticked up in November to its highest level since early 2024. The Christmas/New Year break means that we won't get the next Monthly Employment Indicator until 14 January, but with the way that the weekly figures are tracking, we should see a strong lift in November after several months of essentially flat outturns.

It's a packed schedule for local data and events next week. In addition to the GDP release on Thursday, the things to watch are:

- **The latest monthly releases for selected consumer prices, house prices and sales, and business confidence. See our preview boxes for more details.**

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- **The last GlobalDairyTrade auction of the year will be held on Wednesday morning, with futures markets suggesting another fall of around 4% in whole milk powder prices. A surge in global milk production this year is putting downward pressure on prices – something that we made an allowance for in our forecast of a $9.30/kg farmgate milk price for this season.**
- **The Westpac-McDermott Miller consumer confidence index for the December quarter will be released on Wednesday (with the ANZ monthly confidence survey to follow on Friday). Consumers have remained relatively downbeat so far this year, with cost-of-living pressures an ongoing concern.**
- **The RBNZ will announce the results of its bank capital review on Wednesday. In August the RBNZ began consulting on two options that would modestly reduce capital requirements from the levels that were set in its 2019 review.**

Finally, on Tuesday we get the release of the Treasury's Half-Year Economic and Financial Update (HYEFU). The HYEFU will provide an update on the state of the Government's books, while the accompanying Budget Policy Statement will outline the Government's priorities for Budget 2026.

As we discussed in our preview, the deficit for the 2024/25 fiscal year was smaller than forecast in Budget 2025, especially in cash terms, providing a positive starting point for this year's funding needs. Since then, outcomes over the first four months of the 2025/26 fiscal year have been mixed relative to Budget forecasts. The operating deficit (OBEGALx) is slightly wider than forecast due to a small tax shortfall, but the core Crown residual cash deficit is smaller than forecast due to lower-than-expected net capital outlays. We expect that the HYEFU forecast for the full-year OBEGALx deficit in 2025/26 will slightly exceed the Budget 2025 forecast, but that the Government's funding needs will be no higher than forecast. As a result, we think it's likely that NZDM will confirm the $38bn bond issuance programme for this year that was forecast in Budget 2025. We don't have much cause to expect sizeable revisions to the Treasury's economic and fiscal forecasts beyond the current year, and so forecast bond issuance in the outer years is also likely to be close to the Budget forecast.

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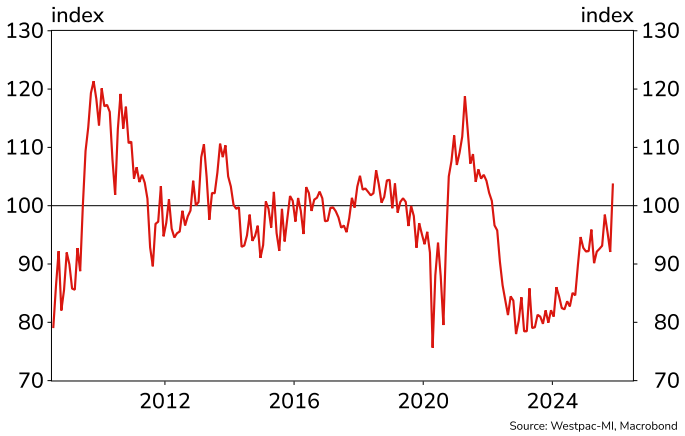
AUS: Dec Westpac-MI Consumer Sentiment Index

Dec 16, Last: 103.8

The Nov Westpac-MI Consumer Sentiment survey was extraordinary and somewhat surprising, being the first 'net positive' reading in the best part of four years. There are clearer signs that the domestic recovery is gaining momentum, and at the same time, external threats also appeared to have eased.

The latest survey is in the field over the week ending Dec 13. This will capture reactions to the RBA's decision to leave the cash rate on hold at its December meeting, where during the subsequent press conference, Governor Bullock confirmed that "a rate cut was not on the table" and that the Board was focused on the upside risks to inflation. The degree to which this could weigh on sentiment will be of great interest in the run-up to holiday high season for retail.

Consumer Sentiment Index



Source: Westpac-MI, Macrobond

AUS: Q4 Westpac-ACCI Survey of Industrial Trends

Dec 16, Last: 48.8

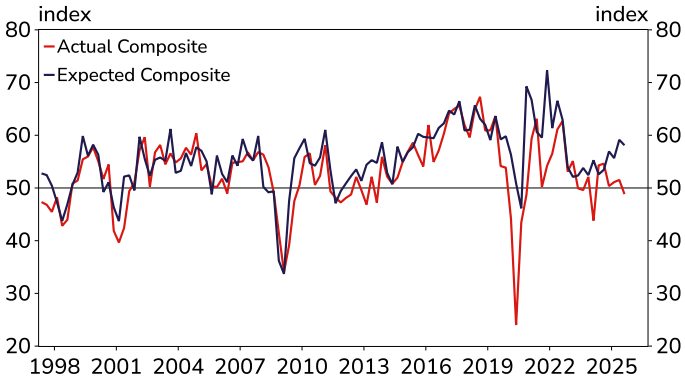
The ACCI-Westpac Survey of Industrial Trends provides a timely update on Australia's manufacturing sector and insights into economy-wide trends.

Conditions in the manufacturing sector were on shaky footing moving into the second half of the year. Despite actual conditions falling short of expectations, manufacturers have remained notably optimistic on the outlook. A genuine upswing in economic activity is underway, and manufacturers are hopeful this will translate into new orders and output growth.

There are still a number of hallmark challenges facing the sector, notably around still-elevated unit cost pressures and the availability of skilled labour. How these dynamics evolve, especially in the context of the upswing, will be key.

Westpac-ACCI Composite Indexes

Actual & Expected, Seasonally Adjusted



Source: ACCI, Westpac Economics, Macrobond

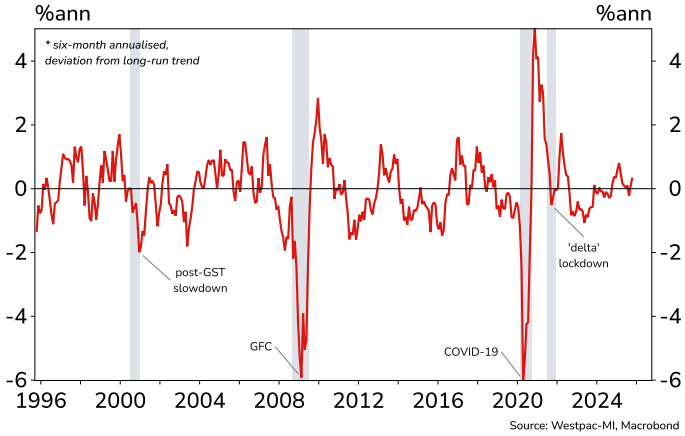
AUS: Nov Westpac-MI Leading Index (%ann'd)

Dec 17, Last: 0.35

The six-month annualised growth rate in the Westpac–MI Leading Index, which indicates the likely pace of economic activity relative to trend three to nine months into the future, moved into slightly positive territory, lifting from +0.10% in Sep to +0.35% in Oct.

After oscillating around a zero reading for the past six months, the Leading Index has built up some momentum heading into year-end, and while the growth signal is not particularly strong, it is consistent with Westpac's view that activity will continue to pick up steam over the rest of this year and into next.

Westpac-MI Leading Index



Source: Westpac-MI, Macrobond

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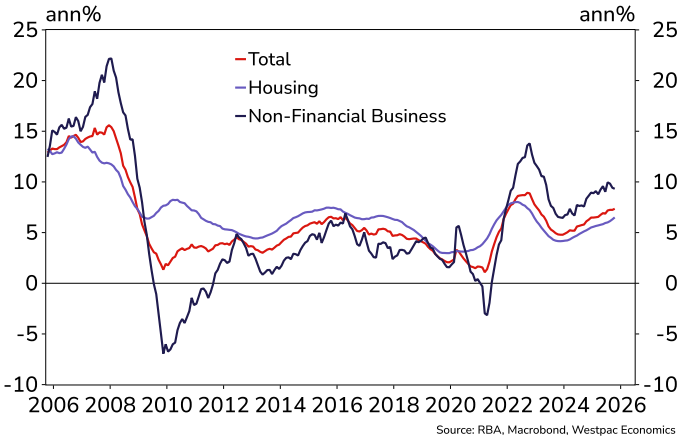
AUS: Nov Private Sector Credit (%mth)

Dec 19, Last: 0.7, Westpac f/c: 0.7

Private sector credit rose by 0.7%mth in October, the joint highest rate in the current cycle. The main driver of this acceleration from the previous month's 0.6%mth increase was stronger business sector growth, while housing finance also firmed for a second consecutive month, rising by 0.6%mth.

House price growth remains elevated, and the government's 5% deposit scheme might be providing some additional support at the margin. As a result, we anticipate housing finance growth may tick higher to 0.7%mth, which would be the highest rate since early 2022. Business credit growth rates are typically more volatile, but a similar outcome to October's 0.8%mth, which was close to the recent average, is possible. This would leave total credit growth unchanged at 0.7%mth.

Private sector credit growth



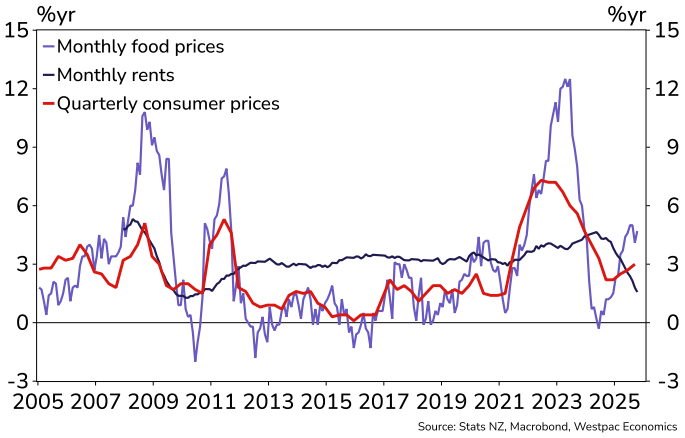
Source: RBA, Macrobond, Westpac Economics

NZ: Nov Selected Price Indices

Dec 16

After rising to 3%yr in the September quarter, we expect that CPI inflation will start to ease back over the coming months. October's prices update reinforced that view, and we'll be watching for further evidence that pressures are easing back in the November update. Key areas to watch relate to discretionary spending. That includes the volatile travel categories, but also areas like hospitality. Rents, the largest component of the CPI, will also warrant close attention – rental inflation has already fallen to very low levels and recent indicators point to continuing softness. There are also some upside risks, however, with continued increases in utility prices and fuel costs.

NZ selected consumer prices



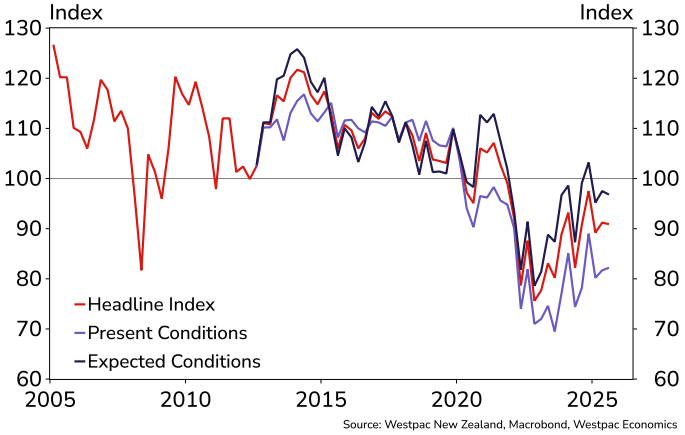
Source: Stats NZ, Macrobond, Westpac Economics

NZ: Q4 Westpac-McDermott Miller Consumer Confidence

Dec 17, Last: 90.9

Consumer confidence nudged down slightly in September, leaving it below historic averages. That continued softness in sentiment reflected the impact of factors such as weakness in the jobs market, increases in living costs and subdued house price growth. Our latest survey was in the field in the early part of December. Since the September survey, we've seen further interest rate cuts from the RBNZ and signs that economic activity is starting to firm. However, we've continued to hear concerns about the cost of living and the jobs market.

Consumer confidence



Source: Westpac New Zealand, Macrobond, Westpac Economics

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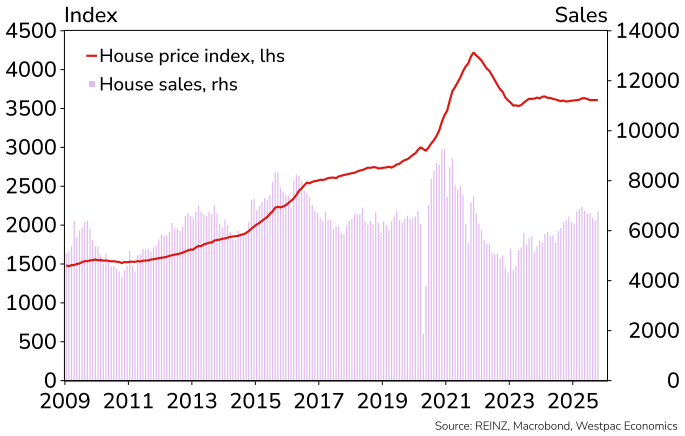
NZ: Nov REINZ House Sales and Prices (%yr)

Dec 17, Sales last: 6.4, Prices last: 0.3

The New Zealand housing market was a little perkier in October. Sales picked up compared to previous months, even after accounting for the usual spring surge. However, sale prices remained close to flat. The RBNZ's dovish shift in its August and October policy reviews gave a fresh downward leg to fixed-term mortgage rates, helping to bring more potential buyers into the market. But with an ample supply of homes available for sale, there is still little pressure to bid prices higher at the moment.

REINZ house sales and prices



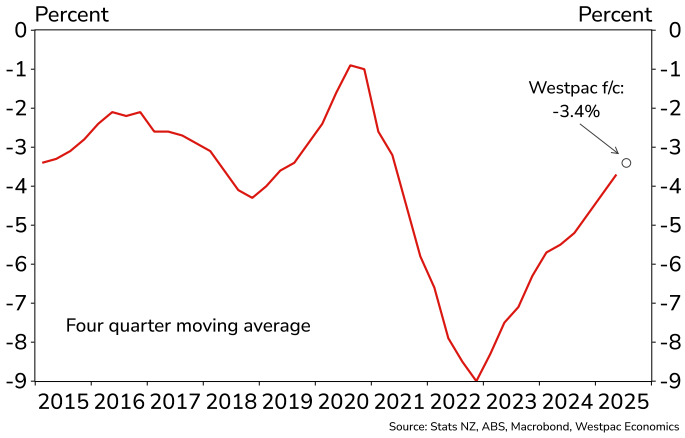
Source: REINZ, Macrobond, Westpac Economics

NZ: Q3 Current Account Balance (% of GDP)

Dec 17, Last: –3.7, Westpac f/c: –3.4, Mkt f/c: –3.4

The current account deficit has narrowed sharply over the past two years, thanks mostly to a large decline in the trade deficit amidst a cyclical upswing in the terms of trade and weak import demand. We expect the 12-month running deficit to have declined a little further to a three-year low of 3.4% of GDP in the September quarter. With falling dairy prices now weighing on the terms of trade and a recovering economy likely to boost demand for imports, the deficit is likely to widen somewhat over the course of 2026.

Current Account Balance (% of GDP)



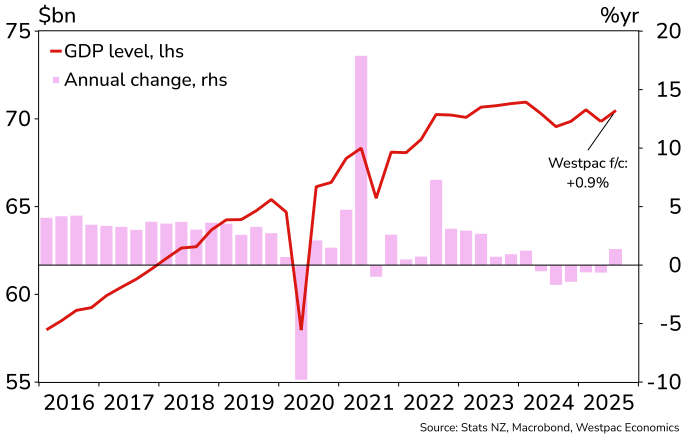
Source: Stats NZ, ABS, Macrobond, Westpac Economics

NZ: Q3 GDP (%qtr)

Dec 18, Last: –0.9, Westpac f/c: 0.9, Mkt f/c: 0.9

We expect a 0.9% rise in GDP for the September quarter, with recent sectoral data releases showing surprisingly strong gains in several areas. If our forecast is correct, this would mark a continuation of the unusually high volatility in GDP that we've seen in recent times, including a sharp 0.9% fall in the previous quarter. Future data revisions may soften some of this volatility, giving a clearer picture of the underlying trend. See our preview note for more details.

GDP improving but volatile



Source: Stats NZ, Macrobond, Westpac Economics

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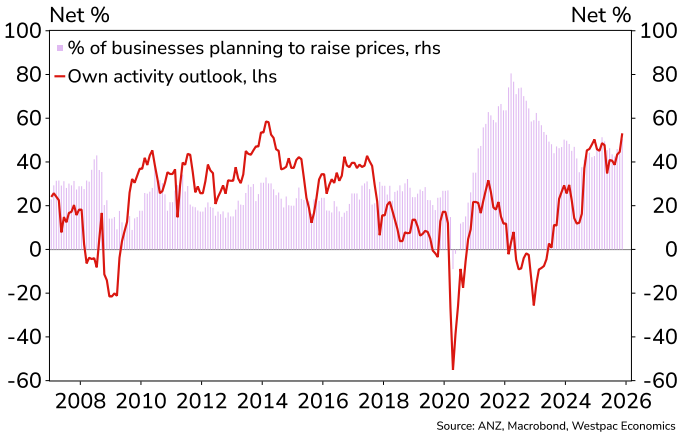
NZ: Dec ANZ Business Confidence

Dec 19, Last: 67.1

The November business outlook survey saw a strong lift in confidence from already-high levels. More crucially, there was also a marked improvement in past performance, with a net 21% of firms reporting that activity was up on a year ago – something that's likely to have already been in motion before the RBNZ's 'circuit breaking' 50bp OCR cut in October. The December survey follows the RBNZ's shift to an on-hold stance in its late November policy review; the subsequent surge in longer-term interest rates may put a cap on firms' confidence about the year ahead, even as actual conditions continue to improve.

Business confidence remains high



Source: ANZ, Macrobond, Westpac Economics

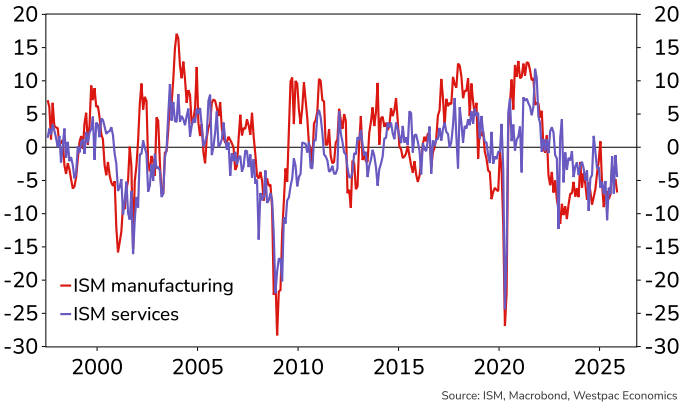
US: Nov employment report

Dec 16, payrolls, WBC f/c: 60k, Mkt f/c: 50k
Dec 16, u/e rate, WBC f/c: 4.4%, Mkt f/c: 4.4%

The latest employment report will provide estimates for both Oct and Nov for the establishment survey, but only Nov for the household survey. Given the impact of the shutdown, there is a high likelihood of abnormal noise in the data. As such, the multi-month trend will be the focus, with market participants closely scrutinising any evidence of a deterioration.
Missing for Oct, the household survey will offer only limited value in this update. The hourly earnings data are meanwhile likely to confirm the benign but solid pace of wage growth reported by the employment cost index for the September quarter. Into 2026, labour supply is likely to remain in excess of demand, gradually building up slack.

Forward looking indicators downbeat

New Orders, deviation from 10-year average (pts)



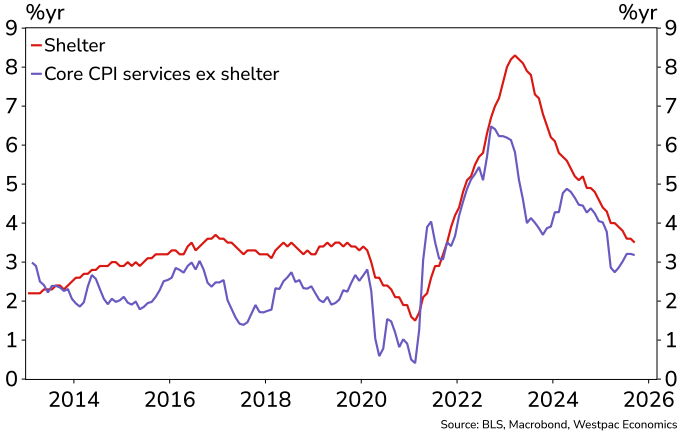
Source: ISM, Macrobond, Westpac Economics

US: Nov CPI (%yr)

Dec 18, headline, WBC f/c: 3.1, Mkt f/c: 3.1

The CPI returns for Nov after a month-long hiatus due to October's government shutdown. There is the possibility of distortions given no data was collected for Oct. The focus for the market will be any pick up in goods inflation related to US tariffs and the degree to which services disinflation may offset. Most likely is a further modest lift in goods inflation while services inflation holds at its prior pace. Within services, though shelter is likely to decelerate further in coming months, across the rest of the basket has been signs of additional momentum, likely as a result of higher cost inputs including wages and energy.
In our view, capacity pressures are likely to persist through 2026, holding annual inflation wide of the FOMC's target.

Services inflation a persistent concern



Source: BLS, Macrobond, Westpac Economics

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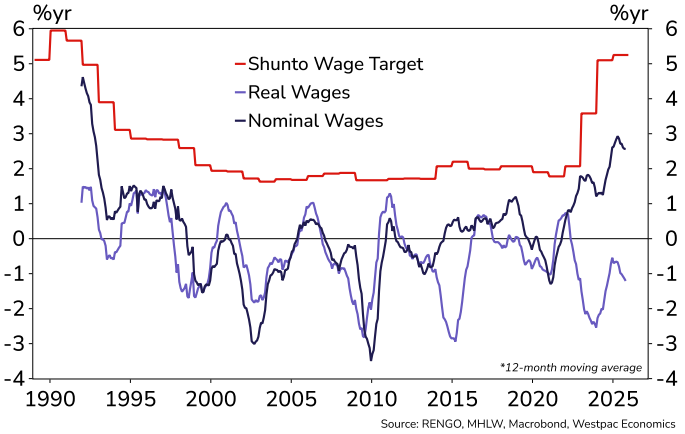
Japan: BoJ Policy Decision (%)

Dec 19, WBC f/c: 0.75, Mkt f/c: 0.75

The decision to hike rests on whether the BoJ's policy board feels sufficiently confident that wage-driven inflation is taking hold and that will continue to do so in the year ahead. RENGO has announced its target of 'around 5.0%' wage growth, in line with last year and further emphasised achieving 1.0% real wage growth. At the same time, a mixture of fiscal stimulus and decelerating inflation should see real gains in consumption and wages. This confidence should empower the policy board to hike rates by 25bps in December. Of interest will be the BoJ's view on neutral and whether conditions warrant a more hawkish stance on the end point for policy.

Hope on the horizon for real wages



Source: RENGO, MHLW, Macrobond, Westpac Economics

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What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 15							
Aus		RBA Head of Financial Stability	–	–	–	–	Brischetto speaking in Sydney, 1:20pm AEDT.
NZ	Nov	BusinessNZ PSI	index	48.7	–	–	The services measure has remained soft this year.
Jpn	Q4	Tankan Large Manufacturers	index	14	15	–	Steadily regaining confidence; points to sustainable inflation.
Chn	Nov	Retail Sales	ytd %yr	4.3	4.3	–	Risks to China's growth outlook is domestic in nature ...
	Nov	Industrial Production	ytd %yr	6.1	6.0	–	... as consumption struggles to gain a strong footing ...
	Nov	Fixed Asset Investment	ytd %yr	–1.7	–2.3	–	... and investment in high tech manufacturing matures.
Eur	Oct	Industrial Production	%mth	0.2	–	–	Boosting manufacturing key to the region's prospects.
US	Dec	Fed Empire State Manufacturing	index	18.7	9.7	–	Very volatile, but looks to be trending slightly higher.
	Dec	NAHB Housing Market	index	38	38	–	Still very weak, but falling mortgage rates will help in time.
Tue 16							
Aus		RBA Assist' Governor (Fin System)	–	–	–	–	Jones speaking in Sydney, 9:15am AEDT.
	Dec	Westpac–MI Consumer Sentiment	index	103.8	–	–	Nov marked the first 'net positive' read in around four years.
	Q4	Westpac-ACCI Business Survey	index	48.8	–	–	Manufacturers are optimistic on the economic outlook.
NZ	Nov	Selected Price Indices - Food	%mth	–0.2	–	0.2	Grocery prices up, hospitality soft.
	Nov	Selected Price Indices - Rents	%mth	0.0	–	0.0	Rental inflation very soft. Supply up, population growth low.
		Half-Year Economic and Fiscal Update		–	–	–	Bond programme expected to be unchanged.
Eur	Dec	ZEW Survey Of Expectations	index	25.0	–	–	Cautiously optimistic, awaiting more constructive hard data.
UK	Oct	ILO Unemployment Rate	%	5.0	5.1	–	Ticking higher, but survey quality remains an issue.
US	Nov	Nonfarm Payrolls	000s	119	50	60	Report will include October's figures that were delayed.
	Nov	Unemployment Rate	%mth	4.4	4.4	4.4	Labour market appears to be broadly in balance ...
	Nov	Average Hourly Earnings	%mth	0.2	0.3	–	... and wages growth fairly benign.
	Oct	Retail Sales	%mth	0.2	0.2	–	Tariff pass-through in focus during retail high season.
World	Dec	S&P Global PMIs	index	–	–	–	First estimate for Japan, Europe, UK and US.
Wed 17							
Aus	Nov	Westpac–MI Leading Index	%ann'd	0.35	–	–	Building up some momentum heading into year-end.
NZ	Q4	Westpac–MM Consumer Confidence	index	90.9	–	–	Has lingered at below average levels in 2025 to date.
	Nov	REINZ House Prices	%yr	0.3	–	–	Low mortgage rates continue to bring in potential buyers...
	Nov	REINZ House Sales	%yr	6.4	–	–	...but the housing market remains well supplied.
	Q3	Current Account Balance	% of GDP	–3.7	–3.4	–3.4	Deficit to fall to 3yr low in Q3; likely to rise again in 2026.
Jpn	Oct	Core Machinery Orders	%mth	4.2	–2.1	–	Trending steadily higher, a positive sign for investment.
UK	Nov	CPI	%ann	3.6	3.4	–	Core inflation's downtrend is looking a bit more assured.
Thu 18							
NZ	Q3	GDP	%qtr	–0.9	0.9	0.9	Volatile but on an improving trend.
Eur	Dec	ECB Policy Decision (Deposit Rate)	%	2.00	2.00	–	Focus on refreshed forecasts and downside risks to inflation.
UK	Dec	BoE Policy Decision	%	4.00	3.75	–	Rate cut nearly fully priced in; guidance on next year key.
US	Wkly	Initial Jobless Claims	000s	–	–	–	Bounced back into recent ranges after holiday effect faded.
	Nov	CPI	%ann	3.0	3.1	3.1	Capacity constraints will see above-target inflation persist.
	Dec	Phily Fed Manufacturing	index	–1.7	2.2	–	Very volatile, bouncing sharply around a neutral level.
	Dec	Kansas City Fed Manufacturing	index	8	–	–	One region that is gradually improving, consistently.
Fri 19							
Aus	Nov	Private Sector Credit	%mth	0.7	–	0.7	Housing credit could tip to highest monthly pace since 2022.
NZ	Dec	ANZ Consumer Confidence	index	98.4	–	–	Strong lift in Nov but has been volatile all year.
	Nov	Trade Balance	$bn	–1.5	–	–0.5	Coming off the seasonal peak in imports.
	Dec	ANZ Business Confidence	index	67.1	–	–	Signs of actual performance starting to improve as well.
Jpn	Nov	CPI	%ann	3.0	2.9	–	Sustainable inflation looks like its here to stay.
	Dec	BoJ Policy Decision	%	0.50	0.75	0.75	Wage growth will give policy board confidence to hike.
Eur	Dec	Consumer Confidence	index	–14.2	–	–	Still on a fragile footing, with risks varied across the region ...
UK	Dec	GfK Consumer Sentiment	index	–19	–	–	... the same can also be said for consumers in the UK ...
	Nov	Retail Sales	%mth	–1.1	–	–	... with retail spending growth remaining somewhat subdued.

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Economic & financial forecasts

Interest rate forecasts

Australia	Latest (12 Dec)	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun-28
Cash	3.60	3.60	3.35	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
90 Day BBSW	3.71	3.50	3.25	3.15	3.15	3.20	3.20	3.20	3.20	3.20	3.20
3 Year Swap	4.13	3.50	3.50	3.60	3.70	3.80	3.90	3.95	4.00	4.00	4.00
3 Year Bond	4.11	3.50	3.50	3.60	3.70	3.80	3.90	3.95	4.00	4.00	4.00
10 Year Bond	4.72	4.45	4.40	4.45	4.50	4.55	4.60	4.60	4.60	4.65	4.70
10 Year Spread to US (bps)	58	30	20	15	10	10	10	5	0	0	0
United States											
Fed Funds	3.625	3.375	3.375	3.375	3.375	3.375	3.375	3.375	3.375	3.375	3.375
US 10 Year Bond	4.14	4.15	4.20	4.30	4.40	4.45	4.50	4.55	4.60	4.65	4.70
New Zealand											
Cash	2.25	2.25	2.25	2.25	2.50	2.75	3.00	3.25	3.50	3.75	3.75
90 Day Bill	2.49	2.35	2.35	2.40	2.70	2.95	3.20	3.40	3.70	3.85	3.85
2 Year Swap	3.08	3.05	3.20	3.40	3.60	3.75	3.85	3.95	4.00	4.00	4.00
10 Year Bond	4.49	4.40	4.45	4.55	4.70	4.85	4.90	4.95	4.95	4.95	4.95
10 Year Spread to US (bps)	-23	25	25	25	30	40	40	40	35	30	25

Exchange rate forecasts

	Latest (12 Dec)	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar-28	Jun-28
AUD/USD	0.6662	0.67	0.69	0.7	0.71	0.72	0.72	0.73	0.73	0.73	0.73
NZD/USD	0.5808	0.57	0.58	0.59	0.60	0.62	0.63	0.64	0.65	0.65	0.65
USD/JPY	155.57	151	149	147	145	144	142	140	138	136	134
EUR/USD	1.1740	1.17	1.18	1.19	1.19	1.20	1.20	1.21	1.21	1.21	1.21
GBP/USD	1.3391	1.33	1.34	1.35	1.36	1.37	1.37	1.38	1.38	1.39	1.39
USD/CNY	7.0572	7.05	7.00	6.95	6.90	6.80	6.70	6.60	6.50	6.45	6.40
AUD/NZD	1.1471	1.17	1.16	1.16	1.16	1.15	1.14	1.13	1.12	1.12	1.12

Australian economic forecasts

	2025	2026				2027			Calendar years			
% Change	**Q3**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**2024**	**2025f**	**2026f**	**2027f**
GDP %qtr	**0.4**	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**	–	–	–	–
%yr end	**2.1**	**2.2**	**2.4**	**2.2**	**2.4**	**2.4**	**2.5**	**2.5**	1.3	2.2	2.4	2.5
Unemployment rate %	4.3	4.3	4.4	4.5	4.6	4.6	4.6	4.5	4.0	4.3	4.6	4.4
Wages (WPI) %qtr	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	–	–	–	–
%yr end	3.4	3.4	3.2	3.1	3.0	3.0	3.1	3.1	3.2	3.4	3.0	3.1
CPI Headline %qtr	1.3	0.6	0.8	0.7	0.7	0.5	0.5	0.6	–	–	–	–
%yr end	3.2	3.6	3.4	3.4	2.7	2.7	2.5	2.4	2.4	3.6	2.7	2.7
CPI Trimmed Mean %qtr	1.0	0.8	0.6	0.6	0.6	0.6	0.6	0.5	–	–	–	–
%yr end	3.0	3.2	3.1	3.0	2.6	2.3	2.3	2.2	3.3	3.2	2.3	2.6

New Zealand economic forecasts

	2025	2026				2027			Calendar years			
% Change	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**2024**	**2025f**	**2026f**	**2027f**
GDP %qtr	0.9	-0.9	0.9	0.8	0.6	0.3	0.8	1.2	–	–	–	–
Annual avg change	-1.1	-1.1	-0.3	0.5	0.9	1.7	2.0	2.3	-0.6	0.4	2.3	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	0.3	0.4	0.4	0.9	0.5	–	–	–	–
Annual change	2.5	2.7	3.0	2.8	2.2	2.1	2.0	2.2	2.2	2.8	2.2	2.1

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