Week beginning 16 February 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: The under-appreciated effects of FX appreciation.

The Week That Was: Divergent conditions.

Focus on New Zealand: Picking up speed.

For the week ahead:

Australia: RBA minutes, labour market data, Westpac-MI Leading Index, wage price index.

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

Japan: Q4 GDP, CPI, core machine orders.

Eurozone: Industrial production, ZEW and European Commission surveys,

United Kingdom: Labour market data, CPI inflation, retail sales.

United States: Q4 GDP, personal income and consumption, trade balance, regional Fed surveys.

Global: Preliminary February PMIs.

Information contained in this report current as at 13 February 2026.

The under-appreciated effects of FX appreciation

Luci Ellis
Chief Economist, Westpac Group

- **Geopolitics and AI-generated investor nervousness have contributed to a growing pivot out of the USD since the beginning of the year, if not out of US-domiciled assets necessarily. The result has been compressed credit spreads elsewhere and vibrant activity in non-US credit markets, including Australia.**
- **The USD has therefore depreciated noticeably in recent weeks but remains overvalued on standard metrics, though less so than a year ago. The AUD has appreciated even more, with a bit more than half the shift in the TWI since the beginning of 2025 being an arithmetic consequence of the USD move. The rest is attributable to other factors, including but not limited to the shift in the rates outlook over the past couple of months.**
- **Normally, the AUD moves in ways that offset other shocks rather than being a shock in its own right. However, the nature of the USD sell-off and shifts in hedging suggest that the appreciation could dampen imported inflation by more than is implied by rate moves alone.**

If the procession of geopolitical events in the year's opening weeks wasn't enough, global markets have been buffeted by a growing pivot out of USD-denominated assets. Some of that pivot has involved investors retaining exposure to the underlying US assets but hedging the exchange rate exposure, while in other cases, portfolios are being reallocated outright.

This 'de-dollarisation' pivot has in part been driven by the various geopolitical events of recent weeks, many of which are seen as US-negative and USD-negative, but there is more to it than that. Compounding the nervousness has been ongoing uncertainty about the implications of the AI technology and investment boom. The major players' investment plans are of such enormous scale that digesting the resulting issuance will inevitably affect the market more broadly. This is especially so when we are already seeing cases where investment with an economic life of less than a decade is being funded by a 100-year bond issue.

Another element of this nervousness has been seen in negative equity market reactions to recent releases of new AI products that are seen as potentially disrupting incumbent industries. We remain of the view that these new technologies will not destroy jobs and industries in the way some fear. After all, the intellectual property of a software firm is less that they have people who know how to code, and more that they have people who know what makes a good payroll system, or drawing software, or whatever it may be. That design knowledge is harder to 'vibe' than the code. But for now, the rate of change is so rapid that the first reaction will be fear, until the broader implications can be worked through.

An intense appetite to invest in credit products means that neither the shift out of USD or the boom in AI investment funding has materially shifted fixed-interest pricing in the large US and other major markets. For example, 10-year government bond yields are little changed over the past couple of months. Rather, we see the impact in compressed credit spreads, and in smaller debt markets such as Australia's, where issuance volumes have expanded to take advantage of strong investor demand. New participants have entered both sides of the Australian credit market and activity broadly has been vibrant.

The pivot out of USD assets has materially contributed to a sell-off of the USD in recent weeks. Over the past month, DXY is down around 2%, and it touched even lower levels in late January. Despite this, standard metrics still show the USD as moderately overvalued, with the real effective exchange rate around 12% above its long-run average. This overvaluation was even more pronounced at the beginning of 2025 and has progressively unwound in fits and starts.

Meanwhile, because the Chinese currency is closely managed to maintain its USD exchange rate, it has moved relatively little in trade-weighted terms. But because inflation has been much lower there than in the US and many other major industrialised economies, its real effective exchange rate is around 15% below its peak in early 2022. The resulting increased competitiveness is one reason why China has been able to meet its growth targets by increasing exports.

Domestically, the main result of these developments is that the AUD has appreciated noticeably. In trade-weighted terms, it is up 5% since the beginning of the year and 10% since the start of 2025. These are large shifts that cannot be entirely attributed to the higher rates outlook in Australia recently.

To be fair, the rates environment has contributed: yields on Australian 10-year sovereign bonds are now around 65bp above their US equivalents, despite the Australian sovereign being more highly rated, after being closer to flat in the middle of last year. This has made Australian assets particularly attractive to global investors, within the broader pivot away from USD-denominated assets. But if shifts in domestic rates alone had been the driver, cross-rates against other currencies would have risen by more than they have done; in particular, AUD/EUR would not be below where it was at the beginning of 2025.

At least some of the AUD's appreciation instead stems from other factors, including higher prices for some key commodities and the previously mentioned sell-off in the USD. Many of the entities increasing their hedging or reallocating new flows are Australian superannuation funds, so the impact on the AUD/USD exchange rate can be expected to be pronounced.

The AUD/USD bilateral rate is up nearly 15% since the beginning of last year, versus 10% on the TWI. The USD and CNY together have a roughly 40% weight in the trade-weighted index, and slightly less than that in the RBA's import-weighted index. A crude way of thinking about this is that the USD bilateral move, and accompanying CNY move, accounts for 6ppt of the 10ppt move in TWI since the beginning of 2025. Since the AUD/USD rate would have moved anyway with the higher Australian rates outlook, not all of this relates to the USD sell-off. Again, though, movements against other major currencies imply that most of it was USD-driven.

Another way of thinking about the appreciation is through the lens of the real effective AUD exchange rate (using the IMF monthly real effective exchange rate data supplemented with nominal TWI movements, given the RBA's quarterly index only goes to the December quarter). The 5½% lift in this measure in February to date compared with December is considerably larger than the impact of the roughly 100bp shift in the interest rate path implied by the RBA's own models.

If the AUD remains at this level or appreciates further, some downward pressure on inflation in imported items can be expected over the next year or two. While estimates are necessarily imprecise, there are good reasons to think that size of the effect will not be fully captured in the impulse response from interest rate shock to inflation in a whole-economy model. Our assessment is that – partly for timing reasons – the RBA might not have fully incorporated this possibility into its February forecasts or assessment of risks.

In this week's Market Outlook publication, we highlighted several reasons to expect that the current elevated inflation rate will unwind over time. Some of them, like the conclusion of public infrastructure projects and their impetus to demand, are purely domestic developments. The exchange rate appreciation, on the other hand, depends a lot on how attractive US markets remain to global investors or whether the sell-off continues.

This is quite a different dynamic to how policymakers usually think about the exchange rate. Normally, the AUD is seen as a shock absorber, the depreciation that cushions the effect of a global downturn, or the appreciation that absorbs and widely distributes the benefits of a commodity boom. Policymakers in Australia remember the difficulties their NZ and Canadian counterparts got into back in the 1990s by treating the exchange rate as an independent factor in a Monetary Conditions Index. It is therefore understandable that they might downplay a move that happened at the same time as the rates outlook moved a lot.

This time round, though, it will pay to keep a weather eye on the implications of global asset reallocation and Australian hedging patterns for AUD, and what this might do to the cost base for imported goods.

Cliff Notes: divergent conditions

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

The Westpac-MI Consumer Sentiment Survey provided yet another gloomy read in February, the headline index slipping a further 2.6% into pessimistic territory to 90.5. Much of the fall appears to have been driven by a re-assessment of current family finances and spending attitudes following recent upside inflation surprises. The 'family finances vs a year ago' and 'time to buy a major item' sub-indexes fell 4.7% and 5.6% respectively to be well below long-run average levels.

While sentiment amongst those surveyed after the RBA's decision to raise the cash rate by 25bps was 2.6% lower than the responses received prior, the hit to confidence was much smaller than the average -3.8% response recorded in rate hike months through history. Consumer rate expectations are currently quite hawkish, with over 80% of consumers anticipating mortgage rates to rise this year, nearly half of which expect an increase of at least 100bps. This is contributing to more cautious homebuyer sentiment, pointing to downside risks in dwelling finance, notwithstanding the boost associated with the expanded First Homebuyer Guarantee scheme.

Against this backdrop, the downside surprise in December's household spending figures (–0.4%mth) was, at face value, a concern. However, being a data series with limited history, shifting seasonal patterns such as the 'pull-forward' effect of sales events like Black Friday can drive significant volatility month-to-month. While weaker confidence could make for a somewhat shakier start to 2026, consumption still looks set to deliver robust growth this year. For our in-depth take on the consumer, see our latest Red Book.

In the US, January nonfarm payrolls surprised materially to the upside, rising 130k, or 113k net of revisions to November and December. Having edged lower over the 6 months to October, averaging -13k per month, payrolls have since risen 73k per month. The household survey was also constructive in January, the unemployment rate edging lower from 4.4% to 4.3% as the participation rate gained 0.1ppt to 62.5%. Average hourly earnings also maintained a robust growth pace, up 0.4% in the month and 3.7% over the year.

Retail sales, however, surprised to the downside in December. Headline sales were flat and the control group, which strips out volatile items and feeds through to GDP, fell 0.1%. Following the longest ever Federal Government shutdown and with inflation continuing to show persistence, as tariffs feed through to consumer prices and capacity constraints are felt, consumer caution through year end is unsurprising.

In Japan meanwhile, Prime Minister Sanae Takaichi and the LDP achieved a landslide win in the lower house election, the LDP winning a super majority in their own right by winning two-thirds of the seats. The result will bolster the LDP's ability to undertake reform, starting with a JPY17.1tril fiscal package that focuses on increased defence spending and public investment and also intends to implement a temporary consumption tax holiday for food items. The intent behind these measures is to improve economic capacity and encourage greater discretionary spending by households.

Closer to home, our New Zealand colleagues updated their views on the path forward for New Zealand's economy and monetary policy. Unemployment remains elevated, but accommodative monetary policy has sparked above-trend growth. This momentum is expected to continue through 2026 and 2027. So, with inflation risks still evident, the RBNZ is now expected to quickly return policy to a neutral stance from December 2026 through 2027, and then to a moderately restrictive level of 4.25% by March 2028. Westpac NZ economics' detailed views can be accessed here. Westpac Economics' broader take on the world and latest views on Australia will also be released today on Westpac IQ.

Picking up speed

Kelly Eckhold
Chief Economist NZ

Our latest Economic Overview, entitled "Picking up speed", strikes a cautiously optimistic tone for our inaugural set of forecasts for 2026. An early key driver of the improved sentiment regarding the economy was the release of strong September quarter 2025 GDP data. This has continued with the release of stronger indicators over the December to February period. It looks like the economic momentum seen in Q3 has extended through the last quarter of 2025 and into early 2026. We see increased signs that economic activity has broadened beyond the external sector to encompass the construction and services sectors.

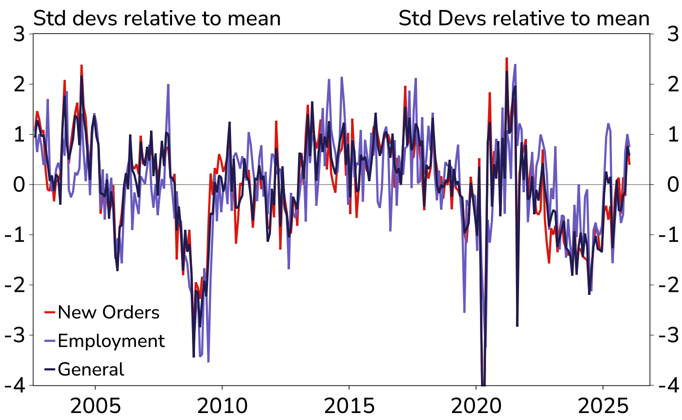
This week we reported increased levels of consumer spending (spending on Westpac issued cards rose 6% per annum on a per capita basis in January). We also saw ongoing strength in the BusinessNZ manufacturing index for January and an increased volume of concrete poured in the December quarter (consistent with the pickup in building consents seen in recent months). Data increasingly points to a broadening participation in the economic recovery beyond the primary sector, which continues to perform strongly as solid global growth underpins high export returns. The tourism and broader export services sector has also been contributing positively reflecting strength in global demand and the still supportive (i.e. weak) exchange rate. Tourist arrivals grew further in December, with arrivals of visiting New Zealanders, Australians and Americans sitting above pre-covid levels. We also saw a notable uplift in Chinese arrivals thanks to increased airline capacity on those Chinese routes. In aggregate, tourist arrivals in 2025 were 5.9% higher than the previous year and at 90% of pre-Covid levels.

Recognising this momentum, our revised view features a stronger outlook for growth in 2026. We now expect GDP to grow 3.3%, building on the 1.8% lift in activity that we now estimate occurred in 2025. Both these numbers compare favourably with New Zealand's weak potential growth rate which may have been as low as 1.5% last year given historically low migrant inflows. Potential growth might lift to around 2% in 2026 as population growth picks up a bit and as firms squeeze a bit more out of what was likely an underemployed workforce in 2024 and 2025. This implies that the negative output gap will not be as large through this year as thought back in November and is set to close by early 2027. The unemployment rate is accordingly expected to fall through 2026 and end the year at 4.7% and end 2027 at 4.4%. We saw a hint of a pickup in population growth in the December international migration data. The monthly inflow of migrants was the highest since April 2024, while the annual net long-term migrant inflow of around 14000 has shown a noticeable uptick since the August 2025 nadir.

Inflation continues to be a fly in households' (and the RBNZ's) ointment. Inflation ended 2025 at 3.1% y/y – outside the RBNZ's 1-3% target range and above the level the RBNZ forecasted back in November. Core inflation measures remain near the top quarter of the RBNZ's target range.

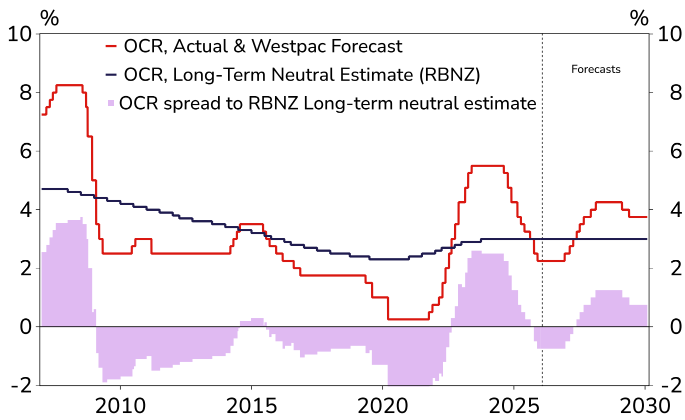
Inflation should fall back a bit over 2026 as food and fuel prices won't rise by as much as seen in 2025. But with excess capacity dwindling and inflation remaining in the top half of the target range, the RBNZ will only have a finite level of patience for maintaining a stimulatory 2.25% OCR.

BusinessNZ PMI - Normalized



Source: BusinessNZ, Macrobond, Westpac Economics

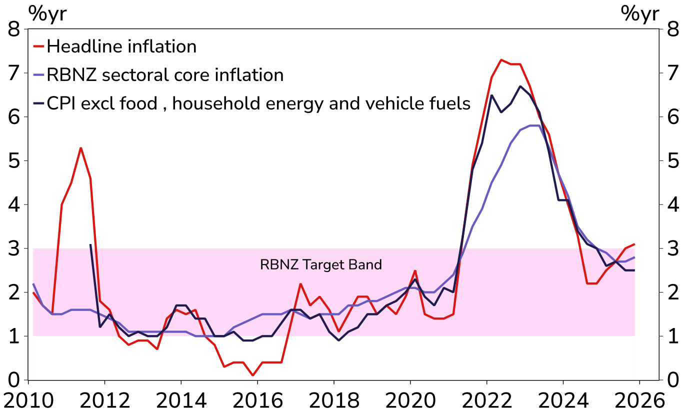
RBNZ OCR and long term neutral rate estimates



Source: RBNZ, Macrobond, Westpac Economics

Our view is that the RBNZ will take some time to assess before launching the next tightening cycle. While the outlook for 2026 looks promising, growth is not yet "in the bag". Significant excess capacity remains in the economy and headline inflation is likely to fall towards 2% over coming quarters. Hence the RBNZ still has a bit of room to manoeuvre to make sure that output doesn't sag in the middle of the year, as has been the custom over the last couple of years.

Consumer prices and core inflation



Source: Stats NZ, RBNZ, Macrobond, Westpac Economics

We think the RBNZ will finally gain sufficient confidence to start lifting the OCR in December – with some risks of an earlier start should things go well. Once confident, we think the RBNZ will move quickly to firstly move the OCR into the 3-3.5% range their indicators suggest is neutral, and then on to 4.25% in early 2028 to forestall what would otherwise be a return of inflation towards 3%. We continue to believe the neutral OCR is more like 3.75% and that interest rates will need to move modestly above that neutral estimate for a period to keep inflation close to 2% over the coming years.

Risks are two-sided around this view. The economy could push on more quickly than we currently forecast. This could occur if the Q3 2025 quarterly outcome were repeated in subsequent quarters as those final cuts in the OCR in the second half of 2025 hit the economy's bloodstream. Interest rate rises would become more urgent in that case. But on the other side of the coin, a malaise could befall the economy mid-year as the election comes into view. The uncertainty created by the close nature of the political polls and the quite divergent policy options on offer could cause some businesses, consumers and housing market investors to delay decisions they may otherwise have made. And of course there's plenty of geopolitical risk out there. Should these risks materialise then that 2.25% OCR might age quite well. Let's see.

This coming week, the highlight will be the first RBNZ Monetary Policy Statement under Governor Anna Breman. In our preview we noted that we expect the OCR to remain at 2.25% but that the RBNZ is likely to bring forward their projected first OCR hike to December, which implies only a small increase in their December quarter average OCR forecast. We expect the RBNZ to acknowledge the stronger economy and more supportive global backdrop and note that inflation is too high. We think that ongoing excess capacity, tighter financial conditions, and declining food and fuel price inflation will see the RBNZ's inflation forecasts head "towards 2%" negating the need to quickly return the OCR to more neutral levels. But the improved growth outlook will likely see the RBNZ revising up their June 2027 OCR forecast by 40-50bp to around 2.85-3% from the 2.45% projected back in November. Overall, though, we don't think the RBNZ will be trying to scare the horses into pushing for an earlier start to tightening than markets have already priced. Hence the RBNZ is more likely to opt for more dovish messaging than more hawkish messaging.

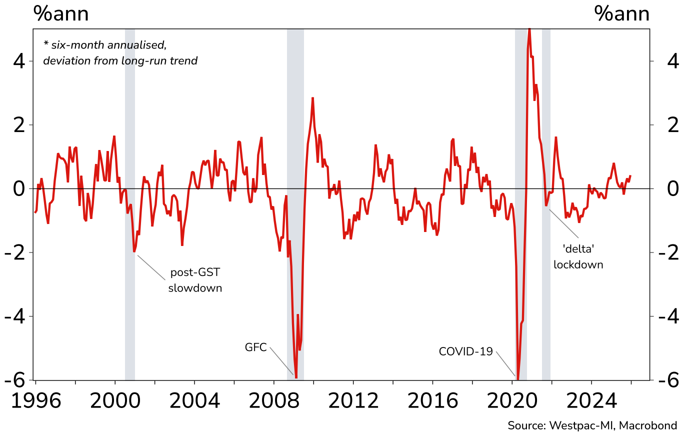
AUS: Jan Westpac-MI Leading Index (%ann'd)

Feb 18, Last: +0.42

The Leading Index growth rate nudged up to +0.42% in December from +0.20% in November, consistent with last year's upswing in growth carrying into 2026. However, the momentum is still not all that convincing with the Index growth rate only modestly above trend, having stalled through the middle of last year.

The Jan read looks likely to be softer. While there are some positives in the components – the ASX200 up 1.8%, commodity prices up 2.6% – these are likely to be more than offset by a sharp retracement in dwelling approvals (–14.9%) and softer reads on sentiment-related measures.

Westpac-MI Leading Index



Source: Westpac-MI, Macrobond

AUS: Q4 Wage Price Index (%qtr)

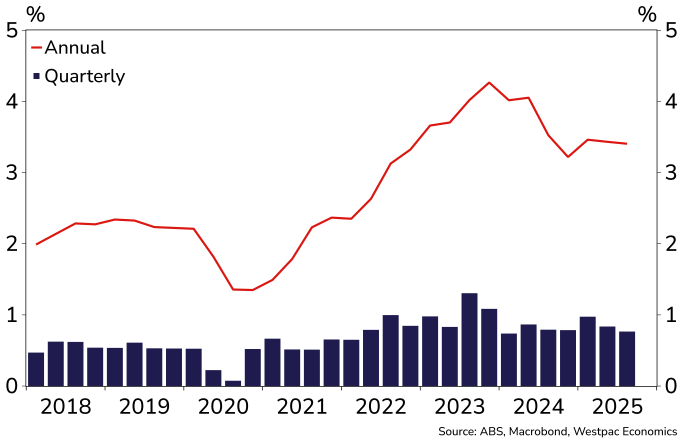
Feb 18, Last: 0.8, Westpac f/c: 0.8
Market f/c: 0.8, Range: 0.7 to 0.9

The Wage Price Index (WPI) rose 0.8% in the September quarter, on par with market expectations but a touch stronger than Westpac's 0.7% nearcast. While a similar proportion of jobs recorded a wage change this September compared to the same period in 2024, the average the size of the hourly wage increase was slightly smaller at 3.5% from 3.7% a year earlier.

The slightly stronger-than-expected print was due to stronger public sector wage gains offsetting softer wage outcomes in the private sector.

Westpac is expecting another 0.8% increase in the December quarter holding the annual pace flat at 3.4%yr for the third quarter with public sector wages again outpacing private sector wages.

Wage Price Index



Source: ABS, Macrobond, Westpac Economics

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

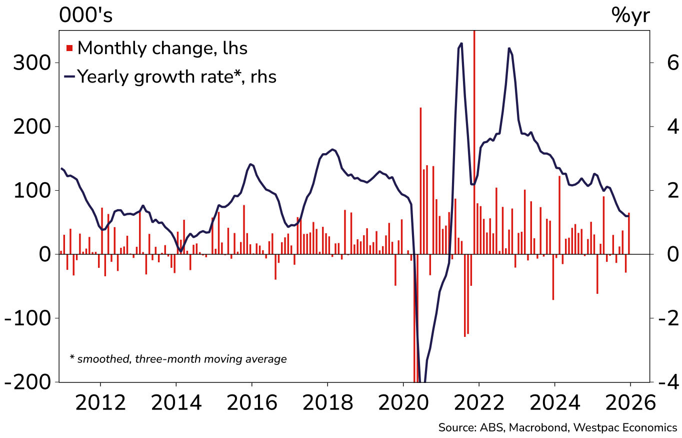
Feb 19, Last: 65.2, Westpac f/c: 40.0
Market f/c: 20.0, Range: -5.0 to 40.0

It was a choppy run into year-end for the labour market, with a surprisingly weak Nov followed by a surprisingly strong Dec. Looking through the noise is tricky, but the data looks to reflect a solid finish to 2025 for broader economy.

Employment growth is at/near its trough now that the unwind in the 'care economy' has mostly run its course and the market sector is starting to pick-up. But with re-emerging inflation pressures and a sharp turnaround in interest rate expectations, we now expect employment growth to stage a 'flatter' recovery in 2026.

January data could also deliver its own surprises, given it is the most seasonal time of year for the labour market. We have pencilled in a lift of +40k. Our preview discusses some things to watch out for in January.

Employment: monthly change and yearly growth



Source: ABS, Macrobond, Westpac Economics

AUS: Jan Labour Force – Unemployment Rate (%)

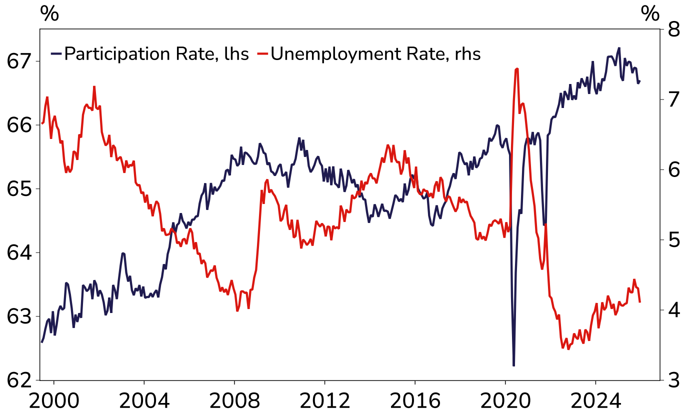
Feb 19, Last: 4.1, Westpac f/c: 4.2
Market f/c: 4.2, Range: 4.1 to 4.3

While labour demand looked more stable toward year-end, a modest cyclical unwind in labour supply is also underway, allowing the unemployment rate to remain broadly steady.

We do not see recent data as clearly signalling a 're-tightening' just yet. Instead, it more likely reflects an economy that had a solid finish to the year overlaid with a dose of monthly noise. Some of that strength was likely based on the widely held view, at the time, that further interest rate support was coming through in 2026, which no longer appears to be the case.

For January, we have pencilled in a lift in the participation rate to 66.8% and an up-tick in the unemployment rate to 4.2%. Risks are to the firmer side, depending on how January-specific effects play out. See our preview for more detail.

Drop in participation keeps unemployment low



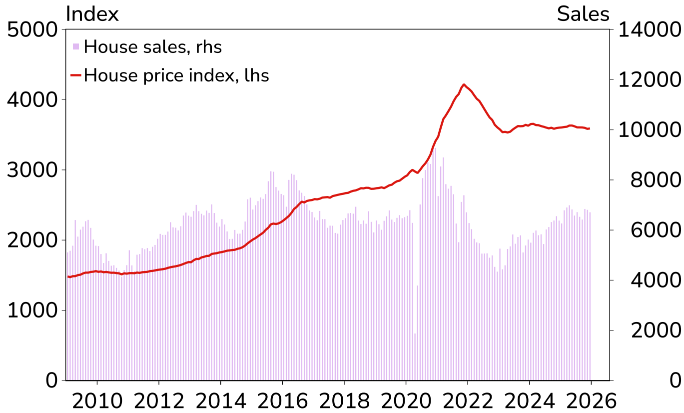
Source: ABS, Macrobond, Westpac Economics

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

Feb 16, Sales Last: 8.1; Prices Last: –0.4

New Zealand's housing market continues to tread water, although December results were an improvement after the signs of renewed weakness in November. Both sales and prices remained effectively flat over 2025, though with mixed conditions across the country, with the more rural regions running hotter than the main centres. Lower mortgage rates have spurred increased interest among buyers, particularly investors, but the still-high number of properties for sale has muted any upward pressure on house prices. We're forecasting just a 4% rise in prices over 2026.

REINZ house sales and prices



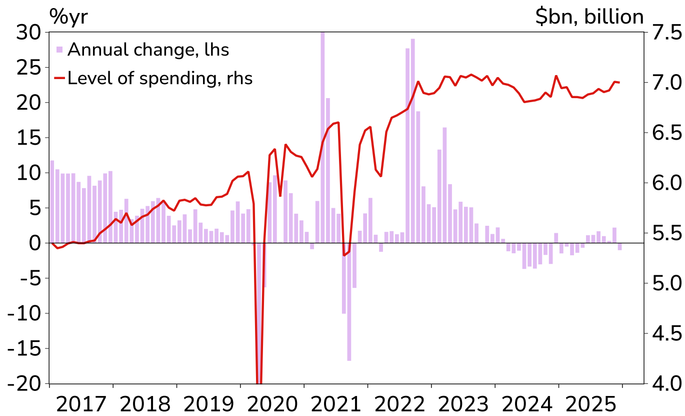
Source: REINZ, Macrobond, Westpac Economics

NZ: Jan Retail Card Spending (%mth)

Feb 16, Last: –0.1, Westpac f/c: 0.3

Retail spending fell 0.1% in December. However, that followed a solid 1.2% rise in November and left spending at firm levels. We're forecasting a 0.3% rise in January. Discretionary spending has been gradually trending higher in recent months, supported by continued firmness in commodity export earnings and the ongoing easing in households' borrowing costs. We've also seen consumer confidence pushing higher in recent months. Those factors are likely to boost spending over the coming year, though the recovery is likely to remain gradual in the near term due to softness in the labour market.

NZ retail card spending



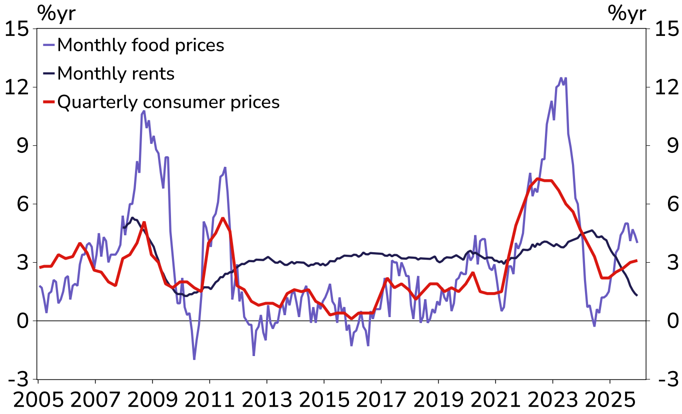
Source: Stats NZ, Macrobond, Westpac Economics

NZ: Jan Selected Monthly Prices

Feb 17

Stats NZ's Selected Prices provides monthly updates on around half of the quarterly CPI. Looking at some of the big groups, we're expecting a 1.2% rise in food prices in January, related to seasonal increases in the prices for fresh produce and meat. On the other hand, we estimate that fuel prices fell by around 1% over the month, and we're expecting a muted 0.2% rise in housing rents. Those outcomes would be consistent with our forecast for a gradual easing in overall inflation. We'll also be keeping a close eye on the volatile travel group and energy prices, both of which have been important drivers of recent inflation outturns.

NZ selected consumer prices



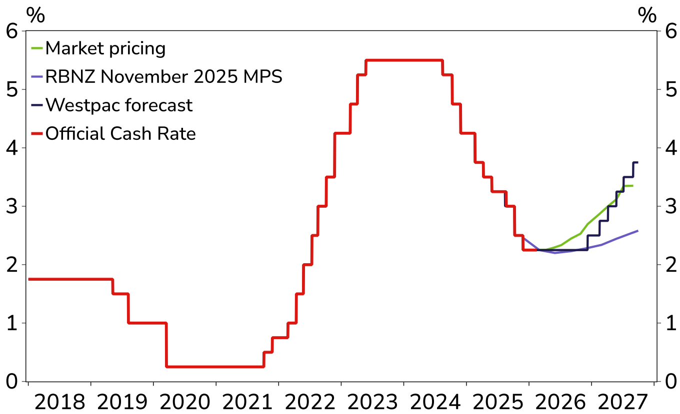
Source: Stats NZ, Macrobond, Westpac Economics

NZ: RBNZ Feb Monetary Policy Statement (%)

Feb 18, OCR, Last: 2.25, Westpac: 2.25

We expect the [RBNZ will leave the OCR on hold at 2.25%] at its February policy meeting. However, the accompanying interest rate projections are likely to be pulled forward, signalling the chance of OCR hikes beginning December of this year (in contrast, the RBNZ's previous forecasts didn't show rate hikes until 2027). The RBNZ will acknowledge the stronger economy and note that inflation is too high. However, ongoing excess capacity, tighter financial conditions, and moderating food and fuel price inflation will see the RBNZ's inflation forecasts head "towards 2%", negating the need to quickly return the OCR to more neutral levels.

RBNZ Official Cash Rate



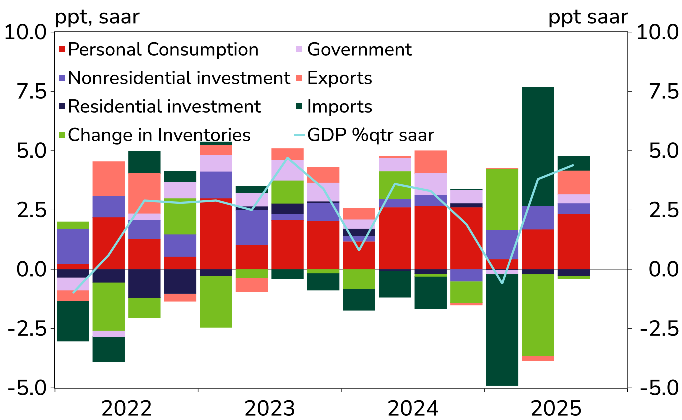
Source: RBNZ, Macrobond, Westpac Economics

US: Q4 GDP (%ann'd)

Feb 20, Last: 4.4, Westpac f/c: 3.5, Market f/c: 2.8

Late last year in the shadow of the longest ever government shutdown, the consensus expectation for Q4 was very weak, with risk of a contraction. However, as the data came in, the components have pointed to another strong result, only modestly below Q3's 4.4% outcome. If our expectation is accurate, then growth through the second half of 2025 will have been reported at more than twice trend growth. There are some downside risks though, particularly for trade which is often impacted by volatile price data. Retail sales were also weaker-than-expected in December and the November outcome revised down. Come 2026, we expect the quarterly growth pace to slow back to trend, though year-average growth will be held up by the strong end to 2025.

United States Contributions to GDP



Source: BEA, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 16							
NZ	Jan	BusinessNZ PSI	index	51.5	–	–	Above 50 for the first time in nearly two years.
	Jan	Retail Card Spending	%mth	–0.1	–	–	Discretionary spending has been picking up.
	Jan	REINZ House Prices	%yr	–0.4	–	–	Prices remain muted despite lower mortgage rates…
	Jan	REINZ House Sales	%yr	8.1	–	–	…with an ample supply of homes available for sale.
Jpn	Q4	GDP	%qtr	–0.6	0.4	–	Business investment supporting a return to growth.
Eur	Dec	Industrial Production	%mth	0.7	–	–	Capital goods driving recent gains, consumer durables softer.
US		Presidents' Day	–	–	–	–	Markets closed.
Asia		Lunar New Year	–	–	–	–	New Year on Tuesday 17th. Holidays throughout week.
Tue 17							
Aus	Feb	RBA Minutes	–	–	–	–	Further insights on the Monetary Policy Board's deliberations.
NZ	Jan	Selected Price Indices - Food	%mth	–0.3	–	1.2	Seasonal increases in the price for meat and fresh produce.
	Jan	Selected Price Indices - Rents	%mth	0.1	–	0.2	Rental growth remains muted reflect abundant supply.
Eur	Feb	ZEW Survey Of Expectations	index	40.8	–	–	Inidcator has gained more than 20pts over the past 3 months.
UK	Dec	ILO Unemployment Rate	%	5.1	5.2	–	Accuracy issues remain as indicator heads towards 5 year high.
US	Feb	Empire State Manufacturing Survey	index	7.7	8.7	–	Conditions expected to make further headway into positive.
Wed 18							
Aus	Jan	Westpac–MI Leading Index	%ann'd	0.42	–	–	The January reading likely to be softer.
	Q4	Wage Price Index	%qtr	0.8	0.8	0.8	Public sector wages to outpace private sector wages again.
NZ	Feb	RBNZ Policy Decision	%	2.25	2.25	2.25	Will acknowledge higher inflation and improving activity.
UK	Jan	CPI	%ann	3.4	3.1	–	Annual re-weighting adds greater uncertainty to the data.
US	Dec	Durable Goods Orders	%mth	5.3	–1.7	–	Partial pull back following November's surge.
	Dec	Housing Starts	%mth	–4.6	6.3	–	Labour and lot shortages remain a challenge …
	Dec	Building Permits	%mth	–0.3	0.6	–	… permits look to be coming out of a period of weakness.
	Jan	Industrial Production	%mth	0.4	0.4	–	Survey indicators point to firmer output in the month.
	Jan	FOMC Minutes	–	–	–	–	Additional details on the Committee's discussions.
Thu 19							
Aus	Jan	Employment Change	000s	65.2	20.0	40.0	Volatile but solid finish to year reflects strength in economy …
	Jan	Unemployment Rate	%	4.1	4.2	4.2	… data to be closely scrutinised as the RBA fine-tunes policy.
Jpn	Dec	Core Machinery Orders	%mth	–11.0	5.0	–	Considered a leading indicator of capital spending in 6-9mths.
Eur	Feb	EC Consumer Confidence	index	–12.4	–	–	Only seeing very gradual improvements.
US	Dec	Wholesale Inventories	%mth	0.2	–	–	Inventory to sales ratio in a narrow 1.28-1.30 band.
	Jan	Pending Home Sales	%mth	–9.3	2.5	–	December saw the largest plunge since the pandemic.
	Feb	Phily Fed Manufacturing Outlook	index	12.6	7.7	–	One of the more volatile regional manufacturing indices.
	Dec	Trade Balance	$bn	–56.8	–55.5	–	Consumer and AI related goods supporting imports.
	Wkly	Initial Jobless Claims	000s	227	–	–	4 week moving average staring to trend higher.
Fri 20							
NZ	Jan	Trade Balance	$mn	52	–	–860	A seasonal drop in exports from elevated December level.
Jpn	Jan	CPI	%ann	2.1	1.5	–	Food disinflation has taken the headline print to near 4yr low.
UK	Jan	Retail Sales	%mth	0.4	–	–	Consumer demand remains patchy.
US	Q4	GDP	%ann'd	4.4	2.8	3.5	Shutdown unlikely to have materially disrupted activity.
	Dec	Personal Income	%mth	0.3	0.3	–	Incomes expected to grow at the 2025 average pace ..
	Dec	Personal Spending	%mth	0.5	0.4	–	… meanwhile spending is set to moderate slightly …
	Dec	PCE Deflator	%mth	0.2	0.3	–	… as consumers feel the pinch of higher prices.
	Feb	Uni. Of Michigan Sentiment	index	57.3	56.9	–	Final estimate.
World	Feb	S&P Global PMIs	index	–	–	–	First estimate for Japan, Eurozone, UK and US.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (13 Feb)	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28
Cash	3.85	3.85	4.10	4.10	4.10	4.10	4.10	4.10	3.85	3.60	3.60
90 Day BBSW	3.96	4.05	4.15	4.15	4.15	4.20	4.20	4.05	3.80	3.70	3.70
3 Year Swap	4.25	4.25	4.20	4.10	4.00	3.90	3.80	3.70	3.60	3.55	3.50
3 Year Bond	4.25	4.25	4.20	4.10	4.00	3.90	3.80	3.70	3.60	3.55	3.50
10 Year Bond	4.72	4.75	4.80	4.80	4.80	4.75	4.70	4.65	4.60	4.60	4.60
10 Year Spread to US (bps)	63	55	50	45	40	30	20	10	0	–5	–10
United States											
Fed Funds	3.625	3.625	3.375	3.375	3.375	3.375	3.375	3.375	3.375	3.375	3.375
US 10 Year Bond	4.10	4.20	4.30	4.35	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	3.25	3.75	4.00	4.25	4.25
90 Day Bill	2.51	2.35	2.35	2.40	2.70	3.20	3.65	3.90	4.20	4.35	4.35
2 Year Swap	3.08	3.25	3.50	3.75	4.00	4.20	4.30	4.30	4.30	4.25	4.20
10 Year Bond	4.46	4.70	4.75	4.80	4.85	4.95	5.00	5.00	5.00	5.00	5.00
10 Year Spread to US (bps)	36	50	45	45	45	50	50	45	40	35	30

Exchange rate forecasts

	Latest (13 Feb)	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28
AUD/USD	0.7088	0.70	0.71	0.72	0.72	0.73	0.73	0.74	0.74	0.73	0.73
NZD/USD	0.6034	0.60	0.61	0.63	0.64	0.65	0.67	0.68	0.68	0.68	0.67
USD/JPY	152.74	151	149	147	145	144	143	142	141	140	139
EUR/USD	1.187	1.19	1.20	1.20	1.21	1.21	1.22	1.22	1.21	1.21	1.21
GBP/USD	1.3621	1.37	1.38	1.38	1.39	1.39	1.40	1.41	1.41	1.40	1.40
USD/CNY	6.9013	6.90	6.85	6.80	6.70	6.60	6.50	6.45	6.40	6.35	6.35
AUD/NZD	1.1748	1.16	1.16	1.15	1.13	1.12	1.1	1.09	1.09	1.08	1.09

Australian economic forecasts

	2025		2026				2027		Calendar years			
% Change	**Q3**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**2025f**	**2026f**	**2027f**	**2028f**
GDP %qtr	0.4	0.9	0.7	0.5	0.6	0.6	0.6	0.6	–	–	–	–
%yr end	2.1	2.4	2.8	2.6	2.7	2.5	2.3	2.3	2.4	2.5	2.3	2.8
Unemployment rate %	4.3	4.2	4.2	4.3	4.4	4.5	4.5	4.5	4.2	4.5	4.5	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	3.4	3.0	3.1	3.3
CPI Headline %qtr	1.3	0.6	1.1	0.7	1.0	0.5	0.5	0.6	–	–	–	–
%yr end	3.2	3.6	3.8	3.7	3.4	3.3	2.7	2.5	3.6	3.3	2.5	2.5
CPI Trimmed Mean %qtr	1.0	0.9	0.8	0.7	0.8	0.7	0.7	0.6	–	–	–	–
%yr end	3.0	3.4	3.4	3.5	3.2	3.0	2.9	2.7	3.4	3.0	2.6	2.5

New Zealand economic forecasts

	2025		2026				2027		Calendar years			
% Change	**Q3**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**2025f**	**2026f**	**2027f**	**2028f**
GDP %qtr	1.1	0.6	1.0	0.5	0.9	0.9	1.1	0.5	–	–	–	–
Annual avg change	-0.5	0.4	0.9	2.0	2.5	2.8	3.3	3.3	0.4	2.8	3.1	2.7
Unemployment rate %	5.3	5.4	5.3	5.1	4.9	4.7	4.6	4.5	5.4	4.7	4.4	4.2
CPI %qtr	1.0	0.6	0.5	0.5	0.9	0.4	0.4	0.4	–	–	–	–
Annual change	3.0	3.1	2.6	2.6	2.5	2.3	2.3	2.2	3.1	2.3	2.5	2.2

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

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

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

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

Luka Belobrajdic
Economist
E: luka.belobrajdic@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

IQ
westpaciq.com.au

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