



Week beginning 16 March 2026

# AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

## In this week's edition:

**Economic Insight:** RBA to hike 0.25% in both March and May.

**The Week That Was:** A time for caution.

**Focus on New Zealand:** RBNZ to stand pat as inflation pushes higher.

**Forecast Update:** Additional cash rate hike of 0.25ppt expected in March. Core inflation upgraded.

## For the week ahead:

**Australia:** RBA policy decision, labour force survey, Westpac-MI leading index, RBA financial stability review

**New Zealand:** Q4 GDP, Q4 current account balance, Westpac-MM consumer confidence.

**China:** Retail sales, industrial production, fixed asset investment.

**Japan:** BoJ policy decision.

**Eurozone:** ECB policy decision, CPI, trade balance, ZEW survey.

**United Kingdom:** BoE policy decision, unemployment rate.

**United States:** FOMC policy decision, PPI, industrial production, leading index, factory orders.

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

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# RBA to hike 0.25% in both March and May



**Luci Ellis**  
Chief Economist, Westpac Group

**The RBA is now expected to hike the cash rate by 25bp in both March and May; this is a change from our previous view of a single hike in May with further hikes as a risk only. The expected peak cash rate is now 4.35%.**

The effect of higher oil prices on headline inflation is large but temporary. The RBA Monetary Policy Board will nevertheless feel compelled to react, especially given the hit to confidence and financial markets from the Middle East conflict has so far not been severe.

Key information shifting our view is RBA communication revealing it has not changed its pessimistic view of growth in supply capacity following the national accounts, even though data revisions, consumption and unit labour costs paint a more benign picture. The RBA still assesses that the Australian economy is only capable of growing around 2% before facing capacity pressures. Recent growth has been noticeably above this rate, and broadly based across most components of demand.

**“Expected peak cash rate is now 4.35% with cuts in late 2027 and early 2028.”**

In addition, it has signalled a willingness to respond to the spike in headline inflation to head off a sustained rise in inflation expectations. This is despite expectations having remain anchored in recent years in the face of more lasting shocks. With consumer surveys already showing an increase in near-term expectations, the RBA be sensitive to the possibility this persists.

This new information since the national accounts is in addition to the steer from the February minutes that the RBA believes that all the exchange rate appreciation this year reflects the changed domestic rates outlook. It has not allowed for any additional disinflation from the USD sell-off separate from domestic rate moves. We think this puts downside risk into imported inflation relative to the RBA's expectations, but not until at least late this year.

There are good arguments for staying on hold until May given the temporary nature of the shock and the possibility of more extreme market instability. A split vote at next week's meeting is possible. Market participants should allow for the possibility that the RBA opts to wait until May, but it is no longer our base case. Similarly, a swift and clear resolution of the war (and fall in

oil prices) or a clear and sudden loss of momentum in domestic activity would mean that the expected March hike would not be followed up in May. Again, this is not our base case.

By the end of next year, underlying inflation will be close to the 2½% target midpoint and unemployment noticeably higher. It will also be clearer that supply capacity growth is above 2% and that labour market slack is building outside the formal labour force. We therefore also shift our expectations of the necessary reversal of tight policy, to November and December 2027 and February 2028 (was November 2027 and February 2028).

These more frequent shifts in policy are a consequence of the refinement to the RBA's mandate in the latest Statement on the Conduct of Monetary Policy. In addition, we assess that the recent changes in the composition of the Monetary Policy Board have made it more comfortable with policy activism and attempts to fine-tune policy to hit the target midpoint by a fixed horizon.

## Forecast changes

- A full update of our forecasts was published in our *Market Outlook* publication on March 13.
- We have incorporated our assessment of the impact of the Middle East conflict, using a base case assumption that the Strait of Hormuz is closed for about a month.
- Key forecast changes include higher headline inflation in 2026 (but lower in 2027), the flow-on of the new RBA cash rate view to other rates, and a slightly higher AUD/USD exchange rate in the near term.

# Cliff Notes: a time for caution

Elliot Clarke, Head of International Economics  
Ryan Wells, Economist

The [Westpac-MI Consumer Sentiment Index](#) lifted modestly in March, up 1.2% to 91.6, still an outright pessimistic reading. The latest survey was in the field over the week to March 7, so it only captured part of this week's conflict escalation in the Middle East. Responses over the last three days of the sample were closer to an index read of 84 – a deeply pessimistic result which emphasises just how dynamic sentiment is to the situation offshore.

Underscoring the slightly firmer headline result in the month was an improvement in current assessments of family finances (+1.8%), buyer sentiment (4.9%) and the economy in five years' time (2.4%). This more than offset the flat and weaker readings on the year-ahead view for family finances and the economy respectively. Many of the near-term nerves stem from consumers' hawkish mortgage rate expectations, with over 75% of respondents anticipating a lift over the next twelve months.

Recent commentary from RBA officials has continued to emphasise the Board's pessimistic view on supply capacity, concerns over the persistence of domestic inflation and their desire to keep price expectations anchored. Now facing an additional threat from offshore in the form of surging energy prices, the RBA is likely to feel compelled to act without delay. Responding to these developments, [Chief Economist Luci Ellis](#) this week announced a revision to our RBA profile, adding an additional 25bp rate hike next week at the March meeting, in addition to the hike already forecast for May. This cumulative 50bps of tightening will take the cash rate back to its post-pandemic peak of 4.35%. The breadth, intensity and persistence of inflation risks stemming from the conflict are highly uncertain and skewed upward near term, but should fade through 2027, allowing a reversal of 2026's rate hikes from late-2027.

Before moving offshore, it is worth noting that the latest [NAB business survey](#) suggests optimism among Australian businesses largely evaporated in February. Not only does this coincide with weaker reads on consumer sentiment, but also a somewhat softer start to the year for trading conditions and profitability. This foreshadows a plateauing of economic growth after an acceleration to near trend over the course of 2025.

In the US, current assessments and expectations of the labour market were re-written last Friday. US nonfarm payrolls surprised to the downside in February, declining 92k in the month. Gains over the prior two months were also revised down 69k, leaving the 3-month average at just 6k versus 50k in January, and the 12-month average around 13k compared to 89k the year prior. The unemployment rate also ticked up to

4.4% despite a 0.1ppt decline in the participation rate. More significantly, annual revisions reduced the participation rate and employment-to-population ratio by 0.4ppts and 0.5ppts respectively. These outcomes point to US labour supply being constrained by both structural and cyclical factors, risking economic growth into the medium term.

That said, to date economic growth has held up, as highlighted by January retail sales – the control group up 0.3%. Housing starts also showed some life in January, up 7.2%, although the level of starts is still 18% below its 2022 peak and permits are weaker still, 28% below. The run up in US term interest rates into the end of the week meanwhile signals growing risks for US inflation and financial conditions. This is particularly troubling for the US, coming at a time when labour market data warrants further easing. Our full updated expectations for the US economy and interest rates can be found in March Market Outlook, out today on [Westpac IQ](#).

**“Australian consumers are in wait-and-see mode with respect to inflation and the implications for monetary policy.”**

Finally to China. The January/February trade data highlighted the continued success of China's rapid expansion of high-tech manufacturing and related infrastructure, exports up 21.8% year-to-date and the trade surplus near its widest mark at \$213.6bn (for the two months combined). Persistent strength in the trade surplus is a core expectation of our China forecasts. But, after near 20% gains for several years, growth in external demand must slow. As discussed in the last edition of Cliff Notes and March Market Outlook, pro-active stimulus is necessary to accelerate domestic demand from H1 2026. The greater the risk for global energy prices and supply, the more pressing the need for action.

# RBNZ to stand pat as inflation pushes higher



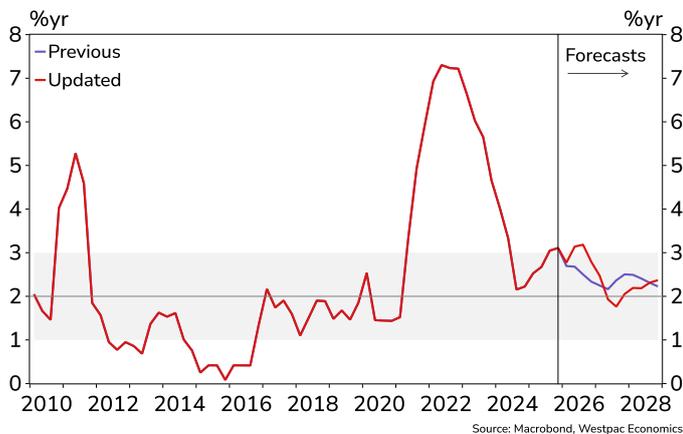
**Satish Ranchhod**  
Senior Economist

The reverberations of the war in the Middle East are being felt around the globe. This event will have an incalculable human cost. There will also be economic costs which will be felt here in New Zealand. Most notably, we are already seeing a sharp rise in inflation pressures, and that will add to headwinds for economic activity. But despite that rise in inflation, we expect the RBNZ will remain on hold for some time yet.

## Inflation to rise over 3% in mid-2026

We have revised up our forecast for inflation over the coming year. We now expect that inflation will rise to 3.2% in mid-2026, easing only modestly to 2.8% in the December quarter. That's up substantially from our previous end-of-year forecast of 2.3% which we had expected prior to the conflict.

### CPI inflation (annual)



The war in the Middle East has seen a sharp rise in oil prices and an even sharper rise in refining spreads. That's flowed through to higher prices at the pump, with nationwide prices for 91 unleaded petrol up an average of 34c/ltr compared to the levels we saw prior to the conflict – a rise of 14%. The rise in the price of diesel has been even sharper.

Those higher fuel prices will add to the pressure on households' finances and add to operating costs for a range of businesses. We've already seen airlines announcing fuel related increases in fares. The coming months are also likely to see higher operating costs for a range of other goods and services due to higher transport costs and related expenses like insurance. Notably, those cost increases have come through much sooner than we had anticipated (as a result, the forecasts in this report are also up slightly than the update we released earlier this week).

We can't say with any certainty how long the conflict will last. Even so, inflation over 2026 looks set to remain above the levels the RBNZ assumed in its last published projections from February.

However, when the conflict eventually comes to a close, oil prices are likely to retrace their recent gains, and the related increases in operating costs are also likely to reverse. That eventual fall in oil prices will pull overall inflation down to levels that are lower than we previously assumed (a pattern that is often seen in the wake of oil price spikes). In our updated projections, inflation is expected to briefly dip below 2% in late-2027, before rising back up to around 2.3% further ahead.

## Forecast GDP growth revised down

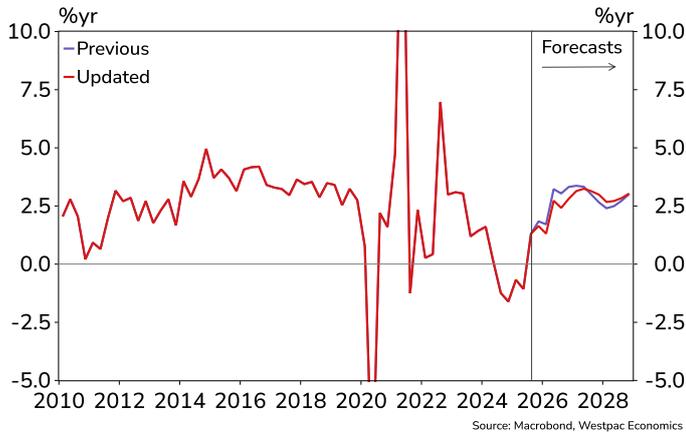
Ahead of the conflict, the New Zealand economy was showing signs of growing momentum, underpinned by continued strength in commodity export prices and sharp falls in borrowing costs over the past year. In fact, the New Zealand economy looks to have grown by around 1.6% over 2025. That would mark the first year of per-capita gains since 2022. This point has perhaps been lost amid the volatility in the reported data: four of the last five quarters of GDP have seen moves of 1% or more in both directions, due to a mix of seasonal distortions, shifts in the timing of activity between quarters, and just plain noisy data. For those same reasons, December quarter GDP (to be released on 19 March) is likely to appear more subdued compared to the 1.1% bounce in the September quarter – [we're forecasting a 0.4% rise](#). However, we consider this to be a relatively clean estimate of the economy's underlying momentum in the quarter.

That positive momentum had carried through into the early part of 2026, with a pickup in a number of higher frequency indicators, including business surveys like the PMIs, traffic counts, job advertisements, and spending on Westpac-issued cards.

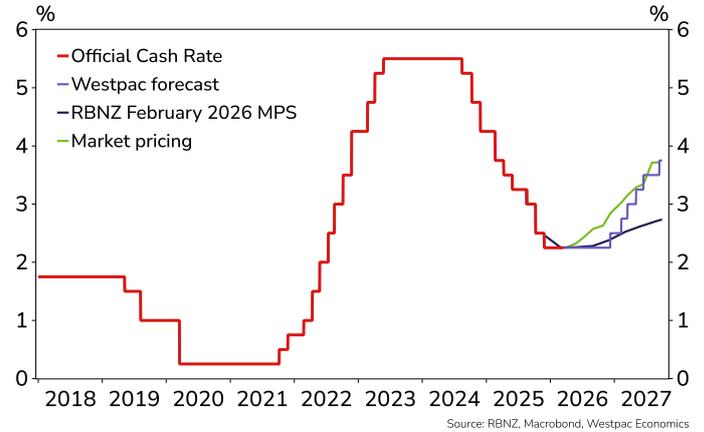
However, the escalating conflict in the Middle East is likely to derail some of that momentum. Based on what's already occurred, we could reasonably expect some setback to economic growth due to higher energy and transport costs, disruptions to trade and tourism, and a hit to business and consumer confidence. Reflecting those headwinds, we've revised down our forecast of GDP growth over 2026 from 3.3% to 2.8%. We also expect that unemployment will now take longer to fall.

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## GDP (production, annual)



## RBNZ Official Cash Rate



## RBNZ to remain on hold

Oil prices have pushed the outlook for inflation higher across the globe, leading to a rise in term interest rates across major markets. Locally, financial market pricing for OCR hikes has also been pulled forward. At the time of writing, markets are more than fully priced for a 25bp rate hike by September and a follow-up hike by the end of this year.

However, we think this will likely prove a misreading of the RBNZ's approach to monetary policy. Higher interest rates now would not prevent the oil related rise in inflation already in train. But earlier interest rate rises would likely compound any downturn in activity stemming from the increase in inflation, potentially exacerbating the downturn in inflation once the shock passes and oil prices recede.

As a result, even with a substantial lift in the inflation outlook, we expect the RBNZ will be hesitant to hike rates sooner than previously anticipated. Instead, we continue to expect the RBNZ will remain on hold until December. In a severe event that materially dampens global and domestic growth – especially one in which fuel supply is rationed – the RBNZ could even consider rate cuts.

The RBNZ will not be complacent, however. It will closely monitor whether the lift in inflation currently in train results in higher medium-term inflation expectations – short-term survey measures will surely rise – and changes in wage and price setting behaviour that might suggest a prolonged uplift in inflation. But that's less of a risk given our starting point. Unlike some economies, New Zealand already has substantial spare capacity and higher than normal levels of unemployment. That limits the scope for price increases to feed off each other.

## AUS: RBA Policy Decision (%)

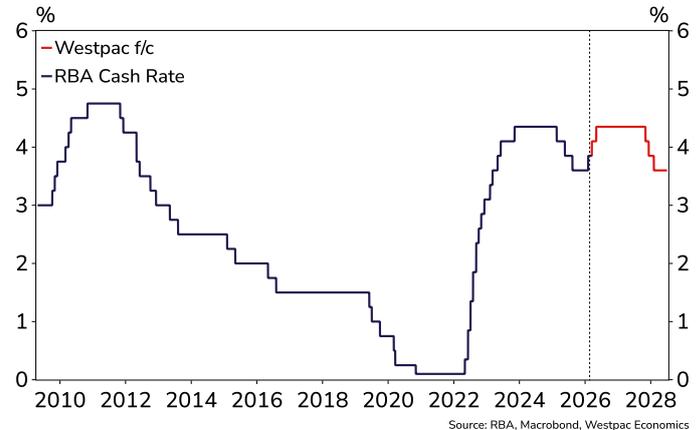
**Mar 17, Last: 3.85, Westpac f/c: 4.10**  
**Market f/c: 4.10, Range: 3.85 to 4.10**

Westpac anticipates the RBA Monetary Policy Board will decide to raise the cash rate by 25bps, from 3.85% to 4.10%, at its March policy meeting.

Recent commentary from RBA officials has continued to emphasise the Board's pessimistic view on supply capacity, concerns over the persistence of domestic inflation and their desire to keep price expectations anchored. Now facing an additional threat from offshore in the form of surging energy prices, the RBA is likely to feel compelled to act without delay.

Next week's expected rate hike next will be in addition to the hike we already had pencilled in for May. This cumulative 50bps of tightening will take the cash rate back to its post-pandemic peak of 4.35%. For more detail, see page 2.

## RBA to hike in March



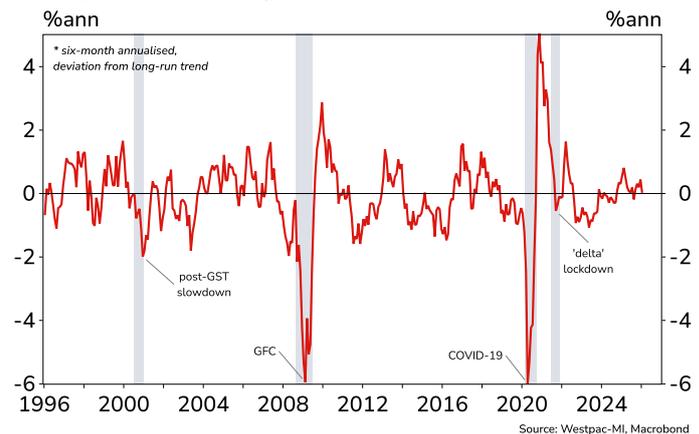
## AUS: Feb Westpac-MI Leading Index (% 6mth ann'd)

**Mar 18, Last: 0.42**

The Leading Index growth rate slowed to +0.02% in Jan from what has been a slightly-above-trend reads through most of the second half of 2025.

The Feb read is likely to be patchy as well with softness around commodity prices (down 2.7% in AUD terms), more interest-rate-rise-related drags on consumer sentiment (the Westpac-MI Consumer Expectations Index down -0.2% and the Westpac-MI Unemployment Expectations Index, up 3.8%) plus a further fall back in dwelling approvals (-7.2%) but the ASX200 posting a decent 3.7% rise and further gains for US industrial production and total hours worked. Of course, all of these reads (except the sentiment ones) pre-dates the conflict in the Middle East and associated surge in energy prices since Feb 28 with the momentum effects from this likely to show through more clearly with the March update.

## Westpac-MI Leading Index



## AUS: Feb Labour Force – Employment Change (000s)

**Mar 19, Last: 17.8, Westpac f/c: 20**  
**Market f/c: 20, Range: 10 to 41.2**

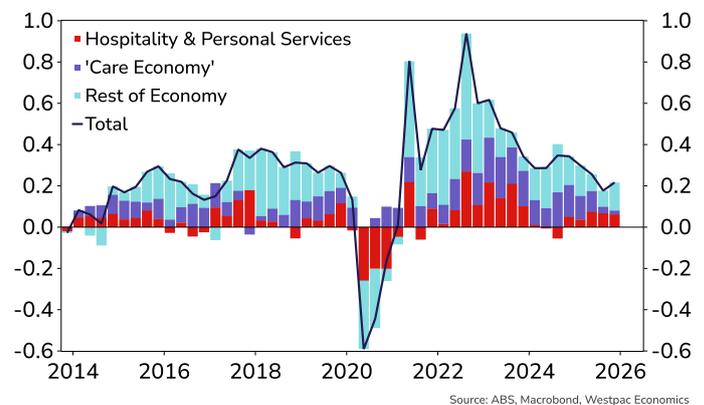
Employment rose by 17.8k in Jan, in line with the consensus forecast for a +20k lift. This follows some choppy reads late last year, including a -30.3k fall in Nov and a 68.5k bounce in Dec.

The slowing in 'care economy' jobs growth that defined much of 2025 looks to have normalised. Meanwhile, jobs growth in consumer-facing services industries are recovering well, with lifts also being reported in construction and business services segments.

It looks like jobs growth is moving past its trough, albeit at a measured pace. This view is broadly corroborated by leading indicators in business surveys. For Feb, we have pencilled in a +20k lift in employment.

## Contribution from care economy is easing

Contributions to year-ended employment growth (millions)



## AUS: Feb Labour Force – Unemployment Rate (%)

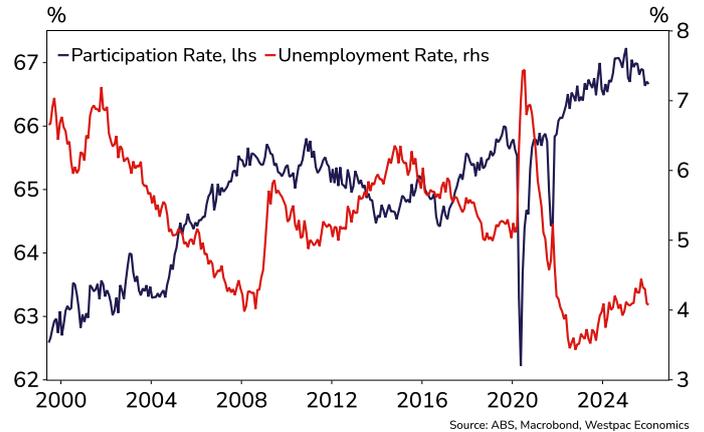
Mar 19, Last: 4.1, Westpac f/c: 4.1  
Market f/c: 4.1, Range: 4.0 to 4.2

The unemployment rate held steady in Jan, and on a quarter-average basis, it has trended lower from 4.3% in Q3, to 4.2% in Q4, and is now averaging 4.1% so far in Q1.

Notionally, a fall in the unemployment rate has a very different flavour if it is being driven by a decline in participation as opposed to a noticeably stronger pick-up in hiring. The recent falls are all about participation – if the participation rate had held steady over the past six months then, all else equal, the unemployment rate would be 4.5% rather than 4.1%.

We are expecting the participation rate to hold steady at 66.7% in Feb, which together with a modest lift in employment, would see the unemployment rate also hold at 4.1%.

## Drop in participation keeps unemployment low

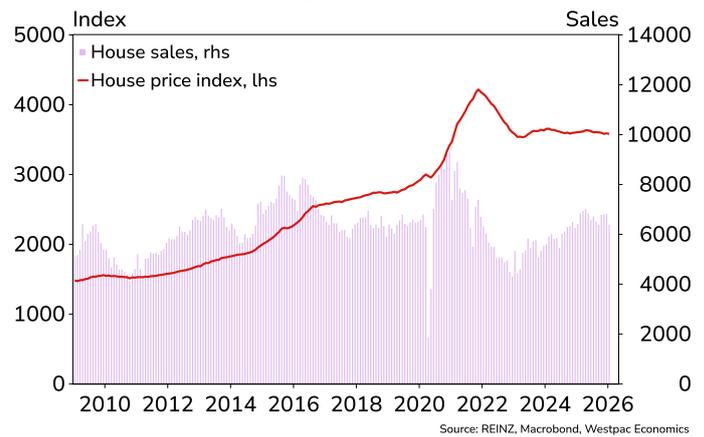


## NZ: Feb REINZ House Sales and Prices (%yr)

Mar 16 (TBC), Sales last: -5.4, Prices last: -0.7

New Zealand's housing market remained soft at the start of this year, with prices and sales edging down. Low mortgage rates are supporting demand, but the ample supply of homes on the market, low population growth and falling rents mean that there is a lack of pressure on house prices. The move higher in fixed-term mortgage rates since the RBNZ's November policy review has likely weighed on investor sentiment as well.

## REINZ house sales and prices

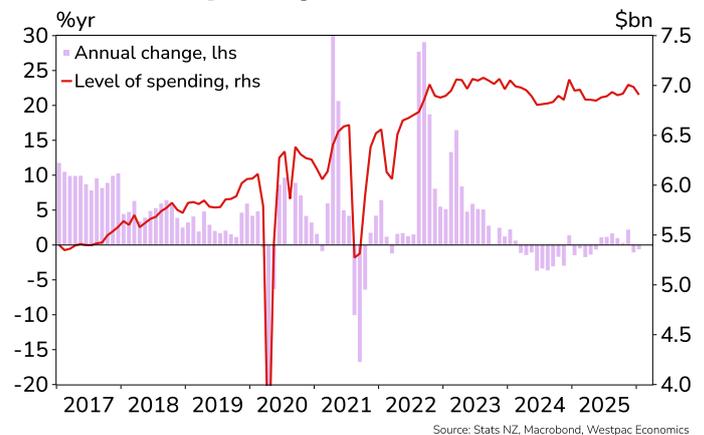


## NZ: Feb Retail Card Spending (%mth)

Mar 16, Last: -1.1, Westpac f/c: 0.3

Retail spending fell 1.1% in January with the fall spread across categories. Some of that decline likely reflected payback after strong spending late last year. We're forecasting a 0.3% rise in February. 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. Fuel prices also eased in February which will have helped to support spending in other categories. Note, the monthly retail spending survey has tended to understate the strength in spending over the past year, particularly in interest rate sensitive sectors like furnishings.

## NZ retail card spending

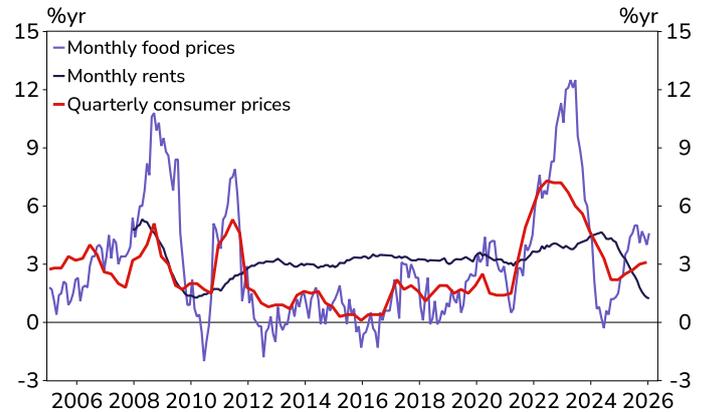


## NZ: Feb Selected Consumer Prices

Mar 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 0.6% fall in food prices, related to seasonal falls in the prices for fresh produce, as well as some reversal of last month's large rise in meat prices. For housing rents, we're expecting another flat result. That would be a very weak outcome for this time of year, with ample supply offsetting the normal lift in demand. Lastly, fuel prices are expected to be down 3.2% over the month. Note, this month's survey pre-dates the outbreak of war in the Middle East and related lift in oil prices.

## NZ selected consumer prices

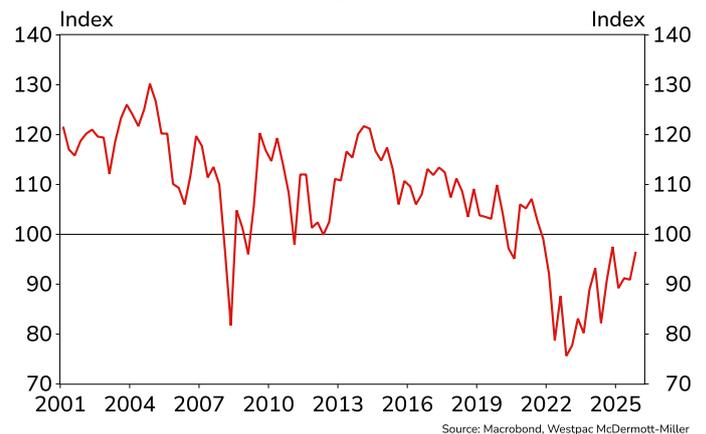


## NZ: Q1 Westpac-McDermott Miller Consumer Confidence Index

Mar 18, Last: 96.5

The latter part of 2025 saw consumer confidence trending higher, supported by sharp falls in interest rates and firmness in export earnings. Those factors remain key supports for economic conditions in the early part of the year. However, our latest survey also comes against a backdrop of significant uncertainty and large increases in fuel costs, with surveying conducted in the first two weeks of March.

## Consumer confidence improved in Q4

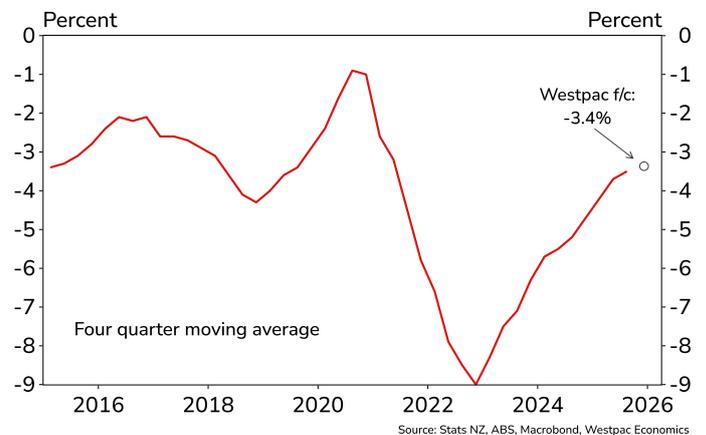


## NZ: Q4 Current Account Balance (% of GDP)

Mar 18, Last: -3.5, Westpac f/c: -3.4  
Market f/c: -3.4

The current account deficit has narrowed sharply over the past two years, thanks mostly to a recovery in the tourism sector, an upswing in the terms of trade and weak import demand. Indicators of merchandise and services trade suggest that the improvement has slowed in the December quarter, with the 12-month running current account deficit likely to have narrowed only fractionally to 3.4% of GDP (assuming no material revisions). Moreover, looking ahead, prospects for further improvement in the near term have dimmed. This reflects the impact of the Middle East conflict on fuel prices, which will weigh on the terms of trade given New Zealand's import dependency.

## Current account balance, % of GDP

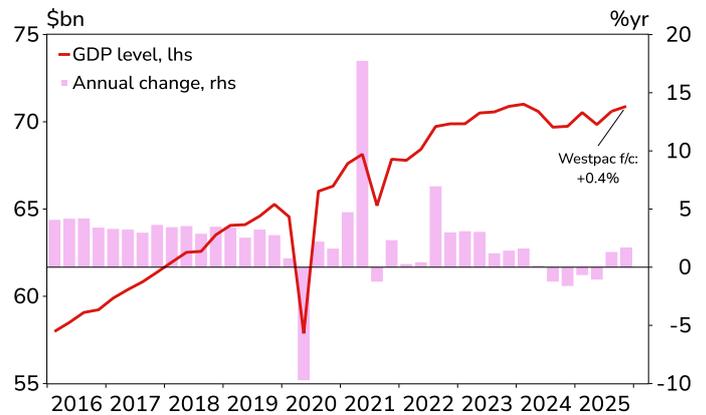


**NZ: Q4 GDP (%qtr)**

**Mar 19, Last: 1.1, Westpac f/c: 0.4**  
**Market f/c: 0.4**

We expect a 0.4% rise in GDP for the December quarter, with modest but widespread gains across industries. This quarter should be a relatively ‘clean’ read on the economy’s momentum, compared to the volatility in previous quarters which have been variously affected by distorted seasonal patterns, timing shifts and just plain noisy data. Even so, it’s a dated release at the best of times, and the recent developments in the Middle East present a fresh headwind to the economy’s burgeoning recovery.

**A modest lift in GDP to end 2025**



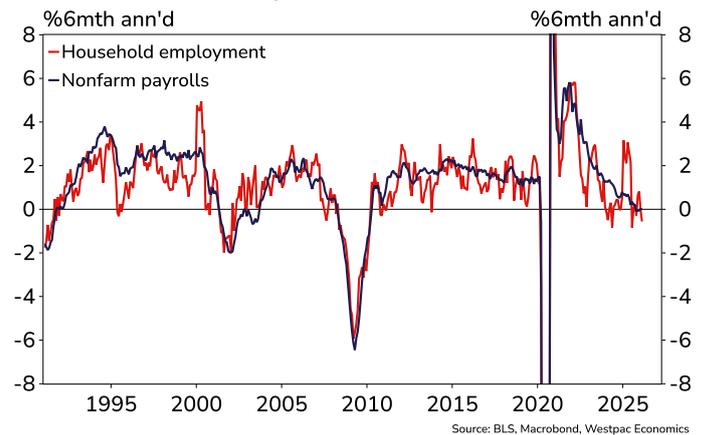
**US Mar FOMC meeting (%)**

**Mar 17-18, Last: 3.625, WBC f/c: 3.625**  
**Market f/c: 3.625**

Risk assessment will be the focus for the FOMC in March, with domestic inflation continuing to show persistence and now a global energy shock to contend with. Note though, uncertainty is not one sided for the US, the latest payrolls data having re-written current assessments and expectations for the labour market.

We expect the full spectrum of risks to be detailed and assessed both in the press conference and, when released, in the minutes. The participants’ median forecasts are likely to be little changed, however. Except for an initial estimate of the hit to inflation from the conflict in the Middle East. Some widening of the forecast bands also has to be expected, in line with heightened uncertainty.

**Inflation not the only risk for FOMC**



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# What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
<b>Mon 16</b>							
NZ	Feb	REINZ House Prices	%yr	-0.7	-	-	Prices remain muted despite low mortgage rates...
	Feb	REINZ House Sales	%yr	-5.4	-	-	...with an ample supply of homes available for sale.
	Feb	BusinessNZ PSI	index	50.9	-	-	Has been softer than the manufacturing PMI lately.
	Feb	Retail Card Spending	%mth	-1.1	-	0.3	Core spending climbing, supported by lower interest rates.
Chn	Feb	Retail Sales	ytd %yr	3.7	2.5	-	In line with recent trends, the latest monthly indicators will...
	Feb	Fixed Asset Investment	ytd %yr	-3.8	-4.2	-	...probably indicate that consumer spending and business...
	Feb	Industrial Production	ytd %yr	5.9	5.0	-	...investment remain weak, while IP growth remains firm.
US	Mar	Empire State Manufacturing Survey	index	7.1	3.9	-	The energy price shock is likely to impact US manufacturers.
	Feb	Industrial Production	%mth	0.7	0.1	-	Started the year strongly.
	Mar	NAHB Housing Market Sentiment	index	36	37	-	Higher outlook for interest rates might impact sentiment.
<b>Tue 17</b>							
Aus	Mar	RBA Policy Decision	%	3.85	4.10	4.10	The board maintains its pessimistic view on supply capacity.
NZ	Feb	Selected Price Indices – Food	%mth	2.5	-	-0.6	Seasonal drop in produce prices, easing in meat prices.
	Feb	Selected Price Indices – Rents	%mth	Flat	-	Flat	Ample supply is offsetting the seasonal lift in demand.
Eur	Mar	ZEW Survey Of Expectations	index	39.4	-	-	Recent optimism is likely to be hit by higher energy prices.
US	Feb	Pending Home Sales	%mth	-0.8	-1.0	-	Remain subdued.
<b>Wed 18</b>							
Aus	Feb	Westpac–MI Leading Index	%ann'd	0.44	-	-	Softer commodity prices and tighter monetary policy will drag.
NZ	Q1	Westpac–MM Consumer Conf.	index	96.5	-	-	Surveying occurred after the outbreak of war and surge in oil.
	Q4	Current Account Balance	% of GDP	-3.5	-3.4	-3.4	Period of rapid deficit narrowing is coming to an end.
Eur	Feb	HICP Inflation	%ann	1.9	1.9	-	Final estimate set to confirm the preliminary reading.
US	Feb	PPI	%mth	0.5	0.3	-	Producer prices before the energy price shock.
	Jan	Factory Orders	%mth	-0.7	-	-	Durable good orders in focus
	Mar	FOMC Policy Decision	%	3.625	3.625	3.625	Inflation persists while labour market expectations weaken.
Can	Mar	BoC Policy Decision	%	2.25	2.25	-	Interest rates remain on hold.
<b>Thu 19</b>							
Aus		RBA Financial Stability Review	-	-	-	-	Half-yearly assessment of Australia's financial system.
	Feb	Employment Change	000s	17.8	20.0	20.0	Jobs growth has appeared to have moved past its trough...
	Feb	Unemployment Rate	%	4.1	4.1	4.1	...while a steady participation rate will hold unemployment.
		RBA Financial Stability Review	-	-	-	-	Half-yearly review of financial system and risks to stability.
NZ	Q4	GDP	%qtr	1.1	0.4	0.4	A modest read but with no major distortions this quarter.
Jpn	Mar	BoJ Policy Decision	%	0.75	0.75	-	Preparing the ground for hikes later in the year?
Eur	Mar	ECB Policy Decision (Deposit Rate)	%	2.00	2.00	-	Assessment of the energy price shock in focus.
UK	Jan	ILO Unemployment Rate	%	5.2	-	-	Easing labour market conditions in the UK.
	Mar	BoE Policy Decision	%	3.75	3.75	-	Further Bank Rate cuts delayed.
US	Mar	Philly Fed Manufacturing Outlook	index	16.3	-	-	The energy price shock is likely to impact US manufacturers.
		Initial Jobless Claims	000s	-	-	-	Remain broadly stable above 200k.
	Jan	New Home Sales	%mth	-1.7	-2.7	-	Picked up in the last couple of months of 2025.
<b>Fri 20</b>							
NZ	Feb	Trade Balance	NZ\$m	-519	-	610	Seasonal rise in exports meets seasonal lull in imports.
Eur	Jan	Trade Balance	€bn	11.6	-	-	Normalising after volatile 2025.

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# Economic & financial forecasts

## Interest rate forecasts

Australia	Latest (13 Mar)	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28
Cash	3.85	4.10	4.35	4.35	4.35	4.35	4.35	4.35	3.85	3.60	3.60
90 Day BBSW	4.18	4.30	4.40	4.40	4.40	4.45	4.45	4.30	3.80	3.70	3.70
3 Year Swap	4.54	4.45	4.45	4.45	4.40	4.35	4.25	4.10	3.95	3.80	3.60
3 Year Bond	4.55	4.45	4.45	4.45	4.40	4.35	4.25	4.10	3.95	3.80	3.60
10 Year Bond	4.94	4.95	4.95	4.90	4.85	4.80	4.75	4.75	4.70	4.70	4.70
10 Year Spread to US (bps)	68	75	65	55	45	35	25	20	10	5	0
<b>United States</b>											
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	4.26	4.20	4.30	4.35	4.40	4.45	4.50	4.55	4.60	4.65	4.70
<b>New Zealand</b>											
Cash	2.25	2.25	2.25	2.25	2.50	3.00	3.50	3.75	4.00	4.25	4.25
90 Day Bill	2.52	2.45	2.45	2.50	2.90	3.40	3.75	4.00	4.25	4.45	4.45
2 Year Swap	3.33	3.30	3.60	3.85	4.10	4.30	4.40	4.40	4.40	4.35	4.30
10 Year Bond	4.66	4.75	4.80	4.95	4.95	5.05	5.10	5.10	5.10	5.10	5.10
10 Year Spread to US (bps)	41	55	50	60	55	60	60	55	50	45	40

## Exchange rate forecasts

	Latest (13 Mar)	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28
AUD/USD	0.7062	0.72	0.72	0.72	0.73	0.73	0.74	0.74	0.74	0.73	0.73
NZD/USD	0.5841	0.59	0.59	0.61	0.62	0.64	0.66	0.67	0.67	0.67	0.67
USD/JPY	159.39	158	156	155	154	152	150	148	146	144	142
EUR/USD	1.1505	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.22	1.22
GBP/USD	1.3341	1.34	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.41
USD/CNY	6.8861	6.85	6.85	6.80	6.70	6.60	6.50	6.45	6.40	6.35	6.35
AUD/NZD	1.209	1.22	1.22	1.18	1.18	1.14	1.12	1.11	1.10	1.10	1.10

## Australian economic forecasts

	2025		2026				2027		Calendar years			
% Change	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	2025	2026f	2027f	2028f
GDP %qtr	0.4	0.9	0.4	0.4	0.6	0.6	0.6	0.6	2.0	2.2	2.3	2.7
%yr end	2.1	2.4	2.4	2.0	2.3	2.0	2.2	2.4	2.4	2.0	2.3	2.8
Unemployment rate %	4.3	4.2	4.1	4.2	4.3	4.4	4.5	4.5	4.2	4.4	4.5	4.4
Wages (WPI) %qtr	0.8	0.8	0.8	0.7	0.7	0.8	0.7	0.8	-	-	-	-
%yr end	3.3	3.4	3.3	3.1	3.0	3.0	3.0	3.1	3.4	3.0	3.0	3.4
CPI Headline %qtr	1.3	0.6	1.2	1.3	0.9	0.4	0.5	0.5	-	-	-	-
%yr end	3.2	3.6	3.9	4.6	4.1	3.9	3.2	2.3	3.6	3.9	2.3	2.7
CPI Trimmed Mean %qtr	1.0	0.9	0.9	0.8	0.9	0.8	0.7	0.6	-	-	-	-
%yr end	3.0	3.4	3.5	3.6	3.5	3.4	3.2	3.0	3.4	3.4	2.6	2.6

## New Zealand economic forecasts

	2025		2026				2027		Calendar years			
% Change	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	2024	2025f	2026f	2027f
GDP %qtr	1.1	0.4	0.8	0.4	0.8	0.8	1.1	0.5	-	-	-	-
Annual avg change	-0.5	0.3	0.8	1.7	2.0	2.3	2.8	2.9	-0.3	0.3	2.3	3.1
Unemployment rate %	5.3	5.4	5.4	5.3	5.2	5.0	4.8	4.7	5.1	5.4	5.0	4.5
CPI %qtr	1.0	0.6	0.6	0.9	1.0	0.2	0.3	0.4	-	-	-	-
Annual change	3.0	3.1	2.8	3.1	3.2	2.8	2.5	1.9	2.2	3.1	2.8	2.1

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