



Week beginning 23 March 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: RBA hikes cash rate to 4.10% in split decision.

The Week That Was: Fear overwhelms.

Focus on New Zealand: Focus turns to the RBNZ after data dump.

For the week ahead:

Australia: CPI, Westpac-ACCI business survey.

New Zealand: consumer confidence.

Euro area: consumer confidence, German IFO survey.

United Kingdom: CPI, consumer confidence, retail sales.

United States: Fed surveys, import prices, jobless claims, consumer confidence.

Global: S&P Global PMIs.

Information contained in this report current as at 20 March 2026.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

RBA hikes cash rate to 4.10% in split decision



Luci Ellis
Chief Economist, Westpac Group

- As was widely expected, the RBA Monetary Policy Board (MPB) raised the cash rate 25bps to 4.10% following its March meeting. We [flagged the possibility](#) that it could be a split decision, but the 5:4 vote was an even finer majority than we thought might occur.
- The main reasons for the decision were the existing assessment that Australia is experiencing capacity pressures, coupled with the increase in inflation expectations that has already occurred in response to the Middle East conflict and associated spike in petrol prices.
- With the Board already split, a follow-up hike in May looks less certain. But (as revealed in the media conference) all members agreed that a hike was needed and the question was more about timing. We therefore retain a May hike as our base case. Whether the conflict in the Middle East is still ongoing and how it evolves from here will be crucial.
- The Board are also still concerned about domestic capacity pressures keeping inflation above target. This will mean rate hikes will remain on the table until inflation risks have clearly subsided.

Private sector demand growth was stronger than the RBA expected in late 2025, though consumption and unit labour costs were softer. The Board still assesses that part of the increase in inflation late last year reflected temporary factors. However, it has taken signal from the recent strength in labour market data and now believes that capacity pressures are slightly greater than previously assessed. (This, incidentally, was the information value in the Deputy Governor's podcast: that data revisions in the national accounts released earlier in the month did not dislodge the RBA's view that trend growth in supply capacity is still only around 2%. It is well-understood that the internal Board members cannot front-run the whole Board, the way central banks with entirely internal members can.)

That "slightly" might point to one area where Board members' views differ. Also noteworthy is the addition of the word "material" in a sentence that also appeared in the February post-meeting statement without that qualifier: "There are material uncertainties about the outlook for domestic economic activity and inflation and the extent to which monetary policy is restrictive."

The other key reason for the decision centred on concerns about the inflationary impact of the Middle East conflict. The traditional thinking around the appropriate monetary response to a temporary supply shock such as a lift in oil prices was to look through it, so long as inflation expectations remained

anchored. Near-term inflation expectations have already increased in response to the spike in fuel prices. However, the sparse evidence on more medium-term expectations of financial market participants suggests that these remain well-behaved, in Australia at least.

Yet the post-meeting statement highlighted the implications for (headline) inflation globally and domestically. In addition to the channel through inflation expectations, the post-meeting statement highlighted the possibility that an extended period of high energy prices and uncertainty would degrade supply capacity and thus be inflationary. Most other observers would see that scenario as a global recession risk with rather different policy implications. At the least, we struggle to imagine a scenario where the Strait of Hormuz remains closed for many months without sentiment and financial markets weakening considerably. The consequences for global growth in that scenario would be far from trivial, and not solely on the supply side.

It is possible that the RBA's assessment of the implications of the Middle East conflict will evolve once it has done modelling of the impact. The Governor revealed in the media conference that the RBA staff have not yet done this modelling. In the meantime, Westpac Economics' [modelling](#) and [forecasts](#) may provide a guide to possible outcomes.

The overall tone of the RBA's post-meeting (and indeed pre-meeting) communication remains broadly as it was in February. The RBA remains concerned that the domestic economy is too tight and demand growing too quickly. As we have [highlighted](#) in the past, their assessment rests heavily on a view that the Australian economy can only grow around 2% before hitting capacity constraints. This view, in turn, rests on relatively pessimistic assumptions about population and productivity. While this remains the RBA's view and inflation above target, rate hikes will remain on the table and our base case remains for a May rate hike.

Cliff Notes: fear overwhelms

Elliot Clarke, Head of International Economics

Mantas Vanagas, Senior Economist

Ryan Wells, Economist

Among the plethora of major central bank decisions this week, the RBA stood out from the pack, delivering a [25bp rate hike](#) which took the cash rate to 4.10%. The widely expected decision was finely balanced in the end, the 5-4 split vote coming down to a difference in opinion over timing – the minority believing they had the opportunity to assess more data before acting.

In the press conference, Governor Bullock made clear that the decision was driven by the Board's assessment of the starting point for inflation, which is "already too high", and capacity developments, "the labour market ha[ving] tightened a little recently and [with] capacity pressures... slightly greater than previously assessed". The conflict in the Middle East is also adding to near-term price pressures and uncertainty. In this week's video update, [Chief Economist Luci Ellis](#) discusses these points in more detail. We continue to expect another 25bp hike in May, and the market sees a risk of further tightening before year end.

The RBA decision provided an interesting backdrop for the latest [labour force survey](#) which surprised on two fronts. Firstly, employment growth was firmer than expected, the 48.9k gain in February lifting the three-month average growth pace above its likely nadir, from 1.0%yr to 1.3%yr. Increased participation also lifted the unemployment rate to 4.3% in February after two months at 4.1%. We previously flagged the risk of a turnaround in participation lifting the unemployment rate. Assuming this turn persists in coming months, December/January will be seen as a display of weaker labour force participation temporarily compressing the unemployment rate rather than a meaningful 're-tightening'.

Before moving offshore, it is worth emphasising that, while higher fuel prices were "not the reason" for the RBA's March rate hike, the Middle East conflict was assessed to have skewed the risk profile for inflation to the upside, both in the near-term via global energy prices and "further out" should supply capacity be impacted, or inflation expectations increase materially. While the RBA have not yet modelled the impact in detail, our [scenario analysis](#) and deep-dive into [Australia's exposure to energy price shocks](#) provides the structure around our current thinking.

In the US, while [the FOMC recognised](#) the increase in global uncertainty since January, their focus remained on the domestic economy. GDP growth is now expected to be 2.4% in 2026 (prev. 2.3%) and, more significantly, 2.3% in 2027 (prev. 2.0%), then 2.1% in 2028 (prev. 1.9%), growth benefitting from productivity versus a stronger labour market. The consequences for inflation of tariffs and the Middle East

conflict are, in contrast, seen as temporary, annual inflation revised up 0.3ppts to 2.7% for 2026 but only edged higher in 2027 to 2.2% and unchanged at 2.0% in 2028. Capacity constraints evident in the US economy (housing and energy are prime examples) continue to get little airplay in the FOMC's communications, so too the potential for second-round effects from energy and other commodities impacted by the conflict in the Middle East (fertiliser being an example). Inflation expectations are clearly not a concern for the FOMC, in stark contrast to the RBA's view for Australia.

The Committee's base case for the stance of policy therefore remains one cut in 2026 and another in 2027 to 3.1%, which is now members' best estimate of the US' longer run neutral rate. Westpac continues to believe that the FOMC are, at most, likely to cut once more in this cycle. The lack of private sector job creation spoken about in the press conference points to the timing of this cut being sooner than later. We have this decision pencilled in for June, albeit with low conviction. The more critical point here though is that, with economic and fiscal capacity constrained as well as potential upside risks from tariffs and commodities, term US yields are likely to rise from here.

“Westpac continues to believe that the FOMC are, at most, likely to cut once more in this cycle.”

The global energy price shock meanwhile brought greater unity among policymakers at the Bank of England. Having previously voted to cut Bank Rate by the narrowest of margins in February, in March the Monetary Policy Committee unanimously opted to maintain the policy rate at 3.75%. Both the policy summary and meeting minutes emphasised the ongoing conflict in the Middle East and its repercussions for UK inflation. The committee remains particularly vigilant for any indications of domestic inflationary pressures emerging through second-round effects, though they also acknowledged the implications for inflation from weakening economic activity. In the minutes, MPC members noted that the policy stance has shifted from considering rate cuts towards the possibility of hikes, with concerns about higher inflation outweighing downside risks to growth. Even the most dovish members now appear open to the prospect of a rate hike. Fearing the duration of the current conflict, the market has priced more than two hikes before year end.

Across in Europe, the ECB Governing Council unanimously voted to keep interest rates unchanged, with the deposit rate

remaining at 2.0%. The policy statement highlighted that the outlook has become considerably more uncertain due to the Middle East conflict, yet maintained a balanced tone, noting that “monetary policy is well positioned to navigate this uncertainty”. President Lagarde argued during the press conference that the economy is in a stronger position compared to the 2022 energy shock, and the ECB is better equipped to assess the impact of shocks.

Previously, the ECB expected euro area inflation to be slightly below 2% in 2026 and 2027. Now, the ECB forecasts inflation to peak at 3.1%yr in Q2 and average 2.6%yr for this calendar year. However, these projections are based on financial market variables, including oil and gas prices, as of 11 March which current spot prices materially exceed. Helpfully, the [ECB also released stress scenarios](#) that assume more severe energy supply disruptions via the Strait of Hormuz and higher energy prices.

In their ‘adverse scenario’ – which appears closer to current experience – the ECB sees inflation at 3.5%yr for this year, while in the ‘severe scenario’ the ECB’s modelling suggest it could rise as high as 4.4%yr and remain well above target through 2027. The impact on GDP growth appears to be more manageable, but still significant. Under the baseline scenario, 2026 growth is expected to be 0.9%yr, down from 1.2%yr forecast three months ago. It would be 0.3ppt and 0.5ppt lower in the adverse and severe stress scenarios, respectively.

As for inflation, under severe, the hit to GDP extends through 2027. The lesson to take from this scenario analysis is not the point estimates themselves, but rather that the impact on both inflation and growth of a loss of supply becomes increasingly non-linear as the duration of the crisis lengthens, as second round and confidence effects are felt. The risk to inflation expectations means that most central banks will initially be focused on price uncertainty near term, then the downside risks for activity as they appear – more so in 2027 than 2026.

Focus turns to the RBNZ after data dump



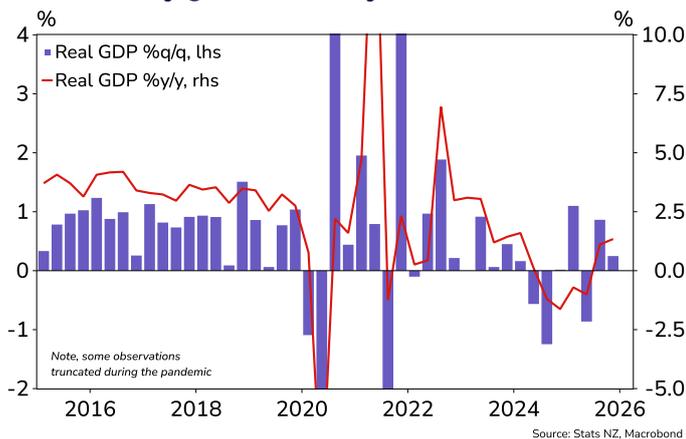
Darren Gibbs
Senior Economist

The past week has seen a heavy data flow in New Zealand. In normal times, this data would have been of intense market interest, but developments in the Middle East are understandably the focus for domestic market participants at present. That doesn't mean that these reports are unimportant as they provide some insight as to how the economy was travelling prior to the conflict. Momentum – or lack thereof – may play a role in determining how the economy navigates the oil price shock. It will certainly influence how the RBNZ reacts to these developments.

Q4 GDP disappoints; other data mixed this week

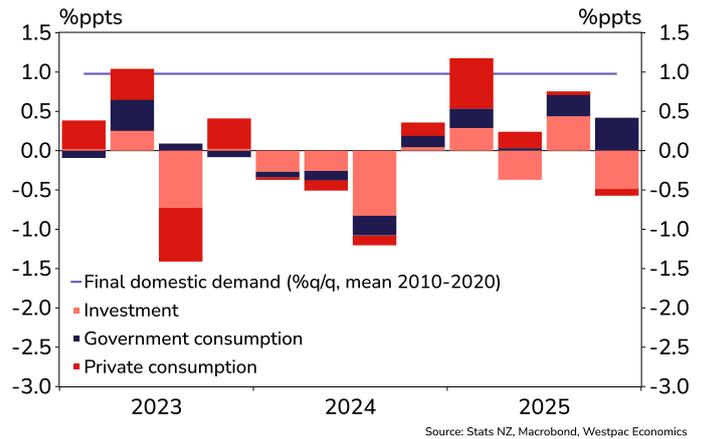
The most dated report was this week's release of the national accounts for the December 2025 quarter. The production-based measure of GDP grew just 0.2%q/q – below our recently downwardly-revised estimate of 0.4%q/q. And with growth in the September quarter revised down by 0.2%ppts to 0.9%q/q, annual growth was a lower-than-expected 1.3% (up still up from 1.1% in the September quarter). The level of activity in the December quarter was 0.4ppts lower than the RBNZ had estimated in the February Monetary Policy Statement.

The economy grew modestly in Q4



The expenditure measure of GDP was also soft, up just 0.1%q/q. Household consumption fell by 0.1%q/q following a disappointingly flat September quarter, though this likely partly reflects ongoing issues with distinguishing between spending by households and spending by a growing level of overseas tourists. Business investment fell 3.1%q/q, led by lower spending on non-residential buildings, plant and machinery and transport equipment. Government spending and inventory accumulation made a positive contribution to growth.

Contributions to growth in final domestic demand



So, what do these figures mean for the RBNZ? At one level, they may ultimately prove to be of little more than historical interest, given the pall cast over the global economy in recent weeks by the Middle East conflict. But the RBNZ will likely conclude that while the New Zealand economy was regathering some momentum coming into this latest shock, it was still barely at a pace that would have halted the rise in unemployment or added to domestic inflation pressures. And mechanically, the RBNZ may modestly revise up its estimate of the size of the negative output gap that prevailed at the end of last year. Certainly, these figures make it even more likely that the RBNZ follows the textbook approach and attempts to look through the current oil price shock, while being mindful of the risks to inflation expectations should the period of high headline inflation be prolonged.

Turning to the external sector, a current account deficit of 3.7% of GDP was reported for 2025, down from 4.7% of GDP in 2024. The deficit was slightly wider than expected, with the investment income deficit widening in the December quarter (both due to weaker portfolio income credits and larger direct income debits). And given current developments in the Middle East, the deficit is likely to widen slightly due to the increase cost of imported fuel. However, at current levels, the current account deficit has ceased to be a major talking point, including for the credit ratings agencies.

Of more contemporary interest, following a disappointing January reading, Stats NZ reported a welcome 1.4% m/m rebound in consumer spending in February. The largest driver was a lift in grocery sales. We also saw a rise in discretionary spending areas, with sales of furnishings and other household

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durables up 1.3%/m/m, while spending in bars and restaurants increased 2.4%/m/m (spending by an increasing number of foreign tourists likely contributed to this growth).

Less positively, the Business NZ Performance of Services Index pointed to continued malaise across the broader services sector in February, with the headline index falling to a four-month low of 48.0. And somewhat disappointingly, MBIE's measure of job advertising was unchanged in February. Over coming months, we will be looking to see whether uncertainty created by the Middle East conflict interrupts the gradual uptrend in job advertising that has been evident since around the middle of last year.

Given the pressures that higher fuel prices will impose on household budgets, there are questions about whether the strength in consumer spending will be sustained, at least in the near term. This week's Westpac-McDermott Miller Consumer Confidence survey reported only a modest decline in sentiment over the past three months. However, our survey was in the field from early March and likely will not have fully captured the impact of the sharp increase in fuel prices that many respondents will have experienced in recent days. We will be interested to see whether there is a larger impact when the ANZ releases its monthly consumer confidence index at the end of next week.

The news from the housing market was a mixed bag. The number of house sales grew 1.5%/m/m in February. While initial counts tend to slightly understate sales completed late in the month, this followed a 4.5%/m/m decline in January and left sales at a similar level to a year earlier. House prices rose a seasonally-adjusted 0.6%/m/m – the largest increase in more than two years but median days to sell lengthened to a 14-month high of 48 days. Given the month-to-month volatility, we are hesitant to read much into a single month of data, but at least the growth in house prices is a step in the direction of our forecast for moderate house price growth this year.

Finally, this week's partial CPI data for February left us comfortable with our forecast that annual CPI inflation will drop back to 2.8% in the March quarter – a move back inside the 1-3% target band that now seems certain to be short-lived given the conflict-induced surge in fuel prices. Of note was a 0.1%/m/m fall in average housing rents – the first monthly decline in the 20-year history of the data. As with the soft trend in house prices, the weakness in rents reflects low population growth and the large numbers of properties available. Other CPI components were a mixed bag, with domestic airfares down but international airfares rising. Clearly both are now subject to significant upward pressure given the huge spike in the price of aviation fuel.

RBNZ Governor to provide key update next week

With the data out of the way, attention will now turn to how the RBNZ is interpreting recent economic data and developments in the Middle East. In advance of the next formal policy review on 8 April, Governor Anna Breman will

have the opportunity to guide the market when she delivers a speech to a local business audience on Tuesday (24 March). While Breman had initially planned to focus on the steps being taken to modernise the payments system, considering recent developments the speech will now discuss the ongoing conflict in the Middle East, and the potential impacts of this evolving situation on the New Zealand economy. The speech will be published on the RBNZ website at 9am ahead of two other external engagement events that day (including one with external economists and analysts).

While the RBNZ's advisory states that this speech will not pre-empt the MPC's April Monetary Policy Review decision, at the very minimum, we expect that the Governor will lay out the framework the Bank will use to analyse the impact of the war on the New Zealand economy i.e., the main channels of influence and the short-term inflation and activity trade-offs that the MPC may need to consider when setting monetary policy. We think that there is a better than even chance that the Breman will go further and give a preliminary assessment of how the shock is impacting the MPC's assessment of the policy outlook.

If she does, we think that her comments will lean against the market's current pricing of close to three 25bps OCR hikes this year (which compares starkly with the RBNZ's February MPS indication of just a chance of a single 25bp hike). We expect Breman to acknowledge that headline inflation will be higher this year than forecast in February. And as any good central banker should, we expect that she will indicate that the RBNZ will be vigilant in looking for signs of any second-round impacts that might cause higher-than-target inflation to persist well into next year. However, crucially, we also expect Breman will argue that the New Zealand economy is operating with a large degree of spare capacity – including in the labour market – and that this “negative output gap” makes it less likely that a temporary oil price shock will lead to persistent inflation. And she may indicate an expectation that this negative output gap will remain for longer than the Bank estimated in February, given that higher oil prices and the current tightening of financial conditions will weigh on both trading partner and domestic economic growth.

Finally, we note that the RBNZ has announced this week that from the 8 April review onwards, all OCR decisions will now be followed by a press conference (rather than just those that follow the release of a Monetary Policy Statement). This is a welcome development to boost transparency – one that we had recommended in a paper last year – and is especially timely in the current fast-moving environment.

AUS: Q1 Westpac-ACCI Business Survey (index)

Mar 24, Last: 55.1

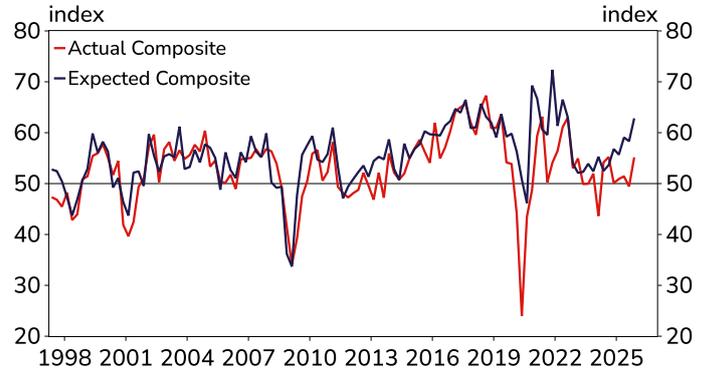
Conditions in the manufacturing sector improved significantly late last year. The Westpac-ACCI Actual Composite moved decisively into positive territory, up from 49.4 in Q3 to 55.1 in Q4, marking the strongest reading since mid-2024.

This improvement echoes trends in official data. There is a genuine upswing in consumer spending underway, coming off the back of an improvement in real household disposable incomes. Moreover, there were some early signs of a broader pick-up in investment across the economy.

The Q1 survey was in the field predominately before the surge in oil prices following the US-Israel strikes against Iran. The focus will be instead on how the recovery in manufacturing is tracking and how existing constraints around labour and materials are evolving.

Westpac-ACCI Composite Indexes

Actual & Expected, Seasonally Adjusted



Source: ACCI, Westpac Economics, Macrobond

AUS: February CPI (%yr)

Mar 25, Last: 3.8, WBC f/c: 3.8

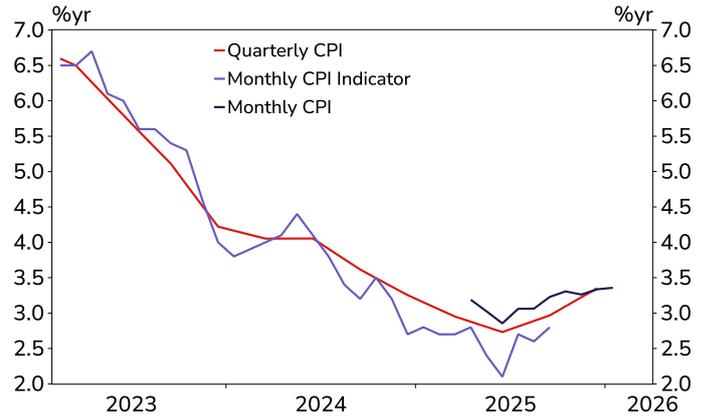
Mkt f/c: 3.8, Range: 3.5 to 4.3

February is a seasonally softer month, our 0.1%*mt* estimate translates to 0.3% in seasonally adjusted terms. This matches the 0.1% increase a year earlier holding the annual pace at 3.8%*yr*.

Fuel prices were still falling through February and we estimate they were down -4.5% in the month adding to the seasonal -6.9% fall in holiday accommodation & travel. Offsetting this is the 5.4% increase in education, 0.4% increase in rents, a 0.5% gain in dwellings, a 0.9% increase in electricity and a 2.9% gain in garments.

We estimate a 0.3%*mt* (0.33%) rise in the Trimmed Mean, holding the annual pace steady at 3.4%*yr*. The the six-month annualised rate pick up to 3.6%*yr* from 3.4%*yr* but this is still less than 3.7% in December and the pace will ease from here.

Trimmed Mean Inflation



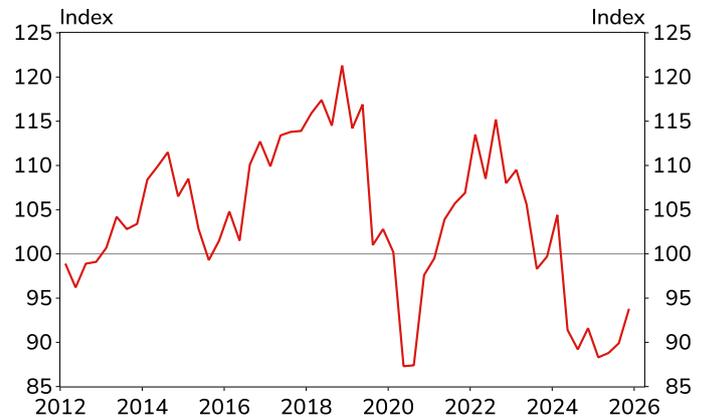
Source: ABS, Macrobond, Westpac Economics

NZ: Q1 Westpac-McDermott Miller Employment Confidence (index)

Mar 25, Last: 93.8

Employment confidence improved modestly in December last year, although a perceived lack of job opportunities and low job security remained key concerns for New Zealanders. There have been signs in recent months of a stabilisation in job numbers and a modest lift in hiring, although the unemployment rate rose further to 5.4% in the December quarter. Note that as with the Consumer Confidence Index, this survey was conducted on 1-12 March, during the early stages of the US-Iran conflict.

Employment Confidence Index



Source: Westpac-McDermott Miller, Macrobond

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 23							
Eur	Mar	Consumer Confidence	index	-12.2	-	-	Slightly above the five-year average, but gains are hard-going.
US	Feb	Chicago Fed Activity Index	index	0.18	-	-	Suggests the economy is expanding above historical trend.
	Jan	Construction Spending	%mth	0.3	-	-	Outlook cloudy amid high inventories and weak confidence.
Tue 24							
Aus	Q1	Westpac-ACCI Business Survey	index	55.1	-	-	Conditions in local manufacturing improved late last year.
NZ	-	RBNZ Gov Breman speech	-	-	-	-	Speech on potential impacts of Middle East conflict on NZ.
Jpn	Feb	CPI	%ann	1.5	-	-	Energy subsidies bringing headline inflation lower.
	Mar	S&P Global Manufacturing PMI	index	53.0	-	-	Conditions are decisively expansionary across industry and ...
	Mar	S&P Global Services PMI	index	53.8	-	-	... services, but Middle-East shock likely to hit confidence.
Eur	Mar	HCOB Manufacturing PMI	index	50.8	49.8	-	Recovery forming a broader-based in manufacturing ...
	Mar	HCOB Services PMI	index	51.9	50.4	-	... services activity, while still positive, has cooled recently.
UK	Mar	S&P Global Manufacturing PMI	index	51.7	-	-	Solid start to the year for manufacturing could prove fleeting ...
	Mar	S&P Global Services PMI	index	53.9	53.0	-	... given risks offshore; services is nonetheless supportive.
US	Mar	S&P Global Manufacturing PMI	index	51.6	-	-	Suggests US manufacturing has largely been unperturbed ...
	Mar	S&P Global Services PMI	index	51.7	-	-	... while services expands modestly, unlike the ISM's 'boom'.
	Mar	Richmond Fed Manufacturing	index	-10	-	-	Highly volatile and pointing to clear downside risks.
Wed 25							
Aus	Feb	CPI	%ann	3.8	3.8	3.8	Falling fuel & holidays offsetting rising education and housing.
NZ	Q1	Westpac MM Empl. confidence	index	93.8	-	-	Surveying occurred after the outbreak of war and surge in oil.
Ger	Mar	IFO Business Climate Survey	index	88.6	87.0	-	Expectations lifted last year, but current assessments still weak.
UK	Feb	CPI	%ann	3.0	3.1	-	UK inflation before the energy price shock.
US	Mar	Import Price Index	%mth	0.2	-	-	Pre-tariff prices for imported goods appear broadly stable.
Thu 26							
Aus		RBA Speak	-	-	-	-	Assistant Governor Chris Kent speaks in Sydney.
US		Initial Jobless Claims	000s	205	-	-	Still at a low level versus history.
	Mar	Kansas City Fed Manufacturing	index	5	-	-	Manufacturing in the mid-west is gradually improving.
Fri 27							
NZ	Mar	ANZ Consumer Confidence	index	-	-	-	Likely to fall in response to growing cost of living pressures.
Chn	Feb	Industrial Profits	ytd %yr	0.6	-	-	Turning positive on anti-involution and high-tech focus.
	Q4	Current Account Balance	US\$bn	242.1	-	-	Final estimate.
UK	Mar	GfK Consumer Sentiment	index	-19	-	-	Confidence is above-average but sensitive to inflation risks.
	Feb	Retail Sales	%mth	1.8	-	-	Consumers showing clearer signs of life.
US	Mar	Uni. of Michigan Sentiment	index	55.5	-	-	Final estimate will include weaker readings since Iran war.
		Fedspeak	-	-	-	-	Jefferson, Daly and Paulson.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (20 Mar)	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28
Cash	4.10	4.10	4.35	4.35	4.35	4.35	4.35	4.35	3.85	3.60	3.60
90 Day BBSW	4.2875	4.30	4.40	4.40	4.40	4.45	4.45	4.30	3.80	3.70	3.70
3 Year Swap	4.75	4.45	4.45	4.45	4.40	4.35	4.25	4.10	3.95	3.80	3.60
3 Year Bond	4.74	4.45	4.45	4.45	4.40	4.35	4.25	4.10	3.95	3.80	3.60
10 Year Bond	5.01	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)	76	75	65	55	45	35	25	20	10	5	0
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	4.25	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	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	3.49	3.30	3.60	3.85	4.10	4.30	4.40	4.40	4.40	4.35	4.30
10 Year Bond	4.74	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)	49	55	50	60	55	60	60	55	50	45	40

Exchange rate forecasts

	Latest (20 Mar)	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28
AUD/USD	0.7082	0.72	0.72	0.72	0.73	0.73	0.74	0.74	0.74	0.73	0.73
NZD/USD	0.5882	0.59	0.59	0.61	0.62	0.64	0.66	0.67	0.67	0.67	0.665
USD/JPY	158.31	158	156	155	154	152	150	148	146	144	142
EUR/USD	1.1558	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.22	1.22
GBP/USD	1.3406	1.34	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.41
USD/CNY	6.8944	6.85	6.85	6.80	6.70	6.60	6.50	6.45	6.40	6.35	6.35
AUD/NZD	1.2038	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	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	2024	2025	2026f	2027f
GDP %qtr	0.9	0.2	0.8	0.4	0.8	0.8	1.1	0.5	-	-	-	-
Annual avg change	-0.6	0.2	0.6	1.5	1.7	2.1	2.6	2.9	-0.3	0.2	2.1	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

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.



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