17 April 2026

WESTPAC NOWCAST Q1 2026: SECOND ESTIMATE

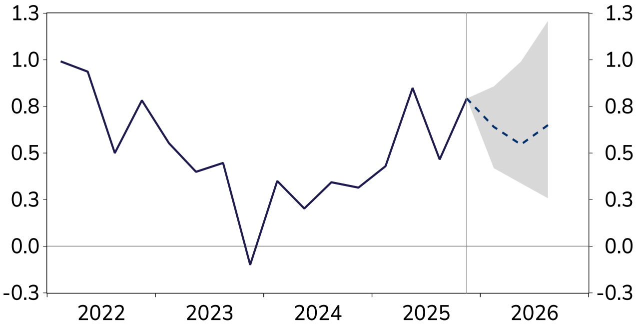
The cyclical upswing is maturing

Key points

- Consistent with our first estimate, Westpac Now points to GDP growth of around 0.6%qtr in Q1 2026 (range: 0.55–0.75%qtr), lifting year ended growth to 2.8%yr.
- Our monthly activity index edged lower in March after moving sideways through January and February. Overall, activity was flat across the March quarter, ending an upswing that began in May 2025 even before the recent tightening in monetary policy could take effect.
- Recent sharp falls in consumer and business confidence were largely 'looked through'; our framework would take more signal from a sustained drop.
- While growth appear to have remained resilient in Q1, a prolonged Middle East conflict increases the risk that weak confidence spills over into a broader set of indicators (many of which have already softened), exacerbating supply chain dislocations and lower real incomes.

Quarterly GDP Growth*

Quarterly % growth. Axis truncated for covid.



Source: ABS, Macrobond, Westpac Economics

*Dotted line show Westpac-Now central estimates. Quarter ahead (or Q1 2026) relies on the actual Westpac monthly activity index to March 2026. Beyond the quarter ahead, estimates rely on projections of the Westpac monthly activity index generated using internal model dynamics. Confidence intervals reflect empirical out of sample forecasting errors.

- Our framework suggests growth will ease to around 0.5%qtr in Q2, before returning to 0.6%qtr in Q3 2026, but these estimates by design do not allow for the wider effect of the conflict and differ from our actual GDP forecasts.
- Westpac Now updates are released monthly, with details in Appendix A.

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.

The Upswing Is Maturing, Even Before Rate Hikes Bite

Pat Bustamante
Senior Economist

In November 2025, we introduced [Westpac-Now](), a real time measure of current activity in the Australian economy. Westpac-Now draws on more than 60 high frequency economic and financial variables, using advanced statistical techniques to provide a timely pulse check on economic momentum. It is the first Australian model to incorporate internal banking data, enhancing its predictive power.

This note provides the second estimate of growth for the March quarter 2026, using domestic and international data released up to and including the March Labour Force Survey (released 16 April 2026). Future updates will be published monthly (see Appendix A for the release schedule).

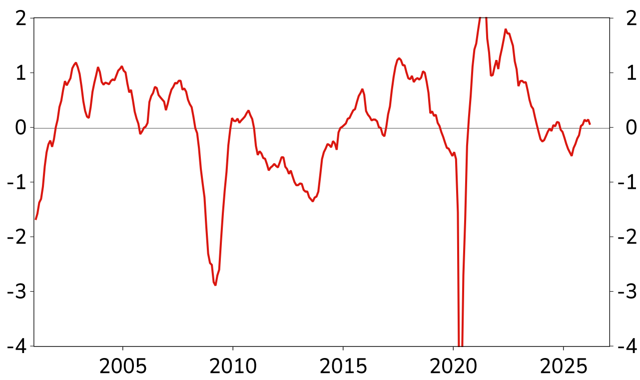
Monthly activity index declines over March

Our monthly activity index edged lower in March after moving sideways through January and February. Overall, activity was flat across the March quarter, ending a steady upswing that began in May 2025 even before the recent tightening in monetary policy could take effect. The monthly activity index is now sitting around the levels recorded in September 2025.

Importantly, there is greater than usual uncertainty around the monthly activity estimate amid heightened inflationary pressures. Faster price growth can cause nominal indicators, such as consumer spending, to rise strongly even though ‘real’, inflation adjusted spending may be soft. The inclusion of ‘real’ indicators, such as employment and banking transaction volumes, helps manage some of this uncertainty but it remains higher than usual given above average inflationary pressures.

Westpac Monthly Activity Index

Index. Axis truncated for covid.



Source: ABS, Macrobond, Westpac Economics

Confidence: More noise than signal for now

At this stage, our framework largely looks through the recent sharp falls in consumer and business confidence. Historically, these measures can be volatile, and other indicators have not yet moved in the same direction. In that sense, the decline in confidence is inconsistent with broader domestic economic conditions.

This interpretation is intuitive: the shock triggering the confidence response appears exogenous, or linked to the conflict in the Middle East, rather than arising from domestic economic fundamentals. As such, the declines are currently treated as large idiosyncratic shocks.

That assessment would change if the fall in confidence were sustained or if other high frequency indicators, such as banking transaction data, began to corroborate the signal. In that scenario, the model would revise its treatment and place greater weight on the information coming from confidence measures.

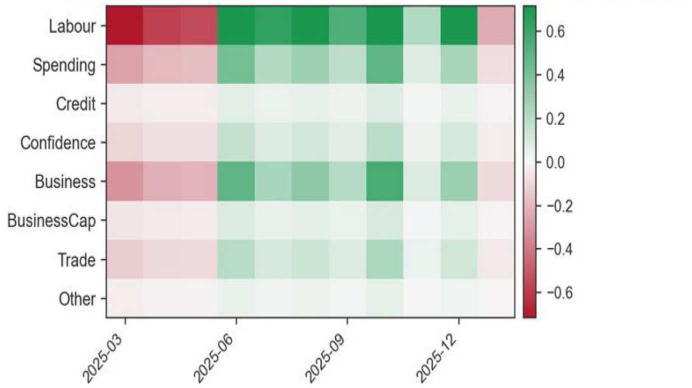
But there are risks with key indicators shifting to neutral

While growth remained resilient in Q1, the longer the Middle East conflict persists, the greater the risk that the weakness evident in confidence starts to show up in a broader set of indicators, such as investment and consumer spending.

Our indicator heatmap decomposes changes in the monthly activity index into group level contributions, allowing us to assess which components drove the recent moderation. For ease of interpretation, indicators are grouped into broad categories. For example, the labour market category includes both official ABS Labour Force Survey outcomes and more timely survey based measures of labour demand and job advertisements.

The heatmap shows that labour market conditions, consumer spending and credit growth lost momentum and shifted to neutral in March, after ending 2025 strongly.

The Common Activity Factor Heatmap by Groups



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.

Westpac Now: Growth moderating even before the recent tightening in monetary policy take effects

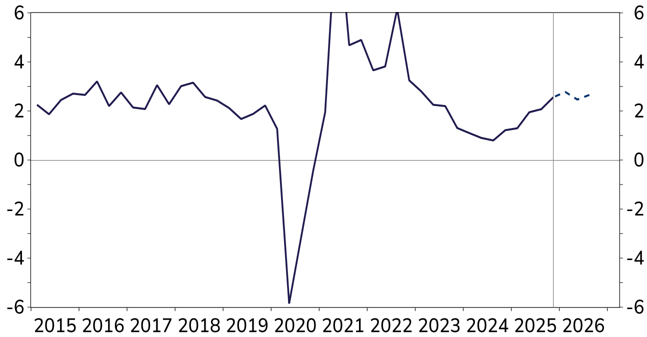
Recall that the Westpac-Now estimate is a more refined indicator that combines our monthly activity indicator using advanced econometric techniques to produce point estimates of GDP growth. As previously noted, the fit is not expected to be exact, as measured GDP includes components that are not well captured by other activity measures, such as imputed rents for owner occupiers, public and business inventories, and the depreciation of buildings and equipment. To bridge monthly and quarterly data, we employ a MIDAS framework, which allows us to combine mixed frequency data and incorporate partial information for the current quarter when producing GDP forecasts.

Based on our current forecast equations, the Westpac-Now Q1 2026 second estimate points to GDP growth of 0.6%qtr (range: 0.55–0.75% qtr), lifting year ended growth to 2.8% yr.

Projections further out, based on the indicator's internal dynamics, suggest growth will ease to 0.5%qtr in Q2, before returning to 0.6%qtr in Q3 2026. However, these projections should be treated as tentative, with heightened uncertainty given the reliance on projected inputs rather than realised data. The potential impact of the Midde East conflict implies that these forward projections are even more uncertain than usual.

Westpac-Now Estimates and Projections*

Year-ended % growth. Axis truncated for covid.



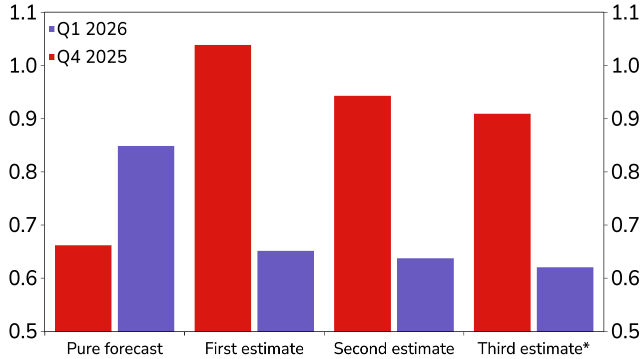
Source: ABS, Macrobond, Westpac Economics
*Dotted line show Westpac-Now central estimates. Quarter ahead (or Q1 2026) relies on the actual Westpac monthly activity index to March 2026. Beyond the quarter ahead, estimates rely on projections of the Westpac monthly activity index generated using internal model dynamics. Confidence intervals reflect empirical out of sample forecasting errors.

March quarter data signal a moderation in growth

Data released over the March quarter point to growth moderating from the previous quarter. Once data released through the quarter are incorporated, our nowcast estimates Q1 growth at 0.6%qtr. This contrasts with the 0.8%qtr 'pure forecast' estimate that we obtain using only data available up to and including December. The pattern of softer estimates once actual data for the quarter begin to be included in the nowcast also contrasts with Q4 in that the nowcast for that quarter remained higher than the 'pure forecast' estimate as more data were included in successive estimates.

Evolution of Westpac-Now

Within quarter changes to Westpac-Now, quarterly % change



Source: ABS, Macrobond, Westpac Economics
*Preliminary third estimate, to be updated when the full suite of monthly March data becomes available

Bottom line

Westpac Now points to moderating growth, with GDP tracking at around 0.6%qtr in Q1 2026. While recent sharp declines in confidence are currently being 'looked through', momentum has softened across key indicators, including labour market conditions, consumer spending and credit growth, even before the RBA's rate hikes took effect on the economy. Growth remains resilient for now, but a prolonged Middle East conflict raises the risk that weak confidence and supply chain disruptions reinforce each other, posing a more material downside risk over coming quarters.

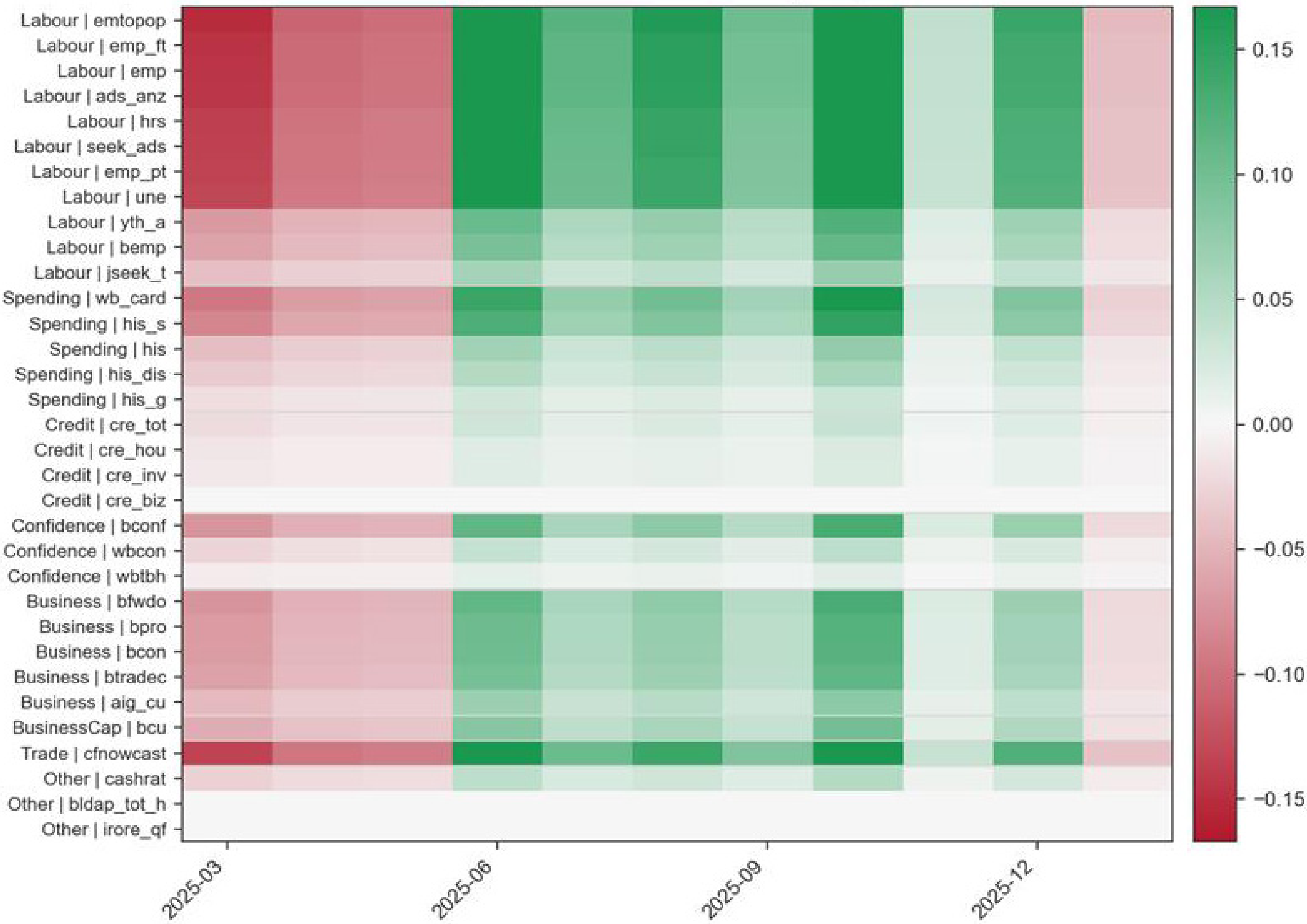
Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known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

Appendix A: Westpac Now Release Schedule (2026)

Going forward, Westpac Now will be published on the Friday following each ABS Labour Force Survey (LFS) release, at 11:30am AEDT/AEST (Canberra time). Each release incorporates the latest labour market data alongside other high frequency indicators and provides an updated nowcast for quarterly GDP growth. As the quarter progresses, each update should be interpreted as a progressively more complete estimate of that quarter's economic performance.

Release date (Friday)	LFS reference month	Quarter focus	Interpretation
22 May 2026	April 2026	Q1 2026 – final estimate	Near complete read on Q1 activity
19 June 2026	May 2026	Q2 2026 – first estimate	Initial assessment of Q2 momentum
17 July 2026	June 2026	Q2 2026 – second estimate	Refined Q2 signal as activity data accumulate
21 August 2026	July 2026	Q2 2026 – final estimate	Near complete read on Q2 activity
18 September 2026	August 2026	Q3 2026 – first estimate	Initial assessment of Q3 momentum
16 October 2026	September 2026	Q3 2026 – second estimate	Refined Q3 signal as activity data accumulate
20 November 2026	October 2026	Q3 2026 – final estimate	Near complete read on Q3 activity
18 December 2026	November 2026	Q4 2026 – first estimate	Initial assessment of Q4 momentum

Appendix B: The common activity factor heatmap by indicators



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

Corporate Directory

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro–Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner
Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

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

©2026 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, "Westpac"). References to the "Westpac Group" are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Things you should know

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

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

Disclaimer

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

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

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

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

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

Additional country disclosures:

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

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

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

Disclaimer continues overleaf ▶

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

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

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

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

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

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

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

European Economic Area ("EEA"): This material may be distributed to you by either: (i) Westpac directly, or (ii) Westpac Europe GmbH ("WEG") under a sub-licensing arrangement. WEG has not edited or otherwise modified the content of this material. WEG is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac. Any product or service made available by WEG does not represent an offer from Westpac or any of its subsidiaries (other than WEG). All disclaimers set out with respect to Westpac apply equally to WEG.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

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

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

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

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.