Week beginning 4 May 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

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Focus on New Zealand: RBNZ's Breman says core inflation stable.

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New Zealand: RBNZ financial stability report, unemployment rate, employment, LCI wage inflation.

Japan: S&P Global services PMI.

China: RatingDog Services PMI.

Euro area: PPI, retail sales, Sentix investor confidence, S&P Global manufacturing PMI.

United States: Unemployment rate, average hourly earnings, trade balance, ADP employment change.

World: S&P Global Services PMI.

Information contained in this report current as at 1 May 2026.

RBA May hike locked in

Luci Ellis
Chief Economist, Westpac Group

We reaffirm our expectation that the RBA Monetary Policy Board (MPB) will raise the cash rate a further 25bps at its May meeting, to 4.35%. Inflation was higher than the MPB was comfortable with prior to the Middle East conflict, spurring it to lift the cash rate in both February and March. The RBA doubled down on its views that the economy was tighter than full employment and needed to be restrained to get inflation back under control.

Those rate hikes were based on data relating to the period before the war. While petrol prices have since reversed much of the 32.8% increase recorded in March, part of this was driven by the cut to excise, due to expire in a few months. Diesel prices – and thus freight costs – remain very elevated. The RBA could look through higher fuel prices if that was all that was happening, but it is not. Pass-through to other (non-fuel) prices is clearly starting, touching everything from building products to takeaway food if the reports we are receiving are any guide. The RBA will be hearing similar stories from firms in its liaison program.

March would have been very early days for much pass-through to be evident in the CPI. For example, many of the price increases for building products we are aware of did not take effect until 1 April. Today's CPI data nonetheless show scattered signs of pass-through to other prices. There were some promising signs in softer monthly prices of appliances and some other household goods. However, home-building and vehicle repair costs, along with downstream insurance inflation, all picked up in the month and quarter. Services related to audio-visual, computing and telecommunications also increased in the month, which for telecommunications went against the run of recent months' results.

This is occurring in the context of a starting point where non-tradables and services inflation are already too high. At 0.8%qtr, the RBA's preferred quarterly trimmed mean measure of inflation is still too high for the RBA to walk past, even though it was a touch lower than our pre-release expectation, a downside risk we had flagged.

Together with the spike in both consumer inflation expectations and business survey measures of costs and prices, the March inflation data will have the RBA's inflation warning lights flashing bright red. The MPB will see an imperative to address high inflation despite the caution expressed by the minority voters in March.

Some observers point to the demand-destruction higher fuel prices can unleash via the hit to real incomes, which will dampen inflation on its own eventually. This is plausible, but it will take too long to assuage an RBA facing an extended period of above-target inflation.

Indeed, based on its communication so far, especially the March minutes, the MPB puts little weight on that argument. The minutes characterised the supply shock as 'further exacerbating existing capacity pressures', and the future demand destruction as just a possibility. This view flows from the RBA's analysis that the economy is already too tight, as inferred from inflation already being above target. It is also taking signal from the income boost from higher LNG prices, but no disinflationary signal from exchange rate appreciation beyond what is already implied by the RBA's own actions on rates.

> **"We reaffirm our view that the RBA will raise the cash rate 25bps to 4.35% next week."**

We also consider significant what the RBA has not communicated in recent weeks. When markets began pricing in multiple policy rate hikes by the ECB, Bank of England and Bank of Canada, senior officials at those central banks pushed back. Indeed, BoE Governor Bailey stated in an interview with Reuters that "markets had gotten ahead of themselves". ECB President Lagarde used a speech on 25 March to highlight that the current shock was likely to be less inflationary than the energy shock in 2022 when Russia invaded Ukraine at a time that other supply chains were still recovering from pandemic disruption. The RBA has not pushed back in the same way. In addition to the higher starting point for inflation here, part of the reason seems to be that Australia is already seeing the pass-through to other prices that other central banks are still at the stage of watching for.

All this adds up to the MPB wanting to tighten policy further. The refreshed forecast in the Statement on Monetary Policy will allow the RBA to set out its views of the inflation impulse from the war, making May a good opportunity to take, and explain, the next step.

The outlook for the cash rate beyond May is necessarily less certain. We hold to our base case that there will be two further rate hikes after May, in June and August. The RBA's experience last year, when underlying inflation popped back up almost immediately after it cut rates, will have nudged some within the RBA to the idea that the cash rate needs to be higher than its previous peak to really get inflation under control (for the technically-minded, their individual estimates of the neutral rate got revised up). While outwardly the RBA continues to characterise its strategy as being willing to be a bit less activist to hold onto the post-pandemic employment gains, most of the original architects of that strategy have left the building and those inclined to be more activist will have more influence.

There is a chance that the RBA ends up doing less than our base case, if the voices on the MPB that counselled caution in March can sway other members, or if pass-through to non-fuel prices turns out to be less than current information suggests. However, we put less weight on this scenario given the starting point for domestically driven inflation.

Cliff Notes: policy perspectives from across the globe

Elliot Clarke, Head of International Economics
Illiana Jain, Economist

In Australia, the [Q1 CPI]report provided the first official estimate of the impact on local prices of the Middle East conflict. Headline inflation accelerated sharply to 1.4% (4.1%yr) in Q1 on the back of a 33% surge in auto fuel prices in March alone. Fortunately, a large portion of this spike has since unwound following the fuel excise cut, although fuel prices remain materially above the pre-conflict level.

While there were some signs of price pressures across home-building, vehicle repair and insurance, it is too early to detect, let alone accurately assess, evidence of pass-through. That said, underlying trimmed mean inflation still rose 0.8% in Q1, with annual growth at 3.5%yr, a full percentage point above the mid-point of the target. Notably, March's data pre-dates the wide range of price increases reported anecdotally for building products and other items which came into effect in April.

Following the CPI release, Chief Economist Luci Ellis reaffirmed our call for the RBA to increase the cash rate by 25bps to 4.35% at the May policy meeting. The combination of an elevated starting point for inflation and imminent risk of pass-through will compel the RBA to act pre-emptively to contain inflation expectations. Next week's voting split, updated staff forecasts and the tone of communications will be informative on the baseline policy outlook and risks. For now, we retain our base case of another two hikes beyond May, in June and August, taking the cash rate to a peak of 4.85%.

The combination of higher inflation, slower growth and rising unemployment is also fostering a complex macroeconomic backdrop for the 2026/27 Federal Budget, due May 12. A full preview will be published next week, but our preliminary note sets out our central expectation that commodity price windfalls are likely to more than offset spending pressures and result in a net improvement in the budget's bottom line over the forward estimates.

Offshore, at the beginning of the week the Bank of Japan held its policy rate at 0.75% in a 6-3 vote. Updated forecasts highlight the risk of stagflation, with FY26 growth revised sharply lower to 0.5% (from 1.5%) and core inflation now expected to remain above 2% through to FY28. With Japanese firms increasingly willing to pass on costs, the Middle East conflict risks amplifying domestic inflationary pressures.

The BoJ remains focused on restoring the policy rate as an effective policy lever. Further hikes were signalled, but the timing left open. With policy settings still considered accommodative and a weak yen threatening import inflation, we anticipate the next hike to occur in June, though there is a risk it is delayed to July. The Financial Statements Statistics update due on 1 June will be an important release to gauge firms' response to the crisis and the implications for both inflation and activity.

In the US, the FOMC then kept the stance of policy unchanged at its April meeting. The tone of the statement was balanced, with a sanguine view on GDP growth and the labour market and inflation simply characterised as "elevated". The statement also noted that "the Committee is attentive to the risks to both sides of its dual mandate", while Chair Powell remarked in the press conference that, in his view, policy is in a good place to take time to monitor conditions, being at the "high end of neutral, perhaps mildly restrictive". Governors Hammack, Kashkari and Logan also showed greater concern over inflation than the labour market at this meeting, wanting to maintain the target range for the federal funds rate and signal that a hike was as likely as a cut on current information.

The Bank of Canada also kept its policy stance unchanged. The conflict in the Middle East and US trade policy were called out as sources of uncertainty for the global economy. But overall, the outlook for Canada's economy was viewed as little changed from January. Assuming a protracted resolution to the Middle East conflict into 2027, GDP growth is expected to strengthen through 2027-2028 and inflation to turn back towards the 2%yr target from 3%yr in the near term, allowing the Bank of Canada to remain on hold.

"The initial consequences of the Middle East conflict for Australian consumer inflation were seen."

Thereafter in Europe, the ECB Governing Council opted to maintain its current policy stance. The ECB acknowledged that "upside risks to inflation and downside risks to growth have intensified" and the merits of a rate hike were discussed, but developments to date were not sufficient to convince the Governing Council to take immediate action – the decision to hold was unanimous. At its previous meeting in March, the ECB presented two downside scenarios alongside its baseline. In the April press conference, President Lagarde was reluctant to discuss the details of those scenarios, noting simply that conditions are diverging from March's baseline and the upcoming six weeks "will be the right time" to assess the economy "in order to make an informed decision". Her comments appeared carefully chosen to signal openness to a rate increase in June. Therefore, barring any major changes in the dynamics of the Middle East conflict, we continue to believe that a 25bp policy rate hike is the most probable outcome at the next meeting.

The Bank of England's April meeting also unfolded broadly as expected, the MPC voting 8-1 to keep the policy rate at 3.75%. Chief Economist Hew Pill was the sole dissenter, preferring "a prompt but modest hike in Bank Rate" to contain the risk of second-round inflationary effects. The policy statement maintained a hawkish bias, however, emphasising the potential impact of the energy price shock – its scale and duration – on UK inflation and the committee's readiness to act to ensure inflation returns to the 2% target. Policy makers also showed concern over economic growth and the labour market, with slack increasing prior to the conflict.

Risks to the economic outlook were illustrated using three alternative scenarios, differentiated by oil and gas price assumptions and the persistence of second-round inflation effects. In the first two scenarios, the Brent oil price averages $108 in Q2 2026 then decreases at different speeds. Both scenarios showed headline inflation peaking above 3.5%yr this year before easing in 2027. Importantly, the Governor emphasised that, if the economy evolves in line with these scenarios, further policy tightening may not be required – the removal of the circa 50bp of easing priced before the conflict potentially sufficient to bring inflation back to the 2% target. The committee judged that the most severe scenario – where Brent averages $127 this quarter and remains above $100 well into 2028 – would likely require "a forceful tightening in monetary policy", however. The Governor declined to specify what interest rate changes this would entail, but noted the need to act quickly to minimise second-round effects. Bank Rate hikes this year are therefore not guaranteed, but with Brent Oil surging as much as 20% this week to a peak around USD126 (now USD114) as the US and Iran remained at an impasse, conditions may eventually become too close to the BoE's most severe scenario for the MPC to ignore. We continue to expect a Bank Rate hike at the next policy meeting in June, with further tightening possible, but dependent on evolving circumstances.

RBNZ's Breman says core inflation stable

Darren Gibbs
Senior Economist

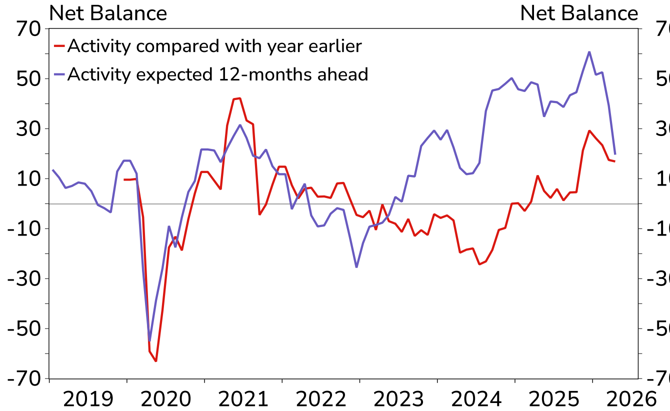
The domestic focus during this past holiday-shortened week has remained on gathering up-to-date information on how the New Zealand economy is being impacted by the ongoing Middle East conflict and assessing the RBNZ's likely response.

Early in the week, RBNZ Governor Breman participated in an event in Hamilton as part of her regional engagement programme. While there were no formal speech notes, the RBNZ issued a press statement outlining the points that she planned to make during a panel discussion, while audio from the session was also made available. In our view, Breman's comments were consistent with those made at the 8 April OCR review. Specifically, Breman stated that "…the Reserve Bank remains focused on balancing inflation control with supporting economic recovery." And she reiterated that "…monetary policy can and should ensure that a temporary increase in inflation does not turn into enduring inflationary pressures."

Perhaps the main news was Breman's reflection on last week's Q1 CPI report. She noted that annual inflation of 3.1% was slightly higher than expected at the time of the April OCR Review. But importantly, she added that "…measures of core inflation, which look through this volatility, have remained stable within the target band." She also emphasised that the Bank was focused on the prospect of second-round inflation effects, specifically transmitted through the labour market, rather than the first-round impact of higher fuel prices. These comments suggest that the RBNZ will take the time necessary to fully understand the nature and implications of the conflict before deciding how it should respond. Breman's comments were the initial catalyst for the repricing of prospects of a rate hike at the RBNZ's 27 May meeting, which the market now views as around 25% (down from 60% at the beginning of the week). Confidence reports released later in the week – discussed below – have contributed to that repricing. For the record, Westpac continues to forecast a first lift in the OCR in September.

Staying with the RBNZ, it was announced this week that the Minister of Finance and the Bank's Monetary Policy Committee (MPC) have agreed changes to the MPC Charter. These changes will provide more transparency and accountability to MPC decision-making. They also are a subset of the reforms we recommended in a note published last year before the new Governor took up her role. While the new Charter continues to encourage the formation of a consensus decision, it requires that the votes of individual members be attributed when a vote takes place. As well as attributing votes, material differences of view or judgement within the Committee will also be attributed in the published Record of Meeting, even when no vote is taken. This will make it easier for MPC members to publicly express differing views on the economic outlook and monetary policy strategy (indeed, it makes clear that members are encouraged to communicate those views externally). The new Charter will be in place for the RBNZ's 27 May meeting so will help elucidate any differences in view amongst the MPC. These reforms are a welcome step in the right direction in our view. Although just how effective the changes will be is still to be assessed in light of just how frequent votes are and the threshold applied when determining if an alternative view is specifically recorded.

Activity past year vs expected year ahead

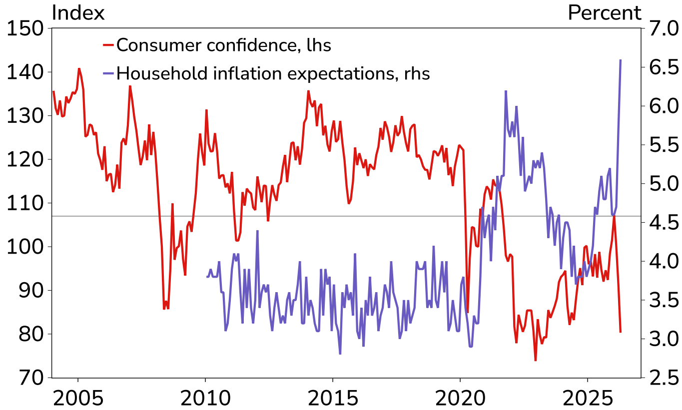


Source: ANZ, Stats NZ, Macrobond, Westpac Economics

On the data front, the focus was the ANZ's Business Outlook Survey for April. Overall, the broad theme of the survey was much as should have been expected based on the late responses to last month's survey and the results of last week's QSBO business survey. Headline business confidence has taken a significant knock, with net optimism declining to -10.6 from 32.5 in April – the first negative reading since 2023. Encouragingly, firms remain more optimistic about their own situation, although the proportion of firms expecting their own trading activity to increase over the next year has halved to 19.6. A similar proportion continue to report an increase in activity levels over the past year, suggesting that demand is holding up for many firms. Uncertainty is curbing firms' willingness to invest in expanding their businesses, however, with net hiring intentions turning modestly negative in April and net investment intentions sliding to barely positive levels. Overall, this survey portrays the picture we expected to see a few weeks ago when we significantly downgraded our view on growth through mid-2026.

Predictably, firms' year-ahead inflation expectation increased to 3.81% from 3.08% previously, even as the net proportion of firms reporting an intention to raise prices fell modestly from March. Firms reported a sharply higher expected increase in their costs over the next three months, whereas expected price increases were little changed from last month's survey. This points to significant pressure on firms' profit margins. Perhaps as a response, firms forecast for year-ahead wage growth fell to just 2.5% - now close to last year's low. The latter is likely to be viewed somewhat encouragingly by the RBNZ given its concern that high near-term headline CPI inflation rate could morph into second-round inflation by driving a wage-price spiral (albeit the current slack in the economy).

Consumer confidence and inflation expectations



Source: ANZ, Westpac New Zealand, Macrobond, Westpac Economics

Turning to the rest of this week's data, the ANZ's consumer confidence index slumped a further 12% to a three-year low of 80.3 in April. This reading is in line with the responses that had been collected in the final week of the March survey, suggesting that confidence may have been broadly stable over the past month. The net proportion of households thinking it's a good time to buy a major household item (the best retail indicator) fell 11ppts to -25, which is the lowest level since September 2024. This appears consistent with some recent anecdotes from the retail sector. Household's two-year ahead inflation jumped 0.9ppts to 6.6%, thus exceeding the levels reached even during the Covid spike.

The final piece of data this week was the building consents report for March. The number of dwelling consents fell a modest 1.3% during the month but were still 8.2% higher than a year earlier. Given that most of the consents issued in March were likely filed in February, it will be another month or two before any impact from the Middle East conflict becomes evident in the building consents figures.

One piece of good news this week was the Government's announcement that it had reached an agreement with one of the largest fuel companies to supply 90m litres of diesel – equivalent to nine days of regular demand – to fill the additional storage space that will become available towards the end of June. This will increase the average level of diesel in the country at any given time by about a third, adding a small but welcome degree of resilience.

Looking ahead to next week, the focus domestically will be on the March quarter labour market surveys. While these surveys will give no insight about the emerging impact of the Middle East conflict, they will still provide important information on the degree of spare capacity and labour cost pressure prior to the oil price shock.

As my colleague Michael Gordon wrote in his preview, [we expect that the unemployment rate likely remained stable at 5.4%] during the March quarter. While the tax-based Monthly Employment Indicator (MEI) points to a modest lift in employment in the quarter – broadly in line with growth in the working age population – we expect the Household Labour Force Survey (HLFS) of measure of employment will post a 0.1%q/q decline. This simply reflects our sense that the 0.5%q/q increase in the HLFS measure in the December quarter was likely overstated, with the MEI failing to validate the HLFS's indication of a sharp rise in employment among the under-25s during that quarter. With the labour force participation rate in the December quarter likely similarly overstated, we expect a modest decline in participation to be recorded in the March quarter.

Turning to labour costs, given the usual lags, spare capacity in the labour market will likely continue to have restrained wage growth in the March quarter. We expect a 0.5%q/q rise in the Labour Cost Index (LCI) for the March quarter, leaving annual growth at around 2%. Our forecast for private sector wage growth is slightly more subdued at 0.4%q/q. The public sector tends to see larger pay increases in March quarters – we've pencilled in a 0.8%q/q rise, though this would still see annual growth slow from 2.2% to 2.0%.

Our picks are a little softer than the RBNZ's February Monetary Policy Statement forecasts, which assumed faster jobs growth and a decline in the unemployment rate by this point. At the margin, a result in line with our forecasts would strengthen the case for caution before lifting the OCR. But the bigger issue for the RBNZ will be what has happened since the MPS: the Middle East oil shock will hinder the economic recovery, potentially leading to delays in hiring, layoffs and business failures. The RBNZ will need to balance what this might mean for medium-term inflation against the risk that high near-term inflation could nonetheless raise medium-term inflation expectations.

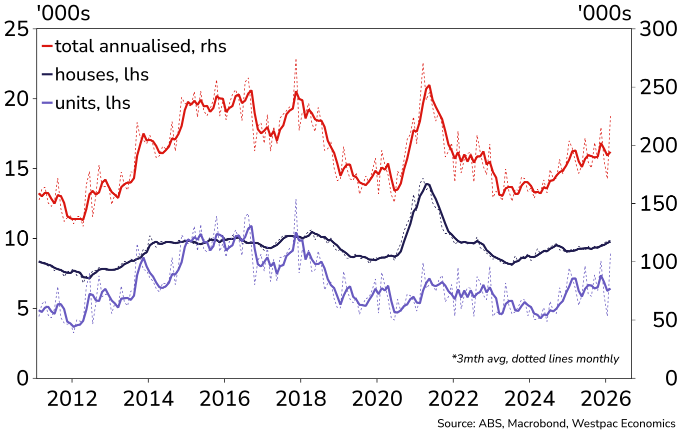
AUS: Mar Dwelling Approvals (%mth)

May 4, Last: 29.7, Westpac f/c: –5.0
Market f/c: –10.0, Range: –29.0 to –4.0

Dwelling approvals rebounded sharply in Feb, up 29.7%mth and 14%yr. The bounce more than retraced a 20% drop through Dec–Jan that followed a choppy run over the previous four months. The volatility has centred on private unit approvals. Private detached house approvals were broadly flat in Feb but have shown positive underlying momentum since the start of the year.

March is likely to show a move lower, the Feb jump taking high rise approvals to an elevated high level that is unlikely to sustain. Detached house and medium density unit approvals should retain some positive momentum. While the mix is uncertain, a 5% decline in total approvals is plausible. Note that it will take a several months for interest rate rises and other developments to impact dwelling approvals.

Approvals ascent re-emerges



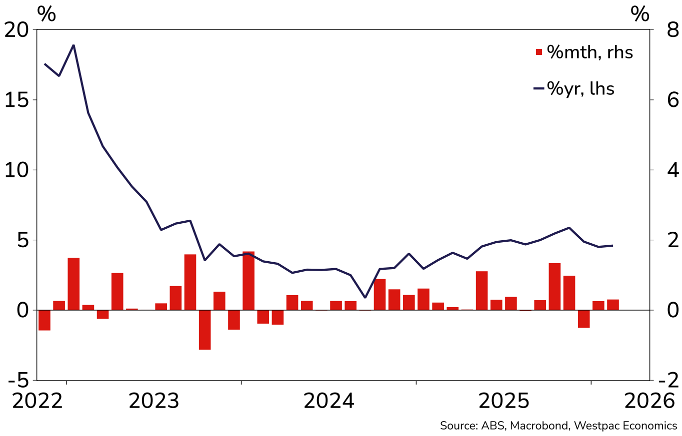
AUS: Mar Household Spending Indicator (%mth)

May 5, Last: 0.3, Westpac f/c: 2.0
Mkt f/c: 1.5, Range: –0.5 to 2.4

The Household Spending Indicator rose 0.3%mth in Feb, matching Jan's outcome and in line with its average monthly pace over the past two years. Annual growth edged up to 4.6%yr.

March is expected to show a big jump led by a sharp rise in fuel prices and a pull-forward in fuel purchases. Our **Westpac-DataX Card Tracker** suggests the ABS spending indicator is likely to be up around 2% for the month. That would mark the strongest monthly increase since July 2022 and take annual growth to just above 6.5%yr. Note that the March report will also include estimates for Q1 household spending in real, inflation-adjusted terms. With nominal spend tracking a 1.1% rise in the quarter and the CPI posting a 1.4% rise, real spending may record a small decline for the quarter.

Monthly household spending indicator



AUS: RBA Policy Decision (%)

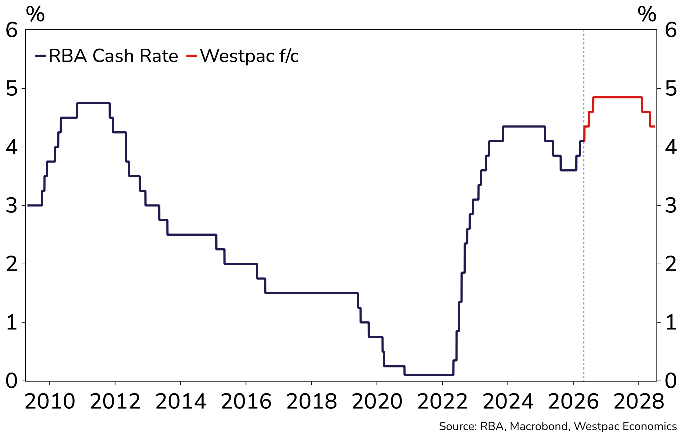
May 5, Last: 4.10, Westpac f/c: 4.35
Market f/c: 4.35, Range: 4.10 to 4.35

Westpac expects the RBA Monetary Policy Board (MPB) will deliver its third consecutive 25bp rate hike at the May meeting, raising the cash rate back to its previous peak of 4.35%.

The Q1 CPI report demonstrated that inflation was higher than the MPB was comfortable with prior to the Middle East conflict. Pass-through of higher fuel costs to other prices throughout the economy is clearly starting. Given the higher starting point and faster pass-through, communications from RBA officials have not pushed back on market's pricing in rate hikes over recent weeks, unlike other central banks.

This round will include a refresh of the staff forecasts which will allow the RBA to set out its views of the inflation impulse from the war. For more detail, see Page 2.

RBA to hike in May



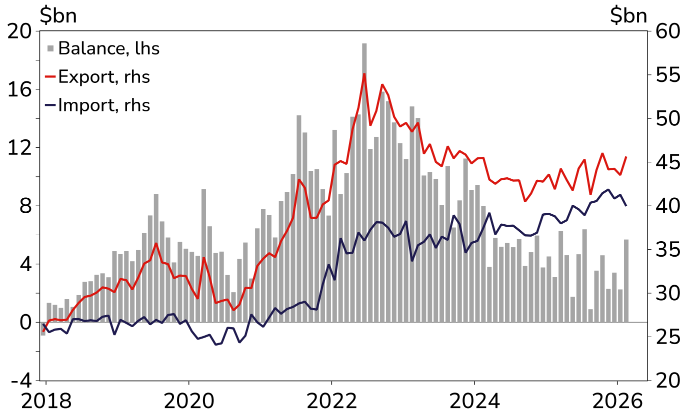
AUS: Mar Goods Trade Balance ($bn)

May 7, Last: 5.7, Westpac f/c: 3.9
Mkt f/c: 4.4, Range: 2.0 to 7.5

A combination of an increase in gold exports, along with a rebound in rural goods outflows, led to an almost 5%mth rise in export values in February. Imports fell by more than 3%mth, primarily due to ongoing volatility in key capital goods imports, leaving the goods trade balance at a seven-month high of $5.7bn.

March is typically a strong month for key commodity exports, but seasonally adjusted data may show lower shipments of the Big 3 commodities. This is despite a significant rise in coal exports, driven by increased demand from Asia. Disruptions from the Middle East conflict could affect Australian imports – although data from ports does not currently indicate a significant impact on oil imports, so we have pencilled in a modest recovery in imports. Overall, we think the headline goods surplus will ease back below $4bn, a level in line with last year's average.

More volatility in goods trade to be expected



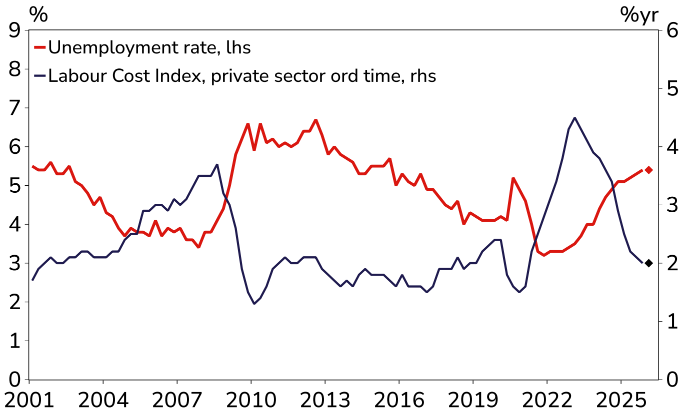
Source: ABS, Macrobond, Westpac Economics

NZ: Q1 Labour Market Surveys (%)

May 6, Unemployment Rate, Last: 5.4, Westpac f/c: 5.4
May 6, LCI Private Sector, Last: 0.5, Westpac f/c: 0.4

We expect the unemployment rate to hold steady at 5.4% for the March quarter. High-frequency indicators have pointed to a modest lift in jobs in recent months, though not outpacing the growth in the working-age population. We do expect to see a small downward correction in the HLFS employment measure, after an overstated 0.5% rise in the December quarter, but this doesn't alter the general picture – we recommend focusing on the unemployment rate, as this is less vulnerable to sampling errors. Given the existing slack in the labour market, wage growth is likely to have remained subdued.

Labour market indicators



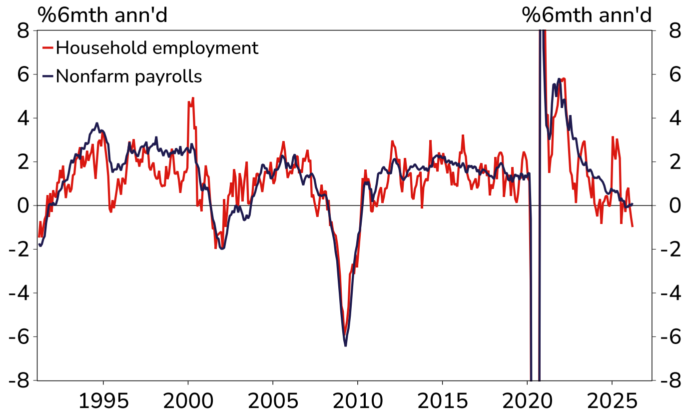
Source: Stats NZ, Macrobond, Westpac Economics

US: April employment report

May 8, payrolls, Last: 178k, Mkt f/c: 60k, WBC f/c: 90k
May 8, U/E rate, Last: 4.3%, Mkt f/c: 4.3%, WBC f/c: 4.3%

Nonfarm payrolls rebounded 178k in March, taking the 3-month average to 68k, a material step up from the month-average through the second half of 2025, -8k.
While the unemployment rate is essentially unchanged at 4.3% over the past year, household employment growth has been materially weaker than payrolls. Had the participation rate not declined by around 0.7ppts, the unemployment rate would instead be close to 5.0%.
In April, a robust gain in employment, circa 90k for payrolls, is likely to keep the unemploymen rate unchanged, though risks for employment remain skewed to the downside after a weak period for activity growth.

Household survey suggests risks to linger



Source: BLS, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 04							
Aus	Apr	MI Inflation Gauge	%ann	4.3	–	–	Provides a general indication of inflation trends.
	Apr	ANZ–Indeed Job Ads	%mth	–3.1	–	–	Closely watched for early signs of easing labour demand.
	Mar	Dwelling Approvals	%mth	29.7	–10.0	–5.0	Likely to move lower as the rise in unit approvals unwinds.
Eur	Apr	S&P Global Manufacturing PMI	index	52.2	52.2	–	Final estimate.
	May	Sentix Investor Confidence	index	–19.2	–21.0	–	Investors are growing very anxious over Europe's outlook.
US	Mar	Factory Orders	%mth	0.0	0.4	–	Conflict may put some investment plans on the back burner.
		Fedspeak	–	–	–	–	Williams.
Tue 05							
Aus	Mar	Household Spending Indicator	%mth	0.3	1.5	2.0	Expect a large jump led by a sharp rise in fuel prices.
		RBA Policy Decision	%	4.10	4.35	4.35	Inflation's high starting point and signs of swift pass–through …
		RBA Statement of Monetary Policy	–	–	–	–	… of fuel costs will compell the RBA to respond in May.
NZ	Apr	ANZ Commodity Prices	%mth	4.1	–	–1.0	Dairy and meat prices eased over the month.
US	Mar	Trade Balance	US$bn	–57.3	–59.7	–	Volatile as companies adapt to tariffs.
	Apr	ISM Services	index	54.0	53.7	–	Services activity currently robust, but outlook is cloudy …
	Apr	S&P Global Services PMI	index	51.3	–	–	… S&P Global pointing to more downside risks than ISM.
	Mar	New Home Sales	%mth	–17.6	–	–	Sales volumes 43% below peak and near 2022 lows.
	Mar	JOLTS Job Openings	000s	6882	6803	–	Lower openings–to–unemployed points to slackening.
Wed 06							
NZ		RBNZ Financial Stability Report	–	–	–	–	Six–monthly review of financial conditions.
	Q1	Unemployment Rate	%	5.4	5.4	5.4	Signs that the labour market was stabilising in Q1…
	Q1	Employment	%qtr	0.5	0.3	–0.1	…though we expect a downward correction in employment.
	Q1	LCI Wage Inflation (Pvte, Ordinary Time)	%qtr	0.4	0.4	0.4	Wage pressures to remain muted at this stage.
Chn	Apr	RatingDog Services PMI	index	52.1	52.0	–	Materially stronger than official gauges.
Eur	Mar	PPI	%ann	–3.0	1.5	–	Producers have some capacity to absorb upstream pressures.
US	Apr	ADP Employment Change	000s	62	70	–	Noisy and imperfect guide to official payrolls data.
		Fedspeak	–	–	–	–	Musalem, Goolsbee.
World	Apr	S&P Global Services PMI	index	–	–	–	Final estimate for Europe and UK.
Thu 07							
Aus	Mar	Goods Trade Balance	$bn	5.7	4.4	3.9	Shipments of the 'big 3' commodities may appear lower.
Eur	Mar	Retail Sales	%mth	–0.2	–0.2	–	Risk around real incomes may crimp discretionary spending.
US	Mar	Construction Spending	%mth	–0.3	–	–	Healthy existing inventory of new homes as sales collapse.
	Apr	NY Fed 1–Yr Inflation Expectations	%ann	3.42	–	–	Expectations still well contained at this stage.
	Mar	Consumer Credit	$bn	9.5	12.5	–	On a firmer trend compared to this time last year.
		Initial Jobless Claims	000s	189	–	–	Still at a very low level versus history.
		Fedspeak	–	–	–	–	Hammack, Williams.
Fri 08							
Jpn	Apr	S&P Global Services PMI	index	51.2	–	–	Final estimate.
US	Apr	Nonfarm Payrolls	000s	178	60	90	March's rebound does little to offset earlier stagnation.
	Apr	Unemployment Rate	%	4.3	4.3	4.3	Closer to 5% on a constant–participation basis, implying …
	Apr	Average Hourly Earnings	%mth	0.2	0.3	–	… a marked turn in job creation and building downside risks.
	May	Uni. Of Michigan Sentiment	index	49.8	49.3	–	Pointing to a weaker consumer through to mid–year.
		Fedspeak	–	–	–	–	Goolsbee.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (1 May)	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28
Cash	4.10	4.60	4.85	4.85	4.85	4.85	4.85	4.85	4.60	4.35
90 Day BBSW	4.37	4.80	4.90	4.90	4.95	4.95	4.95	4.80	4.55	4.30
3 Year Swap	4.71	4.80	4.75	4.70	4.65	4.60	4.50	4.40	4.30	4.20
3 Year Bond	4.72	4.80	4.75	4.70	4.65	4.60	4.50	4.40	4.30	4.20
10 Year Bond	5.02	5.00	5.05	5.05	5.05	5.05	5.00	4.95	4.90	4.90
10 Year Spread to US (bps)	63	65	65	60	55	50	40	30	20	15
United States										
Fed Funds	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625
US 10 Year Bond	4.39	4.35	4.40	4.45	4.50	4.55	4.60	4.65	4.70	4.75
New Zealand										
Cash	2.25	2.25	2.50	3.00	3.50	3.75	4.00	4.25	4.25	4.25
90 Day Bill	2.61	2.50	2.95	3.40	3.75	4.00	4.25	4.45	4.45	4.45
2 Year Swap	3.56	3.75	4.05	4.30	4.40	4.40	4.40	4.35	4.30	4.25
10 Year Bond	4.69	4.85	4.95	5.00	5.05	5.10	5.10	5.10	5.10	5.10
10 Year Spread to US (bps)	30	50	55	55	55	55	50	45	40	35

Exchange rate forecasts

	Latest (1 May)	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28
AUD/USD	0.7191	0.72	0.72	0.73	0.73	0.74	0.74	0.74	0.73	0.73
NZD/USD	0.5891	0.59	0.61	0.62	0.64	0.66	0.67	0.67	0.67	0.665
USD/JPY	157.28	158	156	154	152	150	148	146	144	142
EUR/USD	1.1723	1.18	1.18	1.19	1.20	1.21	1.22	1.22	1.22	1.22
GBP/USD	1.3591	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.41
USD/CNY	6.8281	6.80	6.75	6.70	6.60	6.50	6.45	6.40	6.35	6.35
AUD/NZD	1.2207	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	0.5	0.8	0.5	0.2	0.1	0.2	0.3	0.4	–	–	–	–
%yr end	2.1	2.6	2.6	1.9	1.6	1.0	0.9	1.1	2.6	1.0	1.6	2.8
Unemployment rate % *	4.3	4.3	4.2	4.4	4.6	4.9	5.0	4.9	4.3	4.9	4.9	4.5
Wages (WPI) (sa) %qtr	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	–	–	–	–
%yr end	3.3	3.4	3.3	3.2	3.2	3.2	3.2	3.2	3.4	3.2	3.0	3.4
Headline CPI %qtr	1.3	0.6	1.4	2.0	0.9	0.3	0.4	0.7	–	–	–	–
%yr end	3.2	3.6	4.1	5.4	5.0	4.6	3.6	2.3	3.6	4.6	2.4	2.3
Trimmed Mean CPI %qtr	1.0	0.9	0.8	1.1	1.0	1.0	0.6	0.8	–	–	–	–
%yr end	3.0	3.4	3.5	3.9	4.0	4.0	3.8	3.5	3.4	4.0	3.0	2.4

* Quarter–average.

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	0.5	1.0	1.4	0.8	–	–	–	–
Annual avg change	–0.6	0.2	0.6	1.2	1.3	1.5	1.9	2.4	–0.3	0.2	1.5	3.5
Unemployment rate %	5.3	5.4	5.4	5.6	5.6	5.4	5.1	4.9	5.1	5.4	5.4	4.6
CPI %qtr	1.0	0.6	0.9	1.9	0.9	0.3	0.3	0.1	–	–	–	–
Annual change	3.0	3.1	3.1	4.5	4.4	4.1	3.4	1.5	2.2	3.1	4.1	1.7

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