



Week beginning 29 June 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: Between a rock and a hard place.

The Week That Was: Patience is a virtue.

Focus on New Zealand: RBNZ to scale back OCR hikes as energy prices recede.

For the week ahead:

Australia: RBA minutes, private sector credit, home value index, goods trade balance, dwelling approvals.

New Zealand: Monthly employment indicator, business confidence, consumer confidence, building permits.

Japan: Jobless rate, Q2 Tankan large manufacturers index, industrial production.

China: NBS PMIs.

Euro Area: CPI, unemployment rate, economic confidence, consumer confidence.

United Kingdom: Q1 GDP (final estimate).

United States: Unemployment rate, nonfarm payrolls, average hourly earnings, ADP employment change.

Global: S&P Global manufacturing PMIs.

Information contained in this report current as at 26 June 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.

Between a rock and a hard place



Matthew Hassan
Head of Australian Macro-Forecasting,
Westpac Group

- **The detailed June quarter CPI release on July 29 will be the most important domestic update ahead of the RBA Monetary Policy Board's August meeting.**
- **This week's monthly releases on inflation and the labour force were clearly of interest as well but would probably not have shifted the RBA's views.**
- **Concerns about a more prolonged period of high inflation are expected to dominate the Board's thinking. It's assessment of risks will be key but are likely to lean in favour of a further 25bp hike in August.**

The RBA's 'hawkish hold' in June included a clear warning that inflation was too high and that it was prepared to raise interest rates further if required. If a further move is required, it is most likely to involve a hike at the Monetary Policy Board's next meeting on August 9–10, a little over seven weeks away. As always – and paraphrasing the Board's June decision statement – its judgement will rest on the evolving assessment of the outlook and risks, informed by developments in the global economy and financial markets and by trends in domestic demand and the outlook for inflation and the labour market.

Information-wise, the detailed June quarter CPI release on July 29 will be the most important update. However, this week's monthly releases on inflation and the labour force were clearly of interest as well. These did contain some surprises but not ones big enough to really shift the RBA's views.

Underlying inflation still uncomfortably high

As set out in our regular **Cliff Notes** recap on p3, headline inflation surprised to the downside in May, dropping back to 4%yr, but with the all-important Trimmed Mean measure of underlying inflation lifting from 3.4%yr to 3.6%yr.

On balance, we think the detail would have underscored the RBA's concerns about the pass-through of higher energy costs, particularly in the dwelling construction space, noting that the high weight of housing in the CPI means this often sets the pace for underlying inflation. The full June quarter update will be important here given the reversal lower in fuel prices since April and a clearer weakening now showing through in housing markets more generally (see our latest [Housing Pulse](#), released at the start of this week, for more details).

There was some evidence of pass-through effects in other CPI items as well while some significant direct effects may not have shown through yet. Specifically, the 'holiday travel and accommodation' component, which was a notable downside

surprise in May, includes air travel costs that get captured with a one-to-two-month lag (reflecting the typical timing difference between booking and travel). As such, the sharp repricing due to spiking jet fuel costs in April-May will likely only start to appear in the CPI from June (noting that this may only affect the headline measure with no impact on the Trimmed Mean).

Overall, inflation is likely to still be uncomfortably high for the RBA going into its August meeting and there will be ongoing concerns that high inflation is becoming embedded in domestic wage and price setting behaviour.

"... inflation is likely to still be uncomfortably high for the RBA going into its August meeting ..."

Labour force softening slowly, growth sluggish

The May labour force update would not have been a game-changer for the RBA either. Employment bounced-back as expected but from a slightly bigger, downwardly revised, decline in April. While the underlying pace of growth is a touch softer, the tick-down in the unemployment rate from 4.5% to 4.4% was as expected. That is a touch higher than the RBA's May forecasts, which had 4.2% pencilled in for the June quarter average, but the difference mainly comes down to the RBA's more pessimistic assessment of labour participation rates rather than a significantly different picture on employment growth.

There is likely to be more softness to come as the full impact from higher interest rates and the Middle East conflict works through but for now the labour market is broadly unfolding in line with expectations.

The wider pool of high frequency data continues to point to weak growth through the middle of the year. Our first **Westpac-Now** estimate for Q2 GDP points to growth of around 0.2%qtr in line with the sluggish 0.3%qtr outcome in Q1 2026. The signals suggest there is about a one-in-four chance that the economy could jag a negative result in the quarter, but month to month, there are tentative signs that growth is stabilising at this pace rather than weakening further (see [here](#) for more detail). Again, this is likely a touch weaker than implied by the RBA's current forecasts.



Inflation rather than growth is the Board's dominant concern at the moment. As such, it would take a substantially weaker than read on this front to influence its decisions. The extent of any additional slowing is of interest but slow growth on its own will be seen as an unavoidable cost of ensuring inflation makes a sustained return to the 2-3% target over a reasonable time-frame.

Judging the risks

All up, we expect the RBA will view this week's domestic data flow as broadly in line with its forecasts. As always, it should be remembered that the Bank's base case forecasts, set down in May, were conditioned on an assumed path for the cash rate that had an additional increase (worth about one and a half 25bp hikes). As such, outcomes that are 'as expected' tend to endorse some further tightening. Or, to put it another way, the data needs to provide evidence that the economy is undershooting baseline forecasts for inflation and growth, for this alone to be the basis for the Board to leave rates unchanged.

The May updates do not seem to meet these criteria. The June round of data may do so but at this stage we still see the risks stacked towards an uncomfortably high CPI update and an August interest rate hike.

The Board's judgement of risks may prove to be just as critical as the data flow. Here the question will be whether the better-than-expected improvements in the Middle East and in global energy markets are likely to be sustained and enough to ensure a domestic disinflation without the need for additional interest rate tightening. On balance, we expect oil and gas supply normalisation to be a slow and bumpy process and that concerns about a more prolonged period of high domestic inflation will carry the August decision. With growth already sluggish, that decision will be a difficult one for the Board. This week's updates have not made its deliberations any easier.

Cliff Notes: patience is a virtue

Elliot Clarke, Head of International Economics

Ryan Wells, Economist

Illiana Jain, Economist

Australian consumer prices fell 0.7% in May, bringing the annual rate of headline inflation down from 4.2%yr to 4.0%yr. The main cause of the decline was an 11.9% fall in auto fuel prices; but, relative to our own forecast, it was holiday travel and accommodation that was the primary contributor.

Stripping out these factors, trimmed mean inflation lifted from 3.4%yr to 3.6%yr. Housing inflation was, once again, key with rents surprising to the upside and new dwelling costs recording their strongest monthly increase since late-2022. The latter contrasts with growing evidence of cooling demand in the [housing market](#), pointing to margin pressure for homebuilders. Cost pass-through was also evident in the detail, though weak [household spending](#) may stop businesses from recouping costs through mid-year and beyond. The abrupt reversal in energy supply and prices through June (see below) may also see businesses write off margin compression as a transient concern.

[Employment](#) subsequently bounced back from holiday-related weakness in April as expected, jobs up +40.3k and the unemployment rate ticking down to 4.4%. That said, revisions to April offset May's gain, stalling growth in Q2-to-date after a robust Q1. Looking past the month-to-month volatility, the unemployment rate trend is starting to edge up, in line with our expectation for a sustained softening.

Offshore, the past week saw the Memorandum of Understanding between the US and Iran take effect and a consequent rapid opening up of the Strait of Hormuz, freeing circa 20 million barrels of oil from the Strait in recent days. For the most part, the price of oil has trended down, reaching USD72 mid-week, a level last seen before the conflict began in February. It has not been all smooth sailing, however, an attack on a commercial ship off the coast of Oman overnight sparking concern and an increase in the oil price back above USD75. Several points still require detailed negotiation, including Iran's nuclear program and the management of the Strait beyond the first 60 days. Discussion on a framework to resolve differences on these matters began at the weekend in Switzerland, and are likely to continue for weeks, if not months. Risks for energy supply and price will therefore linger for the foreseeable future.

On the data front, US personal income surprised to the upside in May, rising 0.7% after being unchanged in April. Compensation growth was more modest at 0.4%, consistent with the average since the beginning of the year. Personal spending growth also accelerated to 0.7%, although much of the gain was driven by inflation, with real spending up just

0.3% after a flat April print. PCE inflation was a touch softer than expected in May at 0.4%, while core inflation was in line at 0.3%. Q2 is therefore looking like another soft period for the US consumer. Notable too is that revisions have been against the consumer, the third estimate of Q1 GDP this week seeing quarterly consumption growth revised down to just 0.5% annualised. An upgrade to business investment and a material reduction in import growth in the quarter more than offset for GDP; but being more than 70% of the economy, the weakness in consumption will have a significant bearing on the aggregate pulse hence.

“...the unemployment rate trend is starting to edge up, in line with our expectation for a sustained softening.”

In our view, this data and events in energy markets warrant the FOMC remaining on hold for the remainder of the year as inflation risks slowly abate. However, the market is likely to continue to price the risk of further tightening, particularly while the White House remains out of the monetary policy debate and AI optimism persists.

RBNZ to scale back OCR hikes as energy prices recede

New Zealand Economics team

A great deal has changed since early May, when we last reviewed our forecasts for both the global and domestic economies – more than financial markets appear to have fully appreciated, judging by the continued pricing of an RBNZ rate hike at next month’s policy review. At the centre of these developments has been the unexpectedly rapid progress in reducing Middle East tensions. In particular, the prospect of a faster-than-expected restoration of shipping flows through the Strait of Hormuz has materially altered the outlook for global trade. This has implications not only for oil, petrochemical products and natural gas, but also for a broader set of inputs such as fertiliser – goods that play a crucial role in global economic activity and, by extension, New Zealand’s macroeconomic environment.

While it is still too early to conclude that geopolitical tensions in the region have been durably resolved, there is now sufficient evidence to suggest that diplomatic efforts are gaining traction. A sustained ceasefire and a return to more normal shipping conditions appear increasingly plausible. Against that backdrop, it is appropriate to incorporate this new information into our macroeconomic assessment.

The most important revisions to our assumptions relate to the level and expected path of oil and refined fuel prices. These prices have pulled back much more rapidly than anticipated, reaching levels that we previously did not expect until the middle of 2027. Brent crude oil is currently trading at around US\$73 per barrel, broadly in line with pre-conflict levels. We now expect prices to ease further, reaching around US\$69 per barrel over the course of 2027. Refined fuel prices have followed a similar, though more gradual, downward trajectory. After peaking at around US\$195 per barrel in March, they have fallen to approximately US\$110, compared with roughly US\$92 prior to the conflict. We anticipate further declines, with prices easing to around US\$102 per barrel by the end of this year and to US\$90 by the end of 2027.

Crucially, current oil and fuel price levels are now materially below those assumed by the RBNZ in its May forecasts. This divergence has important implications for the inflation outlook, the pace of economic recovery, and the stance of monetary policy.

Alongside these developments, our updated forecasts also take into account recent domestic economic data, including the latest data on GDP, selected price indices, and a range of high-frequency indicators of activity. We have not, at this stage, updated our global growth forecasts or exchange rate projections aside from incorporating the latest starting point for the New Zealand dollar, as these will be reviewed

more comprehensively in the upcoming July Market Outlook. Similarly, we have not yet incorporated the implications of the fiscal position set out in Budget 2026. However, we expect those effects to be modest and will integrate them fully in our next quarterly Economic Overview.

Turning to growth, the faster-than-expected easing in energy prices has led us to upgrade our GDP forecasts, particularly for the June quarter and the second half of this year. Much of this reflects a bringing forward of the recovery that had previously been delayed by the oil shock. As a result, while growth in 2026 is now expected to be stronger, there is a corresponding moderation in the growth profile for 2027.

We now forecast GDP growth of 2.0% for 2026 and 2.9% for 2027. This compares with a previous forecast of around 1.5% growth for 2026. Nonetheless, it is worth noting that this remains well below the 3.3% growth we had anticipated prior to the outbreak of the Iran conflict, underscoring the lasting effect that the shock has had on economic momentum.

Recent data suggest that the economy has held up better than expected during the peak of the oil price shock in April and May. We now expect GDP to decline by just 0.1% in the June quarter, rather than the 0.3% contraction previously forecast. This estimate incorporates ongoing seasonal distortions in the data; on an underlying basis, we judge that the economy has continued to expand modestly, with growth of around 0.2%, partially offset by seasonal factors.

Looking ahead, as oil prices continue to recede, we expect the economy to return to a more typical recovery trajectory. Quarterly growth is forecast to rise to around 0.6% in the September quarter and 0.7% in the December quarter. This would result in a solid, albeit incomplete, recovery over the remainder of the year.

In the labour market, the improved growth outlook translates into a slightly more favourable trajectory for unemployment. While some near-term softness remains likely (reflecting the uncertainty that has weighed on hiring decisions), we are now less concerned about a sustained deterioration in labour market conditions. High-frequency indicators point to broadly flat employment in the June quarter. However, this is unlikely to absorb ongoing population growth, suggesting that the unemployment rate could edge higher in the near term, rising to around 5.4% after easing to 5.3% in the March quarter. We expect a gradual improvement beyond that time (previously we expected unemployment to rise further to a peak of 5.6%), dropping below 5% by late 2027.

The housing market, meanwhile, continues to show limited momentum. House prices have remained flat in recent months, with softness in related indicators such as days to sell. Nevertheless, there are signs that conditions may begin to improve modestly. The combination of lower energy costs and reduced expectations of near-term OCR hikes has contributed to an easing in mortgage rates, which in turn should support sentiment.

We've revised up our forecast for house prices in 2026, and now expect a small increase of around 0.6%yr (in contrast to our earlier forecast for a modest decline). In 2027, we continue to expect growth of around 2%yr. Regional markets are still likely to outperform the major North Island urban centres, with the strength in commodity exports underpinning firmer economic conditions and labour markets in regions with strong rural backbones, like Canterbury.

Inflation dynamics have also shifted materially. The faster-than-expected decline in oil prices has led us to lower our inflation forecasts. We now expect annual inflation to peak at around 4.0% in the June quarter (down from our previous estimate of 4.5%), before easing to around 3.5% by the end of the year. This is notably below the RBNZ's May projection of 4.1% for year-end inflation.

Lower fuel costs have already been reflected in retail prices. Petrol and diesel prices have fallen significantly from their peaks, directly subtracting around 0.5 percentage points from our inflation forecast. In addition, we now expect that the pass-through of high fuel costs to other prices will be more moderate, reflecting both the smaller magnitude and shorter duration of the cost shock.

Looking further ahead, inflation is expected to decline through 2027 as the effects of the oil shock fade. Indeed, base effects may temporarily push headline inflation below 2% at some point, before a gradual pickup as economic activity strengthens. Core inflation measures, however, remain relatively firm, reflecting underlying pressures that have persisted despite weak demand in recent years.

These developments have important implications for monetary policy. The improved inflation outlook reduces the urgency for the RBNZ to raise the Official Cash Rate and will likely reduce the need for at least one of the rate hikes that had been factored into the RBNZ's May projections. That would leave a baseline outlook of one to two rate increases over the course of the year. This would represent a meaningful recalibration, albeit not a complete reversal to pre-conflict assumptions, given that inflation remains elevated in the near term.

For the upcoming 8 July policy meeting, we continue to expect that the OCR will be left on hold. The sharp decline in energy prices and the associated improvement in the inflation outlook have significantly weakened the argument for pre-emptive tightening. While some members of the Monetary Policy Committee may still favour rate increases later in the year, there appears to be little pressure to act immediately.

Moreover, additional key data covering inflation, the labour market, and business conditions will be released between the July and September meetings. Waiting for this information seems prudent, particularly given ongoing uncertainty around geopolitical developments and the durability of the recent improvement in oil prices.

We continue to expect that the RBNZ will leave the OCR on hold at 2.25% in July. This decision is likely to be less contentious than the previous meeting and could potentially be reached by consensus.

We expect the RBNZ will begin lifting the OCR at the September MPS meeting and move again once more towards neutral settings before the end of the year – most probably at the December MPS meeting.

But even these forecasts are not a slam dunk and have two-sided risks. Should the June quarter CPI reveal benign core inflation, then the RBNZ could leave the OCR unchanged until December. In contrast, if the CPI runs hot, then we could still see the three 25bp rate hikes that we previously anticipated.

Our central view implies one less rate hike this year than we had forecast most recently. However, the elevated path for inflation means that increases in the OCR are still expected.

We have retained the same OCR changes that we had previously forecast to occur in 2027. But with one less hike now expected in 2026, the OCR is now forecast to peak at 4.0% – 25bps lower than we previously anticipated. A lower peak OCR is consistent with the smaller and shorter duration oil-related supply shock now assumed. Our view on the neutral OCR remains at 3.75%.

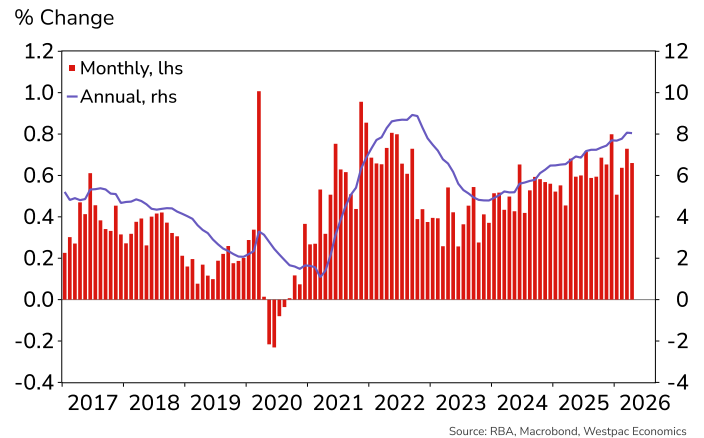
AUS: May Private Sector Credit (%mth)

Jun 30, Last: 0.7, Westpac f/c: 0.6
Mkt f/c: 0.6, Range: 0.5 to 0.7

Despite the weaker economic outlook and higher interest rates, the latest private sector credit figures showed no signs of softening in April, with growth holding steady at 0.7%*mth*. All major categories maintained solid momentum, with investor housing credit leading the way, up 0.9%*mth*, and business credit growth close behind at 0.7%*mth*.

We expect May to bring the first signs of slowing. Following the RBA's first cash rate hike in early February, enough time has likely passed for the impact of higher interest rates to begin flowing through. The drag from increased economic uncertainty amid the war in the Middle East should also begin to play a role. We expect growth to slow to 0.6%*mth* but would not rule out a 0.5%*mth* increase. Please note that the data may be delayed – last month, it was released three working days later.

Private Sector Credit Growth



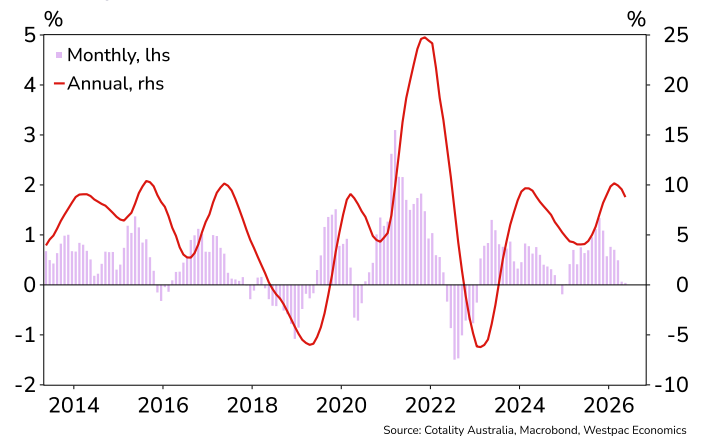
AUS: Jun Cotality Home Value Index (%mth)

Jul 1, Last: -0.1, Westpac f/c: -0.5

The Cotality home value index dipped -0.1% in May with revisions showing price growth stalled flat over the three months to May led by a deepening price correction in Sydney and Melbourne and more pronounced slowdowns in other capital cities.

June will reveal a more marked deterioration with the daily measure now pointing to a 0.5% fall nationally, dip for the month as a whole. The detail shows Sydney and Melbourne prices declining at a 1.2% and 0.9% monthly pace and a further slowing in momentum in Brisbane, Adelaide and Perth. Turnover will be a key area to watch as tax policy changes announced at the Federal budget start to impact investor activity.

Cotality home value index



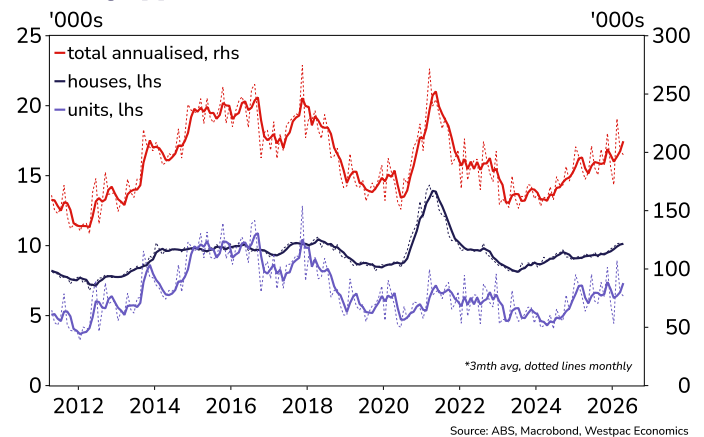
AUS: May Dwelling Approvals (%mth)

Jul 1, Last: -3.4, Westpac f/c: -1.0
Market f/c: 0.0, Range: -5.0 to 5.0

Dwelling approvals fell 3.4%*mth* in April but with the annual pace still lifting to 10.2%*yr*. Activity looks to be normalising back towards the 2025 average monthly run rate after a brief surge earlier in the year.

That normalisation is likely to continue in May with high rise approvals still above average 2025 levels in April. Non-high rise components are likely to show some flattening. The key question is the extent to which rate rises impact – these tend to have a delayed impact on approvals activity, usually taking several months to show through. Meanwhile there are some potential countervailing forces coming through state government policy measures aimed at lifting supply, which likely work through even longer lags.

Building approvals



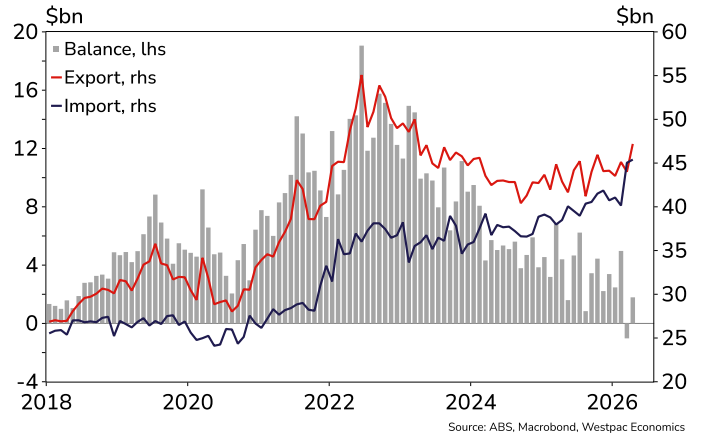
AUS: May Goods Trade Balance (\$bn)

Jul 2 Last: 1.8, Westpac f/c: 2.5
Mkt f/c: 2.4, Range: 1.0 to 3.5

Having dipped below zero in March, the headline goods trade balance recovered to \$1.8bn in April, supported by strong commodity outflows after a weak Q1. We are expecting a further improvement in May to \$2.5bn.

The May picture again looks nuanced, with multiple categories pulling in different directions. Major commodity exports are set to decline, led by LNG. Rural goods exports should rise, with meat exports taking another step higher from already elevated levels. On the imports side, the key categories to watch are fuel and ADP equipment. The former more than doubled in March and April, and lower oil prices point to some reversal this time. The ADP is much harder to judge, given the recent volatility. We have pencilled in a recovery after the April retreat, although total imports may still fall.

Goods trade balance

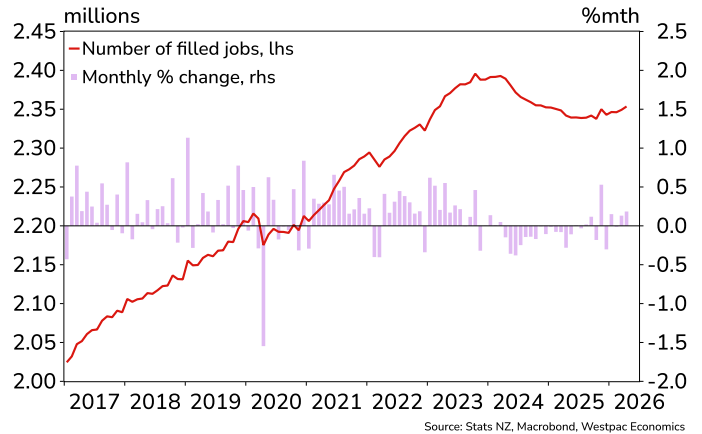


NZ: May Monthly Employment Indicator (%mth)

Jun 29, Last: 0.2, Westpac f/c: 0.2

The MEI has been showing a modest uptick in employment since late 2025, adding to the evidence that the New Zealand economy was regaining momentum prior to the Iran conflict. The weekly snapshots provided by Stats NZ suggest that the labour market has held its ground during the conflict, with the number of filled jobs continuing to track slightly above year-ago levels. Given that the MEI tends to be overstated on the first release, we expect to see a 0.2% rise for May initially, which is then likely to be revised closer to flat. The April increase is also likely to be revised lower.

Monthly Employment Indicator

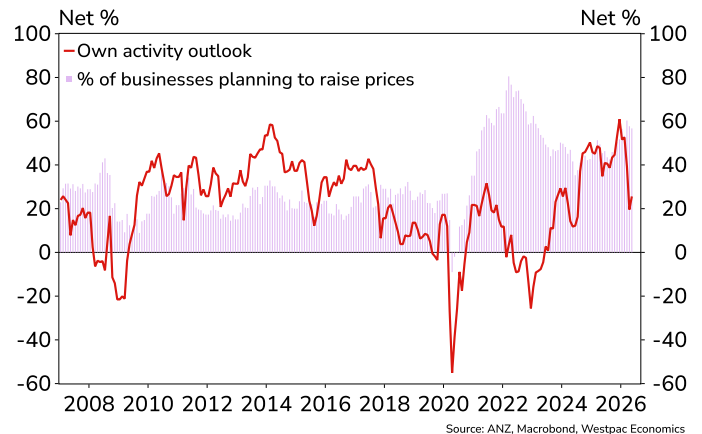


NZ: Jun ANZ Business Confidence (index)

Jun 30, Last: 10.0

Business sentiment improved a bit in May, after falling sharply in March and April in response to the Iran conflict. With domestic fuel prices easing further in recent weeks, we should see a further lift in confidence in the June survey – although given the timing of the US-Iran peace agreement, we could see another sharp distinction between early and late responses during the month (the latter group typically being smaller). With a critical RBNZ decision looming next month, the focus will also be on the inflation indicators in this survey such as pricing intentions and expected wage growth.

ANZ Business Outlook survey

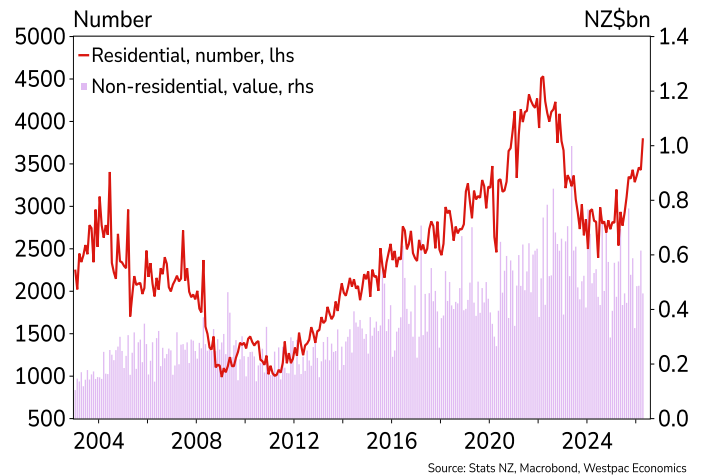


NZ: May Building Consents (%mth)

Jul 2, Last: 10.9, Westpac f/c: -5

April saw an 11% rise in dwelling consent numbers, underpinned by a large number of apartment consents. As such consents are typically issued in batches, we expect they will drop back this month. However, the underlying trend in consent issuance more generally has remained firm, with the annual total rising to its highest level since 2023. Even with the expected easing in the May month, the annual total is set to continue climbing. On the non-residential front, nervousness about economic conditions means that the amount of commercial building work planned is expected to continue tracking broadly sideways, though trends are mixed across segments.

Building consents



US: Jun employment report (000s)

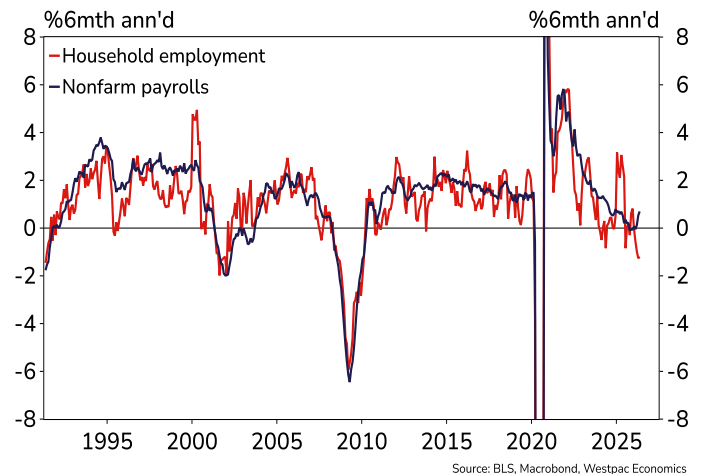
Jul 2, payrolls, Last: 172, Mkt f/c: 115, WBC f/c: 100

Nonfarm payrolls surprised materially to the upside in May, a gain of 172k reported in the month as well as 93k in back revisions to March and April. The 3-month average more than doubled to 188k as a result, a pace of employment growth well in excess of new labour supply.

Household employment growth remained weak, however, and the unemployment rate unchanged at 4.3%. Average hourly earnings growth was also benign at 3.5%yr.

June's report will provide guidance on whether the labour market is just marking time or tightening anew. It will also provide clarity on whether one-off's were behind May's surge, most notably owing to the staging of the World Cup.

Job pulse to be determined



What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 29							
Aus		RBA Speak	–	–	–	–	Speech by Assistant Governor Kent in Sydney, 9:30am AEST.
NZ	May	Monthly Employment Indicator	%mth	0.2	–	0.2	Jobs have held their ground through the Iran conflict.
Eur	May	M3 Money Supply	%ann	2.7	2.7	–	Tight credit conditions and weak demand keep supply weak.
	Jun	Economic Confidence	index	93.5	94.8	–	Confidence stabilising but remains at levels consistent...
	Jun	Consumer Confidence	index	–17.7	–	–	...weak activity offering limited support for spending.
US	Jun	Dallas Fed Manufacturing	index	0.4	–	–	Weak conditions highlight ongoing industrial softness
Tue 30							
Aus		RBA Minutes	–	–	–	–	Detail the deliberations of the hawkish hold.
	May	Private Sector Credit	%mth	0.7	0.6	0.6	Likely to see the first signs of slowing post RBA rate hikes.
NZ	Jun	ANZ Business Confidence	index	10.0	–	–	Should see a lift but especially among later responses.
Jpn	May	Jobless Rate	%	2.5	2.5	–	Structural forces keep labour markets tight.
	May	Industrial Production	%mth	0.5	0.1	–	Underlying momentum mixed with volatile output figures.
Chn	Jun	NBS Manufacturing PMI	index	50.0	50.1	–	Manufacturing activity remains soft reflecting weak...
	Jun	NBS Non-Manufacturing PMI	index	50.1	49.9	–	...demand and ongoing headwinds.
UK	Q1	GDP	%ann	1.1	–	–	Consistent with a subdued expansion.
US	Apr	FHFA House Prices	%mth	0.1	–	–	House price growth easing as affordability..
	Apr	S&P/CS Home Price Index	%mth	–0.2	–	–	...constraints weigh on demand.
	Jun	Chicago PMI	index	62.7	–	–	Reinforcing broader industrial softness.
	Jun	Conf. Board Consumer Confidence	index	93.1	94.3	–	Confidence remains fragile amid ongoing cost pressures
	May	JOLTS Job Openings	000s	7618	7275	–	Job openings trending lower, signalling easing labour demand
Wed 01							
Aus	Jun	Cotality Home Value Index	%mth	–0.1	–	–0.5	Turnover will be a key area to watch.
	May	Dwelling Approvals	%mth	–3.4	0.0	–1.0	Activity looks to be normalising after a brief surge.
Jpn	Q2	Tankan Large Manufacturers	index	17	16	–	External demand is supporting business sentiment.
Wrld	Jun	S&P Global Manufacturing PMI	index	–	–	–	Global factory activity remains subdued
Eur	Jun	CPI	%ann	3.2	3.1	–	Soft demand sees inflation ease.
US	Jun	ADP Employment Change	000s	122	118	–	Hiring is moderating consistent with a cooling labour market.
	Jun	ISM Manufacturing	index	54.0	53.8	–	Likely to show continued contraction in the industrial sector
Thu 02							
Aus	May	Goods Trade Balance	\$mn	1.8	2.4	2.5	Nuanced result with categories pulling in opposite directions.
NZ	May	Building Permits	%mth	10.9	–	–5.0	Monthly pullback, but longer term trend still firm.
Kor	Jun	CPI	%ann	3.1	3.2	–	Pressures easing consistent with regional disinflation trend.
Eur	May	Unemployment Rate	%	6.3	6.3	–	Forward indicators suggest gradual softening
US	Jun	Nonfarm Payrolls	000s	172	115	100	Jobs and wage growth is moderating, pointing to a gradual...
	Jun	Average Hourly Earnings	%mth	0.3	0.3	–	easing but still above levels consistent with target inflation
		Initial Jobless Claims	000s	215	220	–	Claims remain low, suggesting layoffs are still contained
	Jun	Unemployment Rate	%	4.3	4.3	–	Edging higher, consistent with a softening labour market
	May	Factory Orders	%mth	4.8	–	–	Orders likely to pick up after a recovery in durable goods.
Fri 03							
NZ	Jun	ANZ Consumer Confidence	index	86.5	–	–	Further gains likely after a modest rebound in May.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (26 Jun)	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Cash	4.35	4.85	4.85	4.85	4.85	4.85	4.85	4.60	4.35	4.10	3.85
90 Day BBSW	4.46	4.90	4.90	4.95	4.95	4.95	4.80	4.55	4.30	4.05	3.95
3 Year Swap	4.35	4.65	4.65	4.60	4.50	4.40	4.30	4.20	4.10	4.00	3.90
3 Year Bond	4.36	4.65	4.65	4.60	4.50	4.40	4.30	4.20	4.10	4.00	3.90
10 Year Bond	4.72	4.90	4.90	4.90	4.85	4.85	4.85	4.85	4.85	4.90	4.95
10 Year Spread to US (bps)	35	40	40	35	30	25	20	15	10	10	10
United States											
Fed Funds	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625
US 10 Year Bond	4.38	4.50	4.50	4.55	4.55	4.60	4.65	4.70	4.75	4.80	4.85
New Zealand											
Cash	2.25	2.50	2.75	3.25	3.50	3.75	4.00	4.00	4.00	4.00	3.75
90 Day Bill	2.69	2.75	3.15	3.50	3.75	4.00	4.20	4.20	4.20	4.15	3.95
2 Year Swap	3.32	3.55	3.85	4.05	4.20	4.25	4.20	4.20	4.15	4.15	4.10
10 Year Bond	4.36	4.40	4.55	4.80	5.00	5.05	5.05	5.05	5.05	5.05	5.05
10 Year Spread to US (bps)	-2	-10	5	25	45	45	40	35	30	25	20

Exchange rate forecasts

	Latest (26 Jun)	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
AUD/USD	0.6893	0.72	0.73	0.73	0.74	0.74	0.74	0.73	0.73	0.73	0.73
NZD/USD	0.5645	0.59	0.60	0.62	0.64	0.65	0.66	0.66	0.66	0.66	0.66
USD/JPY	161.57	158	156	154	152	150	148	146	144	142	140
EUR/USD	1.1379	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.22	1.21	1.21
GBP/USD	1.3205	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.40	1.40
USD/CNY	6.8010	6.75	6.70	6.60	6.50	6.45	6.40	6.35	6.35	6.30	6.30
AUD/NZD	1.2212	1.22	1.22	1.19	1.16	1.14	1.12	1.11	1.11	1.11	1.11

Australian economic forecasts

% change	2026				2027				Calendar years			
	Q1	Q2(f)	Q3(f)	Q4(f)	Q1(f)	Q2(f)	Q3(f)	Q4(f)	2025	2026(f)	2027(f)	2028(f)
GDP %qtr	0.3	0.0	0.1	0.3	0.4	0.4	0.4	0.4	-	-	-	-
%yr end	2.5	1.6	1.3	0.7	0.9	1.2	1.4	1.5	2.5	0.7	1.5	2.6
Unemployment rate %	4.2	4.4	4.6	4.9	5.0	4.9	4.9	4.9	4.3	4.9	4.9	4.5
Wages (WPI) (sa) %qtr	0.8	0.8	1.0	0.8	0.8	0.8	0.8	0.8	-	-	-	-
%yr end	3.3	3.2	3.4	3.4	3.4	3.4	3.2	3.2	3.4	3.4	3.2	3.4
Headline CPI %qtr	1.4	1.0	1.5	0.7	0.7	0.7	0.8	0.5	-	-	-	-
%yr end	4.1	4.4	4.6	4.7	4.0	3.7	3.0	2.8	3.6	4.7	2.8	2.2
Trimmed Mean CPI %qtr	0.8	1.0	1.1	0.9	0.8	0.7	0.7	0.7	-	-	-	-
%yr end	3.5	3.8	3.8	3.8	3.7	3.5	3.2	3.0	3.4	3.8	3.0	2.4

New Zealand economic forecasts

% Change	2026				2027				Calendar years			
	Q1	Q2(f)	Q3(f)	Q4(f)	Q1(f)	Q2(f)	Q3(f)	Q4(f)	2025	2026(f)	2027(f)	2028(f)
GDP %qtr	0.8	-0.1	0.6	0.7	1.0	0.5	0.6	0.7	-	-	-	-
Annual avg change	0.8	1.6	1.8	1.9	2.0	2.1	2.4	2.6	0.3	1.9	2.6	3.2
Unemployment rate %	5.3	5.4	5.4	5.3	5.2	5.1	5.0	4.9	5.4	5.3	4.9	4.4
CPI %qtr	0.9	1.4	0.7	0.4	0.6	0.2	0.7	0.4	-	-	-	-
Annual change	3.1	4.0	3.7	3.5	3.1	1.9	1.9	2.0	3.1	3.5	2.0	2.0

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