



Week beginning 13 July 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: RBA hawkish near term, cuts brought forward to 2027.

The Week That Was: Testing conditions.

Focus on New Zealand: From nail-biter to head-scratcher.

For the week ahead:

Australia: Westpac-MI Consumer Sentiment, business survey, inflation expectations.

New Zealand: selected price indices, retail card spending, house prices and sales, Q2 NZIER Survey of Business Opinion, RBNZ Chief Economist speaking.

China: Q2 GDP, retail sales, industrial production, fixed asset investment, trade balance.

Euro Area: industrial production, trade balance.

United States: FOMC Chair Warsh testifies before House & Senate, CPI, PPI, industrial production, UoM consumer sentiment, retail sales, regional manufacturing surveys, Federal Reserve's Beige Book.

Canada: BoC policy decision.

Information contained in this report current as at 10 July 2026.

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

RBA hawkish near term, cuts brought forward to 2027



Luci Ellis
Chief Economist, Westpac Group

- **Our conviction that the RBA will increase the cash rate in August has increased. Inflation and labour market data were broadly as we expected, and recent RBA communication has highlighted reasons to hike more – and in a more front-loaded way – in the face of supply shocks. We read the June minutes and recent speeches from the staff as messaging a preference around future decisions, as well as explaining the steep trajectory of the increases that have already occurred.**
- We have published our [July Market Outlook](#) with updated forecasts. The run of inflation data has been broadly as expected so far but developments in energy markets point to a somewhat less inflationary outlook in coming quarters than previously forecast. Our forecasts for trimmed mean inflation remain a little above the RBA's May SMP forecasts, though less so than before. The changes themselves are minor and continue to incorporate the above-average pass-through of fuel and other cost shocks that we have been flagging for some time and which the RBA has also highlighted.
- We still regard a follow-up rate hike in September as the most likely outcome, but our conviction about its occurrence and timing has declined. Our revised forecasts imply underlying inflation will not exceed the RBA's May forecasts in the second half of 2026 by as much as earlier forecasts implied. While a September hike remains our base case – just – there are credible scenarios where the second cash rate increase occurs later or not at all. We expect the Monetary Policy Board (MPB) to remain sanguine about the real economy, even if the activity pulse falters around mid-year as we expect. The MPB continues to believe that the economy is too tight and requires a period of below-average growth to get inflation under control. It also assesses that the oil price and other supply shocks worsen this trade-off by lowering supply capacity.
- Given this updated inflation outlook, we expect the subsequent rate cuts to come sooner than previously forecast, starting August 2027 rather than early 2028 as previously. We still think the RBA will be “once bitten, twice shy” from the experience of 2025, when inflation popped back up again almost immediately after it started cutting rates. It will not be pre-emptive in its rate cuts. However, a lower inflation trajectory in 2027 will be hard for it to ignore, especially if growth undershoots its (downbeat) assessment of supply capacity by as much as our GDP forecasts imply. This is a timing shift in our rates forecast, and we continue to expect a relatively tentative pace of rate cuts of 25bps per quarter.

The MPB kept the cash rate on hold at its June meeting as expected. Having already hiked three times in quick succession, it had space to assess how these were flowing through to the economy. The post-meeting communication and subsequent speeches have noted that policy tightening was affecting the economy broadly as expected.

The near-term path for the cash rate nonetheless remains on the hawkish side and our conviction around our expectation of an August hike has risen, subject to confirmation once the June quarter CPI data are released. The post-meeting communication added language stating that the MPB stood ready to hike if needed. This drafting decision is unusual for an RBA statement, and was a stronger steer than previously. It suggests that the MPB wanted to hose down recent speculation that they are done hiking rates. Its assessment of the real economy in both the post-meeting communication and the minutes was sanguine, and it is clearly more worried about upside risks to inflation than downside risks.

“RBA remains hawkish and our conviction regarding a rate hike in August has increased.”

Subsequent speeches by senior RBA officials have highlighted reasons to be hawkish, and specifically to front-load policy responses to inflation risks. As we noted back in May, it has long been known that inflation responds more to changes in economic slack when the economy is tight than when it is weak (that is, the Phillips Curve is nonlinear), and to larger shocks than smaller ones. The RBA staff have nonetheless chosen to highlight this relationship recently, especially in the context of the sequence of supply shocks seen in recent years. Both we and they assess this context as likely to continue, with further policy-driven shocks probable in the period ahead. The latest outbreak of hostilities in the Middle East underlines this possibility.

Further out, the outlook is less hawkish than before. The recent flare-up in the Middle East still leaves energy prices well below their earlier peaks. The narrative of fuel and other transport costs driving other prices has faded; we have seen few announcements in this vein lately. The partial extension of the cut to fuel excise will also smooth the path of these costs and reduce the pulse to inflation from the unwind of this policy measure. While this episode of pass-through has been unusually strong – as we flagged some months ago – we

now have more conviction that it is mostly a one-off level shift and not an ongoing lift in the inflation trend. Consequently, the inflation outlook for 2027 is not quite as far above the RBA's own May forecasts as we previously thought. This brings forward the likely timing of the unwind of current tight monetary policy. However, the MPB will be cautious in its approach to easing policy given its experience last year.

Forecast changes

- A full update to our forecasts, including the changes to our RBA cash rate profile and inflation discussed in this article, was published in the [Market Outlook](#) publication on July 10.

Cliff Notes: testing conditions

Elliot Clarke, Head of International Economics

Ryan Wells, Economist

Illiana Jain, Economist

Amid a sparse local data calendar, a [speech](#) from RBA Assistant Governor (Economic) Sarah Hunter was scrutinised but had little market impact. The speech focused on supply-side shocks, such as the Middle East conflict, and the conundrum it presents for dual-mandated central banks like the RBA.

Assistant Governor Hunter reiterated the RBA's perspective that these shocks are harder to 'look through' if economic capacity is already tight when the shock occurs, firms can readily pass through costs and/or inflation expectations de-anchor. While the latter is more of a risk than a reality at present, the RBA's take on recent data suggests concern over capacity and pass-through is warranted, particularly in [the construction sector](#). This is why the Monetary Policy Board telegraphed in its June policy decision that rate hikes remain on the table despite their decision to pause at that meeting following three successive hikes. The future scale and pace of tightening will depend on how the risks around each of these factors evolves in coming months.

"The upcoming Q2 CPI will prove critical in understanding the best course."

In New Zealand, [the RBNZ](#) delivered a 25bp increase at their July meeting, taking the cash rate (OCR) to 2.50%. A key argument for the hike was concern that financial conditions would have eased further if the OCR was left unchanged. The MPC seems to be comfortable with an end-2026 level for the OCR circa 2.75%-3.00% – broadly in line with the May forecasts. Our New Zealand economics team expects follow-up 25bp hikes in September and December and an unchanged sequence of 25bp increases through 2027. That means the peak OCR of 4.00% will now be reached in September 2027 instead of December.

Across in the US, the minutes of the June FOMC meeting showed participants felt a high degree of uncertainty over the outlook and wanted to consider a broad range of incoming information over successive months before determining if policy needs to be adjusted. Remaining on hold and removing previous forward guidance which favoured additional easing from the statement were consensus opinions.

On the balance of risks, the discussion amongst members points to a majority view that price risks had risen and labour market uncertainties receded since April. However, following June's decision, energy prices jolted lower and nonfarm payrolls growth moderated again. The [disconnect between payrolls and household survey employment](#) also continues

to grow, the latter in outright decline. Growth in consumer demand is also materially below trend and looks set to remain soft, limiting the ability of firms to pass through cost increases. Still, price risks remain. Midweek, President Trump stated he believed the ceasefire with Iran was "over" but did not stop negotiators from continuing to engage. This followed strikes on around 80 Iranian military targets by the US in response to 3 ships being hit by projectiles in the Strait. Another 90 sites were hit in a second day of strikes, and Iran retaliated against US military assets in the region on both occasions.

President Trump has made clear he intends to order additional strikes in scale every time Iran threatens shipping on the Omani side of the Strait, which Iran has done to force shipping through the lanes it controls. A renewed blockade of Iranian cargo was also threatened by President Trump, with a view to increasing domestic pressure and restricting Iran's ability to sell oil into global markets. However, President Trump also felt this escalation would prove short lived. Brent oil rose close to USD81 initially but has since eased back to around USD76. This compares to a low of USD71 early in the week.

Data received in the US and elsewhere in the northern hemisphere this week was secondary in significance and broadly in line with recent trends. Most notable was the ISM services index which reported a deterioration in new orders but also a pairing of input price pressures and improvement in employment, albeit for the latter only to near the 20-year average after three successive contractionary readings.

China's headline and core inflation rates meanwhile stabilised around 1.0%yr in June as producer price inflation edged up to 4.1%yr. Weak domestic demand continues to limit Chinese firms' ability to pass through higher production costs, which have primarily been driven by energy prices. Excess capacity and cautious consumers are likely to restrict consumer inflation in the absence of [targeted \(and effective\) fiscal support](#).

From nail-biter to head-scratcher



Michael Gordon
Senior Economist

The RBNZ kicked off a new tightening cycle this week, raising the OCR by 25bps to 2.50%. That went against our expectation of an 'on hold' decision, but analyst opinion was split going into the meeting and market pricing strongly favoured a hike. So the decision itself wasn't out of left field, but some of the reasoning behind it left us scratching our heads a bit. Ultimately, though, it amounted to a difference of opinion about timing rather than the direction of policy, and we've adjusted our OCR forecast track only by as much as needed.

In contrast to the 3-3 split vote at the May meeting (with Governor Breman casting the deciding vote in favour of no change), the decision this time was reached by consensus and hence no vote was required. That said, the summary record of the meeting suggests that the distribution of views with the Committee was much the same as in May: external members Gai, Gourley and Hansen remain on the hawkish side, while internal members Breman, Conway and Silk remain more dovish.

The RBNZ acknowledged that oil prices and inflation risks had receded significantly since the May meeting, although the effects of the oil price shock were expected to linger for some time. Meanwhile, the risks around the global growth outlook are now better balanced. With New Zealand inflation already above the target range, and with growth expected to gather momentum as the oil shock fades, the RBNZ concluded that it was time to start removing some of the stimulus that had been put in place last year.

As we [discussed in our OCR preview](#), we felt that the sharp pullback in oil prices since the May meeting gave the RBNZ some breathing room to pause and assess the swathe of data that will be released between now and the 2 September Monetary Policy Statement (compared to the paucity of data releases ahead of this week's meeting). Following the May meeting, Governor Breman in particular had been emphasising the need to take a data-driven approach to assessing the extent of inflation pressures. But that element of patience was missing this time around.

A case for earlier tightening ...

There is certainly a case for an earlier start to hikes compared to the RBNZ's pre-war assessment in its February MPS. One is that global growth is looking perkier than expected, which in turn has been supporting demand for New Zealand's key exports. Indeed, the market consensus has been too downbeat on world growth for some time, through tariffs, wars, and any

other perceived headwinds. Some of that reflects the ongoing surge in AI-related investment; supportively low interest rates have probably been a factor too.

Another reason is that, while many aspects of the oil price shock have reversed since May, the exchange rate is not one of them. The New Zealand dollar is lower than it was at the time of the May MPS, and even lower than it was in February. A lower dollar, if sustained, means higher prices for imports while providing an additional boost to exporters' incomes.

Finally, the March quarter CPI showed that even before the US-Iran conflict, inflation was not as well-contained as the RBNZ would have hoped. The headline inflation rate remained at 3.1%, while the various core measures were all on the higher side of the 2-3% target range. That's not a comfortable starting point if you expect that the economy will be gaining momentum in the years ahead, and it suggests that the RBNZ's February MPS projections (which implied a December start to hikes, and a very gradual path beyond that) were too benign.

... but perhaps not yet?

What surprised us the most is that the RBNZ was prepared to start tightening without waiting to see the June quarter inflation data (due on 21 July), which is the period when prices will be most affected by the oil shock. The record of meeting noted that "the recent shock in the Middle East may generate greater inflation persistence due to changes in firms' price setting behaviour". That seems somewhat speculative at this point, and it seems that some MPC members were more persuaded of this than others.

In that respect, we'll be very interested in RBNZ Chief Economist Conway's speech on Tuesday morning, titled "Finding signal in the inflation noise: oil shocks, price setting, and the path back to 2% inflation". The blurb notes that Conway will "share findings from [their] recent research on how rising costs shape business and household inflation expectations, and how these expectations influence price-setting behaviour across the economy." The speech is at the same time as the release of the NZIER's quarterly survey of business opinion, which will also shed some important light on firms' pricing behaviour.

Another reason given for this week's hike was that the economy has actually been running stronger than the RBNZ expected in its May MPS forecasts. This is a tenuous claim. As of the March quarter, the level of GDP is only 0.1% higher than the RBNZ

expected, and much of that difference reflects upward revisions that go back several years. Stats NZ has revised up its estimates of the size of the housing stock; these houses in turn provide a flow of services to renters and owner-occupiers, which is included in GDP. That means this should be treated as an upward revision to both the actual and potential level of GDP, with no impact on the RBNZ's estimate of the output gap.

What about the forward-looking view? The record of meeting notes that the RBNZ's "Kiwi-GDP" nowcasting model currently predicts 0.6% growth in the September quarter, which compares to a forecast of just 0.2% in the May MPS. But this is conflating two different forecasts. The nowcast does not represent the RBNZ's official forecast, although it can be a useful guide to the direction of change as new data arrives. In this case, the RBNZ's nowcasts for both the June and September quarters have been largely unchanged over recent weeks – the flow of data has not 'surprised' the model on balance. (In the case of the September quarter, the lack of movement is not really surprising – we don't yet have any data relating to that period, so the nowcast at this point will largely reflect a reversion to the mean growth rate.)

Finally, the RBNZ contended that since the market had already largely priced in a July hike, not delivering on that would have led to a fall in interest rates and an easing in financial conditions that would have been "unwarranted". But it also noted that this follows a material tightening in financial conditions in previous months, which was presumably "warranted". Was it though? The run-up in interest rates over March and April was predicated on a much more alarming inflation outlook than what we face today.

Where to next?

Ultimately, this week's result came down to a difference of opinion about the appropriate timing. We had previously expected the RBNZ to begin tightening at its September review – with a fuller set of data in hand – followed by a series of hikes to reach a peak of 4% by the end of 2027.

We've now brought that profile forward. We expect two more OCR hikes this year, most likely at the September and December reviews. We note that the 28 October review falls ten days before the General Election, which is not in itself a reason for inaction, but it's an easy one to skip if the RBNZ feels comfortable that it already has a couple of hikes under its belt by that point.

Thereafter, we continue to forecast a peak OCR of 4% next year, although our central expectation is that this will now be reached three months earlier at the September 2027 MPS meeting.

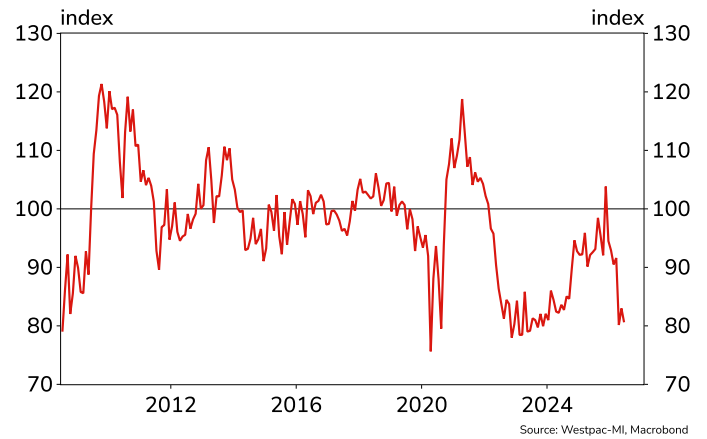
AUS: Jul Westpac-MI Consumer Sentiment (index)

Jul 14, Last: 80.6

Consumer sentiment declined 2.9% to 80.6 in June, remaining deeply pessimistic. The survey detail showed cost-of-living issues remain front and centre, the temporary halving in fuel excise tax providing only a small and brief reprieve.

The last month has seen some positive developments around the energy crisis with US and Iran agreeing to a ceasefire and a tentative reopening the Strait of Hormuz (albeit with a significant flare-up over the course of the survey week). Local pump prices have fallen to around \$1.60/litre on average compared to \$1.72/litre at the time of the June survey and well above \$2 in March-April. This is despite a partial roll back in the fuel excise tax cut. Domestic news has been somewhat mixed, May updates showing the labour force relatively steady but inflation still elevated and a more material weakening in housing markets.

Consumer Sentiment Index

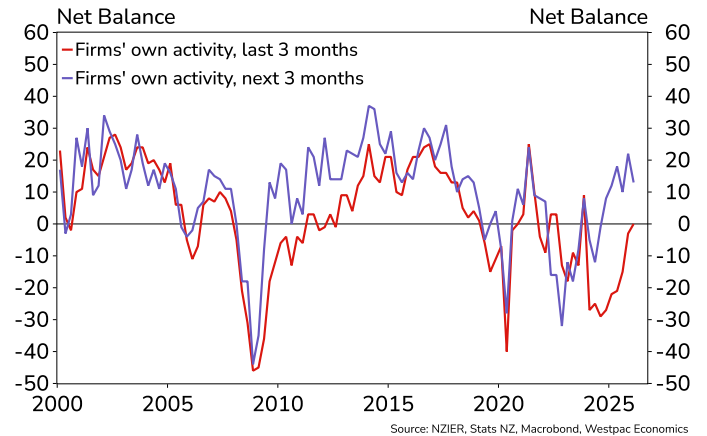


NZ: Q2 NZIER Survey of Business Opinion (index)

Jul 14, General Business Confidence, Last: 1

The Q1 survey showed a marked fall in business confidence following the US-Iran conflict. However, the long survey period – from early March to early April – meant that the average results hid a lot, with later responses much weaker than early ones as the severity of the situation became clearer. Similarly, the survey period for Q2 will have straddled the peace agreement that was reached in mid-June, which means that a breakdown of the later responses would likely be more informative than looking at the averages. Probably of most interest to the RBNZ will be whether the survey points to any persistence in firms' pricing intentions even as oil prices receded back towards pre-conflict levels.

QSBO past vs expected activity

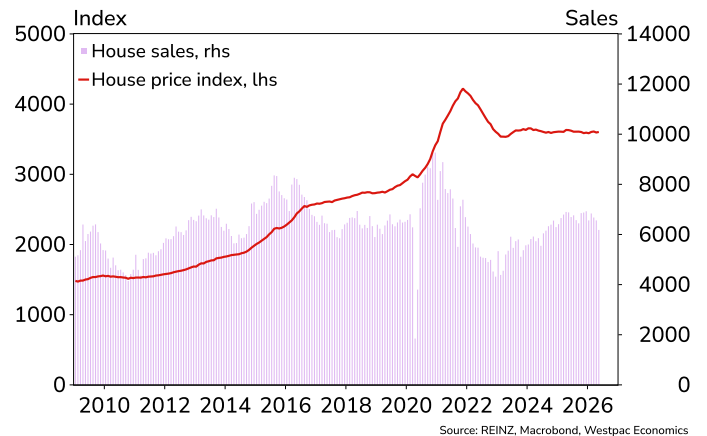


NZ: Jun REINZ House Sales & Prices (%yr)

Jul 15, Sales, Last: -12.6; Prices, Last: -0.6

The housing market remained soft in May, with sales down about 6% for the month in seasonally adjusted terms, leaving them nearly 13% lower than a year ago. Rising mortgage rates have weighed on the market over recent months, and the US-Iran conflict and the resulting pressure on household budgets will also have prompted potential buyers to hold back. Some signs of relief on the latter front may have given the market some support in June, but we expect that turnover and prices will remain subdued through the second half of the year.

REINZ house sales and prices

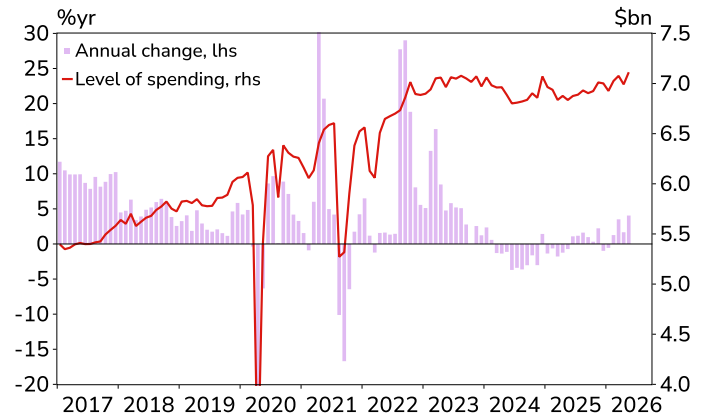


NZ: Jun Retail Card Spending (%mth)

Jul 15, Last: 1.7, Westpac f/c: 0.1

Retail spending has been choppy over the past couple of months, with large swings in fuel and discretionary spending categories in the wake of the Middle East conflict. We're forecasting a modest 0.1% rise in spending over June. Fuel spending has fallen sharply as prices have dropped. However, the related boost to households' disposable incomes is likely to lift spending in other categories. The broader 'total' spending category, which includes online purchases of items like airfares, is likely to show an even larger rebound after households delayed spending in these categories earlier in the year.

NZ retail card spending

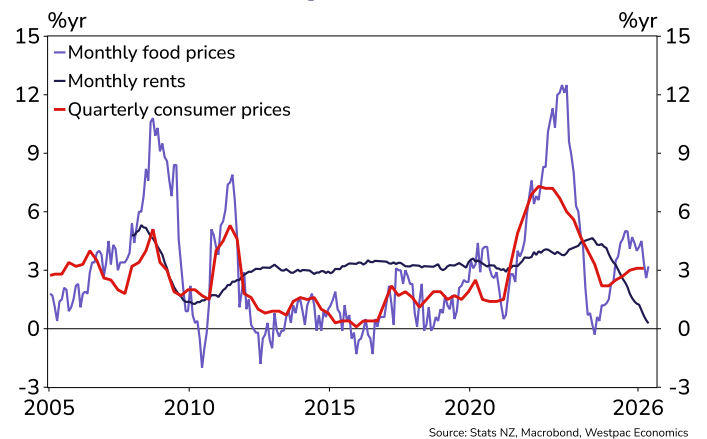


NZ: Jun Selected Consumer Prices (%mth)

Jul 17

This will be the final monthly update before the full quarterly CPI on 21 July. Fuel costs have fallen sharply through the quarter, and as a result we recently revised our forecast for inflation in the year to June down to 4.0% (from 4.5% previously). We'll also be watching to see if there is broader softness in other travel related categories after both airfares and holiday accommodation costs were softer than expected last month. In the other big categories, we expect a 0.6% lift in food prices (boosted by the seasonal rise in vegetable prices), along with flat housing rents.

NZ selected consumer prices



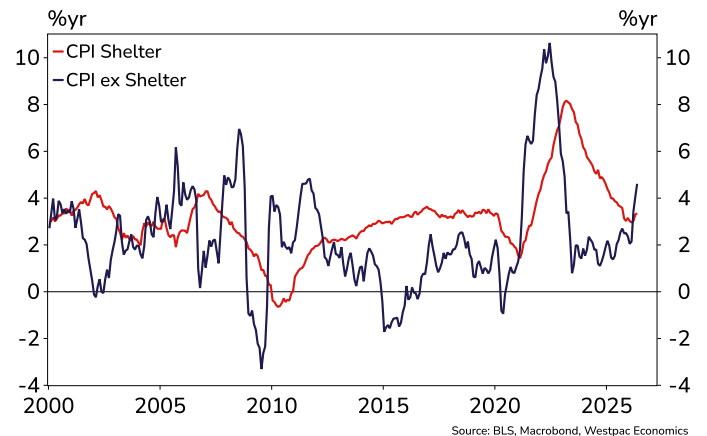
US: Jun CPI (%mth)

Jul 14, Last: 0.5, Market f/c: -0.1, Westpac f/c: flat

Energy price pressures saw an outsized increase in headline inflation in May, 0.5%. Core inflation remained moderate at 0.2%, however, with little-to-no evidence of secondary price effects in the data. Instead, core inflation was supported by housing and medical services.

In June, the sharp reversal in oil prices following the US/Iran memorandum of understanding will suppress headline inflation. Market participants will remain on the look out for pass-through to other components of inflation. Given the state of the US consumer, we expect this to be limited, with core inflation instead determined by domestic capacity constraints, most notably in housing. If the truce holds, annual inflation is likely to return near target over the coming 12 months.

Energy spike set to reverse



What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 13							
NZ	Jun	Performance Services Index	index	47.5	-	-	Services sectors have underperformed so far this year.
US		Fedspeak	-	-	-	-	Bowman, Waller.
Tue 14							
Aus	Jul	Westpac-MI Consumer Sentiment	index	80.6	-	-	Cost-of-living issues remain front and centre.
	Jun	NAB Business Conditions	index	3	-	-	Eyes on confidence as Middle East (tentatively) eases.
NZ		RBNZ Chief Econ Conway speech	-	-	-	-	"Oil shocks, price setting, and the path back to 2% inflation"
	Q2	NZIER Survey of Business Opinion	index	1	-	-	Indicators of pricing pressures will be especially important.
	May	Net Migration	no.	3090	-	-	Balance turning more positive as outflows of NZers slow.
Chn	Jun	Trade Balance	US\$bn	105.43	120.35	-	Export performance is likely to remain resilient.
US	Jun	NFIB Small Business Optimism	index	95.3	95.5	-	Firms contend with higher borrowing costs and policy shifts.
	Jun	CPI	%mth	0.5	-0.1	0.0	Sharp reversal in oil prices will suppress headline inflation.
		FOMC Chair Warsh	-	-	-	-	Testifies before House Financial Services Committee.
		Fedspeak	-	-	-	-	Barr, Goolsbee, Cook, Bowman.
Wed 15							
NZ	Jun	REINZ House Prices	%yr	-0.6	-	-	Higher mortgage rates and soaring fuel prices ...
	Jun	REINZ House Sales	%yr	-12.6	-	-	... have dampened buyer enthusiasm in recent months.
	Jun	Retail Card Spending	%mth	1.7	-	0.1	Lower fuel prices supporting spending in other areas.
Jpn	May	Core Machinery Orders	%mth	8.7	-4.6	-	An important gauge of investment intentions and confidence.
Chn	Q2	GDP	%ann	5.0	4.5	-	Growth is expected to remain constrained by weak ...
	Jun	Retail Sales	ytd %yr	1.4	-	-	... domestic demand and ongoing challenges in the property ...
	Jun	Industrial Production	ytd %yr	5.4	-	-	... sector. Data will indicate need for further stimulus to ...
	Jun	Fixed Asset Investment	ytd %yr	-4.1	-5.0	-	... rebuild consumer confidence.
Eur	May	Industrial Production	%mth	0.1	0.3	-	Activity remains subdued as challenges persist.
US	Jul	Fed Empire State Manufacturing	index	5.7	8.6	-	Mixed manufacturing conditions across the US.
	Jun	PPI	%mth	1.1	-0.1	-	Watched closely for signals on upstream inflation pressures.
		FOMC Chair Warsh	-	-	-	-	Testifies before Senate Banking Committee.
		Fedspeak	-	-	-	-	Williams, Cook.
	Jul	Federal Reserve's Beige Book	-	-	-	-	A qualitative update on conditions across the regions.
Can		BoC Policy Decision	%	2.25	2.25	-	A cautious approach is warranted as excess capacity endures.
Thu 16							
Aus	Jul	MI Inflation Expectations	%ann	5.5	-	-	RBA watching closely for signs of persistence.
Kor		Bank Of Korea Policy Decision	%	2.50	-	-	Hike on the cards as domestic inflation ticks up.
Eur	May	Trade Balance	€bn	1.3	-	-	Lower energy prices and better external balances to come.
UK	May	Monthly GDP	%mth	-0.1	0.1	-	Activity has softened amid pressure from restrictive policy.
US	Jul	Phily Fed Manufacturing	index	10.3	15.0	-	Mixed demand and uncertainty regarding the outlook.
	Jun	Retail Sales	%mth	0.9	0.3	-	Consumption at risk of slipping below trend.
		Initial Jobless Claims	000s	215	-	-	Remain low by historical standards.
		Fedspeak	-	-	-	-	Musalem, Logan, Schmid, Jefferson.
Fri 17							
NZ	Jun	Selected Price Indices – Food	%mth	1.0	-	0.6	Seasonal lift in vegetable prices.
	Jun	Selected Price Indices – Rents	%mth	-0.1	-	0.0	Remains subdued with large numbers of homes available.
US	Jun	Import Price Index	%mth	1.9	-0.6	-	Useful indication of external cost pressures.
	Jun	Industrial Production	%mth	0.1	0.2	-	Activity remains uneven across sectors.
	Jul	Uni. Of Michigan Sentiment	index	49.5	51.3	-	Sensitive to inflation developments.

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Economic & financial forecasts

Interest rate forecasts

Australia	Latest (10 Jul)	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	4.60	4.35	4.10	3.85	3.85	3.85
90 Day BBSW	4.47	4.90	4.90	4.95	4.80	4.55	4.30	4.05	3.95	3.95	3.95
3 Year Swap	4.43	4.60	4.60	4.50	4.40	4.30	4.20	4.10	4.00	3.95	3.90
3 Year Bond	4.47	4.60	4.60	4.50	4.40	4.30	4.20	4.10	4.00	3.95	3.90
10 Year Bond	4.89	4.90	4.90	4.90	4.85	4.85	4.85	4.85	4.85	4.85	4.85
10 Year Spread to US (bps)	33	40	40	35	30	25	20	15	10	5	0
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	4.55	4.50	4.50	4.55	4.55	4.60	4.65	4.70	4.75	4.80	4.85
New Zealand											
Cash	2.50	2.75	3.00	3.50	3.75	4.00	4.00	4.00	4.00	3.75	3.75
90 Day Bill	2.83	3.00	3.40	3.75	4.00	4.20	4.20	4.20	4.15	3.95	3.95
2 Year Swap	3.52	3.70	3.95	4.10	4.25	4.20	4.20	4.15	4.15	4.10	4.10
10 Year Bond	4.59	4.55	4.65	4.80	5.00	5.05	5.05	5.05	5.05	5.05	5.05
10 Year Spread to US (bps)	3	5	15	25	45	45	40	35	30	25	20

Exchange rate forecasts

	Latest (10 Jul)	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
AUD/USD	0.6942	0.71	0.72	0.72	0.73	0.73	0.73	0.73	0.72	0.72	0.72
NZD/USD	0.5760	0.59	0.60	0.62	0.64	0.65	0.66	0.66	0.66	0.66	0.66
USD/JPY	162.36	162	160	159	158	156	154	152	150	148	146
EUR/USD	1.1433	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.21	1.21
GBP/USD	1.3413	1.35	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.4
USD/CNY	6.7921	6.75	6.70	6.60	6.50	6.45	6.40	6.35	6.35	6.30	6.30
AUD/NZD	1.2053	1.20	1.19	1.16	1.14	1.12	1.11	1.10	1.10	1.10	1.10

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	0.7	1.3	1.0	0.7	0.6	0.9	0.5	-	-	-	-
%yr end	4.1	4.0	4.0	4.4	3.8	3.7	3.3	2.8	3.6	4.4	2.8	2.6
Trimmed Mean CPI %qtr	0.8	0.9	1.0	0.8	0.8	0.7	0.7	0.7	-	-	-	-
%yr end	3.5	3.7	3.7	3.6	3.5	3.3	3.0	2.8	3.4	3.6	2.8	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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