Week beginning 7 September 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: The national accounts inkblot test.

The Week That Was: Balancing risks to growth and inflation.

Focus on New Zealand: RBNZ to pause in October, but hike in time for Christmas.

For the week ahead:

Australia: RBA speak, Westpac-MI consumer sentiment, business survey, inflation expectations.

New Zealand: Manufacturing PMI, Q2 business financial data.

Japan: Current account balance, Q2 GDP (final estimate).

China: CPI, PPI, trade balance, foreign reserves.

Euro Area: ECB policy decision, Sentix investor confidence, Q2 GDP (final estimate).

United Kingdom: Monthly GDP.

United States: Labor day public holiday, CPI, PPI, UoM consumer sentiment, NFIB small business survey.

Information contained in this report current as at 4 September 2026.

The national accounts inkblot test

Luci Ellis
Chief Economist, Westpac Group

- **In something as complex as an economy, outcomes often defy simple narratives. It is a little like those inkblot psychology tests one sometimes sees. Is it a rabbit or is it a lady? It depends on your perspective.**
- **The national accounts for Q2 2026 were a case in point. A hawkish take would focus on GDP growth being above RBA expectations and not below its view of trend; a dovish take would focus on the loss of momentum more recently. Likewise a hawk could point to the outsized July CPI print, while the dove can remind you of the noise and uncertain seasonality in the monthly data. Both narratives inherently leave out contradicting signals.**
- **The key issue here is to make sure that you are taking signal from all the available data, not just the things that fit the narrative. Labour market data deserve more consideration than some observers are giving them. Also important is remembering that the next quarter will always be thrown about by special factors, and what matters is where things are in a year or so's time.**
- **What is the resolution, if any? Structured analysis including whole-economy models is one way through the difficulty, but it relies on the models being a decent representation of reality. Perhaps another, honouring the fact our brains evolved to want simple stories, is to emulate Charles Darwin and systematically note down any piece of evidence against your current theory. It might make it harder to tell a simple story, but it will mean you are less likely to miss something that later turns out to be important.**

In something as complex as an economy, there are always many things going on, not all pointing in the same direction. There will be headwinds and tailwinds. Most shocks and trends affect some industries and parts of the economy more than others. The overall impact is a complicated netting exercise that is hard to be precise about in the real world, where measurement is uncertain and things get revised.

That complexity sits uncomfortably for a species that shapes its understanding through story. A simple cause-and-effect narrative fits the way our brains have evolved. Messy outcomes like this week's national accounts (and the domestic data flow more broadly) do not fit simple stories. It is tempting for people to extract one nonetheless. The process resembles one of those old psychology tricks where you can see a rabbit or a woman, a face or a vase, depending on your perspective, or the Rorschach inkblot where you can "see" what you want to see. We pattern-match, we see creatures in the clouds – and sometimes, we can be selective with data when we should not be, focusing only on what fits our narrative.

I am not going to pretend to be above reproach on this front, being a member of the same narrative-seeking species as everyone else. That said, I cannot help noticing how easy it is to squint at the economic inkblot and see a hawk or a dove according to one's prior beliefs.

Those seeing the hawk will point to (among other things) the 2.1%yr GDP growth being above the RBA's forecast and not below its estimate of potential output growth "speed limit", as the RBA is trying to engineer. They will note the tick-up in unit labour cost growth, resilient consumption, strong data centre investment and – beyond the national accounts – the outsized July CPI inflation data. Putting these together, a narrative forms that seemingly demands immediate further tightening of monetary policy.

In doing so, though, one would need to leave a few things out. Among these are the fact that growth stepped down noticeably through the year, and that about half the upside surprise in year-ended growth was a revision to an earlier quarter, implying you got more growth for the same amount of inflation. Also downplayed in this narrative is the weak growth in average earnings per hour – a less-noisy input into unit labour costs – the increase in household saving and the roll-off in public sector investment making room for higher dwelling and data centre investment.

And for those confidently expecting a September hike, it requires a belief that the RBA will go back on their previous statement that, in this initial phase, they will focus on the quarterly inflation data rather than a new monthly series with its short history and uncertain seasonality that is prone to revision. (And the RBA might well go back on that commitment, but one must explicitly believe it will.)

Forecast changes

- We are currently in the process of updating our forecasts. We have not included any changes in this edition of the Australia & NZ Weekly. A full update to our forecasts will be published in our Market Outlook publication on September 11.

The same exercise of leaving pieces out to make a neater story also permeates the dove case. One could highlight that the 2.1% year-ended GDP growth rate was comprised of two halves, with the most recent showing much weaker growth in domestic demand. One can point to the larger-than-expected downturn in the housing market, weak per capita growth, moderate consumption outside a few special factors such as EV purchases, and the likely run of monthly trimmed mean CPI prints from here being noticeably below the July figure.

This narrative also requires leaving a few things out, though. As well as the components of the hawk case already noted, there is the issue that the data centre boom could well offset the receding public sector's release of construction resources.

Part of the difficulty is that the narratives we seek can be so black-and-white binary. It is also embedded in the here and now, immediate data flow. We should ask ourselves whether we should really take so much signal from small surprises in the latest data. The crucial question is what these noisy outcomes mean for the underlying trends, and where growth and inflation will be in a year or so.

We also note that much of the recent discussion has made relatively little of the labour market. It has been easing over much of the past year or so (contra the RBA's initial assessment earlier this year that it was re-tightening) and is noticeably softer than RBA expectations. Today's labour accounts confirm that more people have taken on secondary jobs to address cost-of-living pressures. Labour supply, both in terms of the number of people in the labour force and the number of hours they want to work, has been more resilient than many observers expected. The various measures of underemployment are pointing to emerging spare capacity that might not be widely recognised.

What is the resolution, if any? Structured analysis including whole-economy models is one way through the difficulty, but it relies on the models being a decent representation of reality. Perhaps another, honouring the fact our brains evolved to want simple stories, is to emulate Charles Darwin and systematically note down any piece of evidence against your current theory. It might make it harder to tell a simple story, but it will mean you are less likely to miss something that later turns out to be important.

Cliff Notes: balancing risks to growth and inflation

Elliot Clarke, Head of International Economics
Ryan Wells, Economist
Illiana Jain, Economist

Australia's Q2 GDP came in slightly above expectations at 0.4%, 2.1%yr. Upward revisions to earlier data notwithstanding, there has been a clear loss of momentum from H2 2025 to H1 2026, from an annualised pace of 2.8% to 1.5%.

Household consumption grew just 0.4% in Q2, and this gain was principally due to a surge in EV sales (0.27ppts of the 0.4% gain) in response to the Middle East conflict's energy price spike. Highlighting the financial resilience of the consumer, however, a stronger-than-expected lift in real disposable incomes allowed the savings ratio to edge higher in the quarter despite higher interest and tax payments.

Public demand was also soft in Q2, up just 0.2% as cost-of-living support rolled off and the infrastructure work program, most notably in NSW and Victoria, passed its peak. Business investment meanwhile edged lower, though solid non-residential construction tied to data centres, renewables and related infrastructure implies the pipeline of work remains in an uptrend.

On housing, Cotality home prices fell 0.9% in August after downwardly revised 1.2% and 0.9% declines in June and July. Prices are now 3.6% below their March peak nationally, and down 4.6%/4.7% in Sydney/ Melbourne. On a rolling 3-month basis, the volume of sales is 15% lower over the year. Unsurprisingly, the moderation in housing credit growth is gathering pace. That said, a substantial pipeline of approved projects means housing construction should remain a positive force for GDP for the foreseeable future. Towards the end of the forecast horizon in 2028 though, risks are growing, with dwelling approvals declining 3.6% in July.

On external trade, Q2 was not as weak as initially feared. The current account deficit widened by just $1.8bn to $27.2bn and net exports added 0.1ppts to GDP. Resource exports rebounded after disruptions from cyclones, but there was also a significant pull-back in tourism spend by Australians overseas due to flight cancellations related to the Middle East conflict.

Talking About Trade provides further detail on these sub-plots and the implications. Those with a particular interest in agriculture and related trade should also dig into our latest Quarterly Agriculture Report.

Across the Tasman, at its September meeting, the RBNZ lifted the OCR by 25bps to 2.75% as expected. The RBNZ's revised OCR forecasts are little changed from May and signal a pause in October before a 25bp hike to 3.00% in December. Justifying this cautious approach, a majority of MPC members see upside risks to inflation, but all see downside risks to growth. Westpac continues to expect a steady but determined tightening cycle, with the next 25bp hike not forecast until December but a peak of 4.00% seen in Q3 2027.

Over in the US, during his address to the Jackson Hole Symposium last weekend, Chair Warsh emphasised the Committee's focus on inflation risks and willingness to tighten further if necessary.

To make his point, Chair Warsh focused attention on the most elevated of the US' major inflation benchmarks, headline PCE inflation at 3.7%yr and 4.1% on a six-month annualised basis, as well as the breadth of price gains, which remains well above pre-pandemic levels. Chair Warsh then made clear that the Committee "must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed"…. "Otherwise, we have work to do." The FOMC remaining on hold from here requires evidence of sequential disinflation month-on-month from next week's August report. Without this, the market will likely fully price a hike for the September meeting, and a follow-up come November. Overnight Federal Governor Waller made a similar point, noting that: if "there is continued progress toward our 2% goal, then I am willing to support holding the policy rate at its current level"; but "if inflation comes in hot, I would consider a rate hike".

While qualitative in nature, the Beige Book was arguably the most informative US release of the week. Since July, employment growth has remained subdued, with seven districts reporting only "slight" or "modest" growth and five no change. Upstream price pressures persist, with "input price pressures notably elevated in manufacturing and construction"; that said, "heightened price sensitivity among customers" continued to limit firms' ability to pass through these higher costs.

It is one thing for producer price inflation and capacity constraints to bolster input prices, but to hold up the CPI/PCE, these pressures must be passed through to the consumer basket. Along with stability in the labour market, consumers unwillingness to accept full passthrough is why we continue to believe the FOMC can remain on hold through 2028 if they can weather the immediate angst over recent inflation data. If the Committee instead choose to hike in September and/or November, corrective cuts may be required in late-2027 or into 2028.

A prudent approach to policy was apparent in Canada this week, the Bank of Canada's Governing Council voting to remain on hold. In their words, the global economy has shown resilience and "Canadian economic activity strengthened in the second quarter". But "demand for labour remains subdued and indicators point to continued excess supply ". Also, like in the US and Australia, "there has been little evidence of higher energy prices spreading to other components of inflation". As for the RBNZ and other developed-world central banks, balancing the risks around growth as well as inflation is a challenge for the Bank of Canada, but one worth pursuing.

RBNZ to pause in October, but hike in time for Christmas

Satish Ranchhod
Senior Economist

As expected, the RBNZ hiked the Official Cash Rate by 25bps at this week's meeting. The accompanying minutes and projections signalled a further OCR rise later this year. However, rather than committing to a series of consecutive hikes, data permitting, it appears that the RBNZ wants to see how the economy is shaping up in the wake of ongoing global headwinds and the 50bps of rate hikes since July. We continue to expect the RBNZ will pause in October before delivering another 25bp hike in December.

Appropriately balanced

The RBNZ hiked the Official Cash Rate 25bps at its September policy meeting, taking it to 2.75%. The decision was reached by consensus, with no vote required. The hike was widely expected and had been signalled by the RBNZ at the time of the previous meeting in July.

The key question is where the OCR is headed over the coming months, with two interest rate meetings still to come before the end of the year. And these won't be simple decisions for the RBNZ.

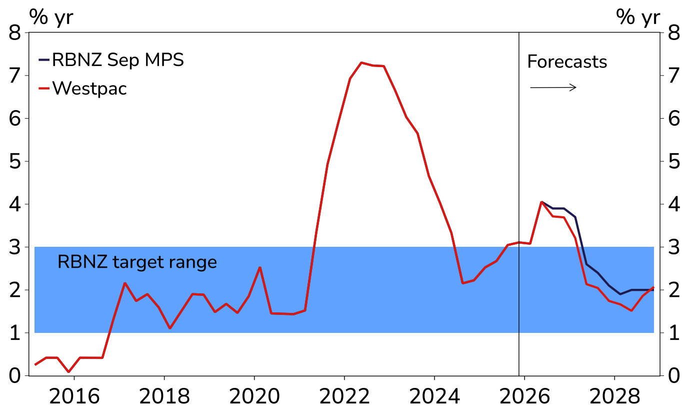
Inflation is elevated, printing at 4.1% in the year to June. And like the RBNZ, we expect that it will remain above the 3% upper bound of the target range at least until the middle of next year. Much of the current strength in inflation is due to the spike in oil prices earlier this year. However, the underlying inflation picture is also problematic. Stripping out volatile items like fuel, the various measures of core inflation have been running near the top of the RBNZ's target band for several years now. And with fuel and other production costs rising, underlying inflation pressures a likely to continue running hot for a while.

In fact, the RBNZ has revised its forecast for domestic (non-tradable) inflation higher due to concerns that increases in fuel and other costs will add to local price pressures. That also means that the RBNZ now expects inflation will take slightly longer to return to 2%. Even with this upgraded inflation outlook, the majority of MPC members (including Governor Breman) still see upside risk to the RBNZ's inflation forecast.

However, it's worth noting that much of that strength in inflation is due to factors that the RBNZ can't easily offset with interest rate hikes. To illustrate this, the RBNZ's policy statement included a special topic focused on the conduct of monetary policy in the face of supply shocks, like oil price spikes. Returning inflation back to 2% quickly in such circumstances can require very large changes in the OCR and generate significant swings in output and employment. That sort of volatility could be damaging for the economy and labour market, especially as the impact of rate hikes is likely to fall on sectors of the economy that are not the source of inflation.

Instead, the RBNZ has highlighted that a more gradual approach to returning inflation to target is the more appropriate course. Consistent with that, RBNZ Chief Economist Conway noted in an interview after the MPS that *"if we can get inflation down while supporting growth that's better than getting inflation down by derailing recovery."*

CPI inflation forecasts



Source: RBNZ, Macrobond, Westpac Economics

Adding to those concerns, all members of the MPC agreed that there were significant downside risks for activity, along with related risks for the labour market. That's despite a downward revision to the RBNZ's forecast for employment growth and an upward revision to the forecast for the unemployment rate.

A particular area of uncertainty is the outlook for household spending, which is a key driver of domestic economic activity. Spending growth has been soft for some time, weighed down by weakness in the jobs market and increases in living costs. And there are big uncertainties about how strong spending will be in the face of ongoing softness in the housing market – housing assets account for around half of New Zealand households' wealth and average prices across the country have shown no growth for three years now. Like ourselves, the RBNZ expects house price growth will remain subdued for some time.

October pause, December hike

Balancing out the above concerns, the MPC judged that *"the OCR may need to increase further."* However, they went on to note that *"the future OCR path is not pre-determined"* and highlighted that future decisions will be dependent on the strength of data. Media comments from the RBNZ highlight that members of the MPC want to see how the economy is tracking following the 50bps of hikes since July.

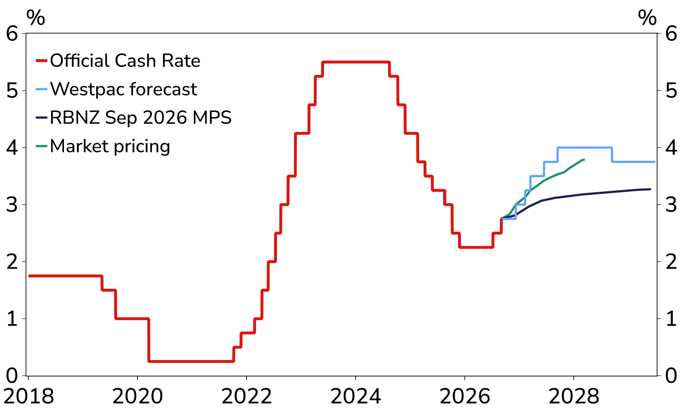
We continue to expect that the RBNZ will pause in October and deliver a hike at its December meeting. The October policy meeting is also very close to the General Election on 7 November, though the RBNZ has noted that this is not a factor that influences their decisions.

The RBNZ now forecasts an average OCR in the December quarter of 2.81% (down just slightly from 2.84% in the May MPS). That forecast is exactly consistent with an unchanged OCR at the 28 October meeting followed by a 25bps rate hike at the 9 December meeting (in contrast, a 25bp hike at the October meeting, followed by a pause in December, would have yielded a forecast average of 2.93%). Assistant Governor Silk commented in a media interview that *"Whether it's October or whether it's December is still open, but the way the track is situated it's more likely the latter rather than the former."*

The Record of Meeting noted that *"Future policy will depend on the Committee's judgement of the balance of risks to medium-term inflation. This approach allows the Committee to observe and assess the effects of reduced monetary stimulus."* We think that this language also suggests an expectation that there will be a pause before the next hike is delivered.

The MPC is likely to continue debating between further hikes and holding rates unchanged for the foreseeable future. A hike in October remains a possibility should data suggest a combination of persistent inflation pressures and a strengthening economy. Data on Q2 GDP (17 September) and the QSBO Business Confidence survey (6 October) will be important in informing the MPC's judgement on the progression of the economy. The Q3 CPI later in October will be key information on the strength of persistent inflation pressures.

RBNZ Official Cash Rate



Source: RBNZ, Macrobond, Westpac Economics

Longer term outlook

The RBNZ's interest rate projections for 2027 and 2028 are essentially unchanged from May. The OCR is projected to rise gradually over the coming years to a peak of 3.28% at the end of 2029.

For now, the MPC's strategy remains one of removing stimulus as opposed to moving to a restrictive stance. We think discussions about moving the OCR beyond neutral levels will come in 2027 and will be informed by trends in core inflation and the strength of the economy between now and then.

We continue to expect further increases in the OCR to 4% by September 2027 (dependent on the strength of data, as always).

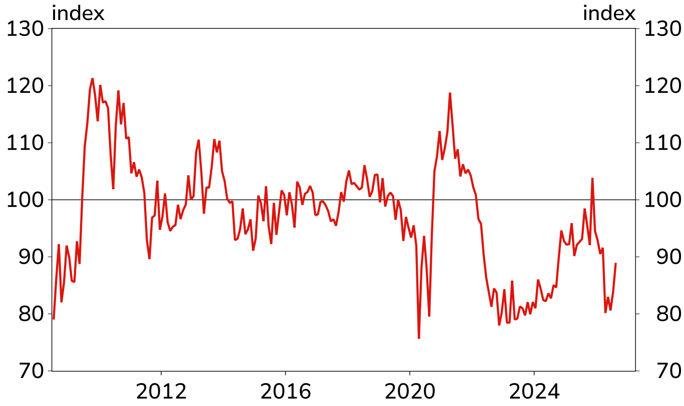
AUS: Sep Westpac-MI Consumer Sentiment (index)

Sep 8, Last: 88.9

Consumer sentiment rose 6% to 88.9 in Aug. While pessimism eased in the month, consumers remain deeply pessimistic overall, the mood weighed down by continued uncertainty about the path for inflation and interest rates and disruptions emanating from conflict in the Middle East.

Developments over the last month have tilted to the downside with: continued conflict between the US and Iran; local pump prices pushing back above $2/litre; a stronger than expected July CPI result raising fears of further interest rate increases; and a broadening and intensifying correction in housing markets.

Consumer Sentiment Index



Source: Melbourne Institute of Applied Economic & Social Research, Macrobond, Westpac Economics

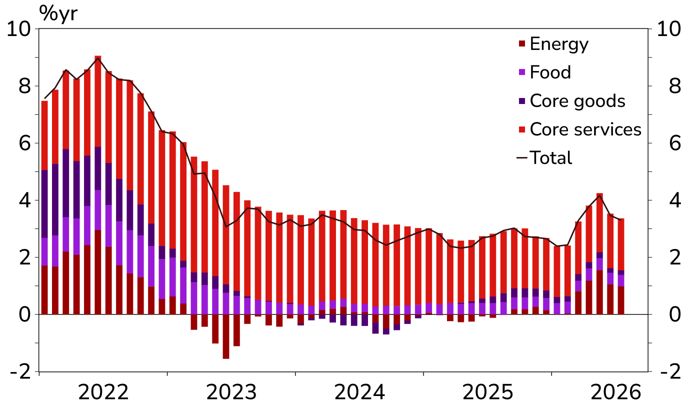
US: Aug CPI (%mth)

Sep 11, Last: 0.1
Mkt f/c: 0.4, Westpac f/c: 0.3

Chair Warsh's address to the Jackson Hole symposium focused attention on the divergence between annual headline inflation and the breadth of price pressures. His point was clear. Unless disinflation is seen consistently month-on-month, the FOMC will have to consider tightening policy further. Federal Reserve Governor Waller has since provided a very similar take.

In August, energy prices will bias the headline measure up again (0.3%). However, core inflation should remain moderate (0.2%); if realised, this will see the annual rate tick down to 2.4%yr, which is also likely to be the 6-month annualised pace. The detail will also be in focus. To calm the FOMC's nerves, a continuation of negligible core goods inflation and modest gains for core services ex-shelter is necessary.

Disinflation has to continue



Source: BLS, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 07							
Aus	Aug	ANZ-Indeed Job Ads	%mth	0.8	–	–	Job ads relatively stable, but slack is slowly building.
Chn	Aug	Foreign Reserves	US$bn	3418.8	3430.0	–	Level of reserves not a concern for authorities.
Eur	Sep	Sentix Investor Confidence	index	0.9	–	–	Investors are less concerned about Europe's outlook.
	Q2	GDP	%qtr	0.4	0.4	–	Final estimate.
US		Labor Day	–	–	–	–	Markets closed.
Tue 08							
Aus	Sep	Westpac-MI Consumer Sentiment	index	88.9	–	–	Consumers are less pessimistic with the RBA on hold.
	Aug	NAB Business Conditions	index	4	–	–	Pessimism persists as businesses face sluggish conditions.
		RBA Assist' Governor (Economic)	–	–	–	–	Hunter fireside chat at AFR Property Summit, 1:20pm AEST.
		RBA Deputy Governor	–	–	–	–	Hauser interview on ABC, 7:30pm AEST.
NZ	Q2	Business Financial Data	NZ$bn	–	–	–	Final inputs for June quarter GDP.
Jpn	Q2	GDP	%qtr	0.3	0.4	–	Final estimate.
	Jul	Current Account Balance	¥bn	–92.3	2820.8	–	Swing to deficit at EOFY as dividends paid to foreign investors.
Kor	Q2	GDP	%qtr	0.6	0.6	–	Growth momentum solid owing to strong exports.
Chn	Aug	Trade Balance	US$bn	112.50	119.70	–	Gains from trade are immense, but not flowing to households.
US	Aug	NFIB Small Business Optimism	index	99.8	99.2	–	Pessimism abating, but margin pressures still linger.
	Aug	NY Fed 1-Yr Inflation Expectations	%ann	3.63	–	–	Stabilising at an elevated but not-so-alarming level.
	Jul	Consumer Credit	$bn	14.2	11.3	–	Credit still flowing freely to consumers.
Wed 09							
Chn	Aug	PPI	%ann	3.5	3.7	–	Lift in producer prices are relatively contained ...
	Aug	CPI	%ann	0.5	0.9	–	... with no material pass-through to consumers.
	Aug	New YTD Loans	CNYbn	10380	10860	–	Stimulus is required to meet year-end targets ...
	Aug	M2 Money Supply	%ann	7.7	7.7	–	... note data is due 9-15 September.
Thur 10							
Aus	Sep	MI Inflation Expectations	%ann	4.9	–	–	Elevated as fuel excise relief rolls off.
Eur	Sep	ECB Policy Decision (Deposit Rate)	%	2.25	2.50	–	Another rate hike likely to ward off upside inflation risks.
US		Initial Jobless Claims	000s	206	205	–	Still at a relatively low level.
	Aug	PPI	%mth	0.0	0.4	–	Energy price shock fading, but not fully out of the woods yet.
	Aug	Existing Home Sales	%mth	–1.7	–1.6	–	Remains near its lows amid elevated mortgage rates.
	Jul	Wholesale Inventories	%mth	1.3	–	–	Final estimate.
Fri 11							
NZ	Aug	Manufacturing PMI	index	54.3	–	–	Manufacturing sector has been relatively resilient this year.
UK	Jul	Monthly GDP	%mth	0.3	–	–	Growth likely to moderate as inflation, interest rates impact.
US	Aug	CPI	%mth	0.1	0.4	0.3	Underlying inflation points to downside risks to policy.
	Sep	Uni. Of Michigan Sentiment	index	51.7	51.0	–	Consumers are still deeply pessimistic.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (4 Sep)	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28	Sep–28	Dec–28
Cash	4.35	4.35	4.35	4.35	4.35	4.10	3.85	3.60	3.60	3.60	3.60
90 Day BBSW	4.59	4.46	4.46	4.46	4.26	4.01	3.76	3.61	3.71	3.70	3.70
3 Year Swap	4.74	4.50	4.45	4.40	4.30	4.20	4.10	4.05	4.00	3.95	3.90
3 Year Bond	4.75	4.50	4.45	4.40	4.30	4.20	4.10	4.05	4.00	3.95	3.90
10 Year Bond	5.17	4.95	4.85	4.75	4.65	4.65	4.65	4.65	4.65	4.65	4.65
10 Year Spread to US (bps)	41	30	25	20	10	5	0	–5	–10	–15	–20
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	4.76	4.65	4.60	4.55	4.55	4.60	4.65	4.70	4.75	4.80	4.85
New Zealand											
Cash	2.75	2.75	3.00	3.50	3.75	4.00	4.00	4.00	4.00	3.75	3.75
90 Day Bill	3.06	3.00	3.40	3.75	4.00	4.20	4.20	4.20	4.15	3.95	3.95
2 Year Swap	3.73	3.70	3.95	4.10	4.25	4.20	4.20	4.15	4.15	4.10	4.10
10 Year Bond	4.79	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 (4 Sep)	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28	Sep–28	Dec–28
AUD/USD	0.7205	0.71	0.72	0.72	0.73	0.73	0.73	0.73	0.72	0.72	0.72
NZD/USD	0.5896	0.59	0.60	0.62	0.64	0.65	0.66	0.66	0.66	0.66	0.66
USD/JPY	156.12	162	160	160	158	156	154	152	150	148	146
EUR/USD	1.1628	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.21	1.21
GBP/USD	1.3543	1.35	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.40
USD/CNY	6.7121	6.75	6.70	6.60	6.50	6.45	6.40	6.35	6.35	6.30	6.30
AUD/NZD	1.2222	1.20	1.19	1.16	1.14	1.12	1.11	1.10	1.10	1.10	1.10

Australian economic forecasts*

	2026				2027				Calendar years			
% change	**Q1**	**Q2**	**Q3(f)**	**Q4(f)**	**Q1(f)**	**Q2(f)**	**Q3(f)**	**Q4(f)**	**2025**	**2026(f)**	**2027(f)**	**2028(f)**
GDP %qtr	0.3	0.4	0.2	0.3	0.4	0.4	0.4	0.4	–	–	–	–
%yr end	2.5	2.1	1.8	1.2	1.3	1.3	1.5	1.6	2.6	1.2	1.6	2.6
Unemployment rate %	4.2	4.4	4.6	4.8	4.9	4.9	4.8	4.8	4.3	4.8	4.8	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	0.6	1.1	0.8	0.6	0.6	0.8	0.5	–	–	–	–
%yr end	4.1	3.9	3.7	3.9	3.1	3.2	2.9	2.6	3.6	3.9	2.6	2.4
Trimmed Mean CPI %qtr	0.8	0.8	0.8	0.8	0.8	0.7	0.6	0.6	–	–	–	–
%yr end	3.5	3.6	3.5	3.3	3.2	3.1	2.9	2.7	3.3	3.3	2.7	2.4

**** Forecasts are under review. Full forecast update will be released with our Market Outlook publication on September 11.***

New Zealand economic forecasts

	2026				2027				Calendar years			
% Change	**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 %	5.4	5.6	5.5	5.4	5.3	5.2	5.1	4.9	5.4	5.4	4.9	4.4
CPI %qtr	0.9	1.5	0.7	0.4	0.5	0.2	0.7	0.4	–	–	–	–
Annual change	3.1	4.1	3.7	3.5	3.1	1.8	1.9	1.9	3.1	3.5	1.9	2.0

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