Week beginning 14 September 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: Forecast update: firmer growth, higher cash rate.

The Week That Was: Frayed nerves unsettle expectations.

Focus on New Zealand: Economy shows resilience, but new risks looming.

For the week ahead:

Australia: Westpac-MI Leading Index, RBA's top brass appear before House of Representatives.

New Zealand: Q2 GDP, current account, selected price indices, consumer confidence, card spending.

Japan: BoJ policy decision, CPI.

China: retail sales, industrial production, fixed asset investment.

Euro Area: industrial production, trade balance.

United Kingdom: BoE policy decision, CPI, unemployment rate, retail sales, consumer sentiment.

United States: FOMC policy decision, retail sales, industrial production, import prices.

Information contained in this report current as at 11 September 2026.

Forecast update: firmer growth, higher cash rate

Luci Ellis
Chief Economist, Westpac Group

Forecast changes

- **A full update to our forecasts has been published in our September Market Outlook.**

The likelihood of an additional rate hike has risen enough to make a November hike (+25bp to 4.6%) the base case again. When we last changed our view on RBA policy, we emphasised that risks of further hikes should not be ruled out. We also said that it was prudent to continue pricing in some chance of a November hike. But with the data having consistently broken to the soft side in the lead-up to the August meeting, and pass-through from fuel to non-fuel prices easing, that probability dropped below 50% for a time. The data flow and narrative have since changed direction and shifted that probability higher again.

The main reasons for the shift are the growing evidence of a more resilient household sector, and a larger-than-expected impetus from the spillovers from the data centre boom. National accounts and internal data have pointed to stronger household incomes in Q2 and onwards, which means spending will be more resilient over the near term even with sentiment stuck at historically weak levels. Although the housing market is looking weaker than our previously published forecasts, its impact on consumer spending is more than offset by the wider boost coming from a globally-driven surge in tech-related spending. An unprecedented pipeline of investment in data centres and associated renewable electricity generation and distribution is expected to drive business investment and so GDP growth – but also limit the pace of disinflation.

Tactically, we believe RBA leadership would strongly favour a November hike over September. Overreacting to a noisy monthly print is something they have previously said they would not do. That said, if the internal members felt the situation was more urgent and wanted to get the hike done in September, we believe they could muster a majority of Monetary Policy Board (MPB) votes in favour. Either way, the September decision may see a split vote, with some members coming into the meeting with different views about supply capacity and the state of the labour market. On balance, we do not think a September hike this is the most likely outcome and expect the MPB to prefer to wait for the full quarterly inflation data and revised forecasts to confirm the need for a rate increase. Clearly the probability of the September scenario is not zero, however. We will therefore be watching today's RBA communication closely for signs that the leadership is anxious to move.

Domestic demand growth forecasts have been upgraded, and (to a lesser extent) so are our GDP forecasts. Data centre and renewables investment are highly import-intensive. In addition, much of the upside surprise on household spending has been showing up in (imported) EVs and overseas travel. Much of the upgrade to domestic demand growth is therefore matched by higher imports, with a smaller net impact on GDP growth. There are enough spillovers to domestic activity, though, for us to upgrade the expected trough in GDP growth to around 1.5%yr over 2026, compared with the 1.0%yr we had anticipated prior to the June quarter National Accounts. This is still below the RBA's downbeat view of trend growth – and further below our own – implying spare capacity will emerge over time.

More broadly, we have been revisiting the forecasts and overarching narratives behind those forecasts ahead of our September Market Outlook, to be published on Friday. **Growth is stronger and housing prices are weaker. The tech sector is adding new cost pressures not evident previously. But while Q3 inflation is looking to be stronger than Q2 (and Q4), the higher cash rate profile means that the inflation outlook for 2027 and 2028 is little changed from before.** The underlying story is one of a global technology and investment boom driving stronger business investment in Australia, supported by healthy business balance sheets. The handover from strong public demand growth has happened, and supply capacity is rising, as infrastructure projects complete and in line with the shorter lead times on data centre production.

We have not changed our assessment of the timing or number of cuts to the cash rate, pencilling in three 25bp cuts starting August 2027. This leaves the whole path for the cash rate 25bps higher than our earlier expectations, consistent with the emerging impetus from business investment. We do not have strong conviction about the exact timing of the unwind of restrictive monetary policy, but we expect the RBA to take a cautious approach given last year's experience and the Bank's downbeat starting assessments of capacity, labour supply and productivity growth. Trimmed mean inflation ends 2028 somewhat below the midpoint of the RBA's 2–3% target range, and there are scenarios where inflation undershoots the target entirely in late 2028 or 2029.

The table below shows the high-level forecasts motivating our change in rates view. Further detail has been published in *Market Outlook* today.

Forecasts in percent	Dec 2026	Dec 2027	Dec 2028
GDP growth (%yr)	1.5	1.7	2.5
Trimmed mean inflation (%yr)	3.3	2.7	2.3
Unemployment rate	4.7	4.7	4.5
RBA cash rate	4.6	4.1	3.85
Dwelling price growth	–6	3	8

Cliff Notes: frayed nerves unsettle expectations

Elliot Clarke, Head of International Economics
Ryan Wells, Economist

After reviewing last week's National Accounts, we revised our RBA call, reinstating a 25bp November rate hike. Domestic demand is proving more resilient than we had anticipated, buoyed by stronger household incomes and a large pipeline of data centre and renewable energy investment, limiting the pace of disinflation.

Markets are pricing in a circa 80% chance of a September rate hike, but we believe the Board will prefer to wait for confirmation from the full quarterly inflation data and its revised forecasts. Our own forecast updates will be published in our September Market Outlook later today on Westpac IQ.

This week's sentiment surveys also served as a reminder that downside risks to growth are still present in Australia.

Westpac-MI Consumer Sentiment buckled in September, the 5.2% decline to 84.4 unwinding much of August's gain and leaving sentiment near the pessimistic lows of early-2026.

Cost-of-living pressures clearly remain front of mind, highlighted by the 9.2% drop in 'family finances vs a year ago'. The recent rebound in fuel prices, renewed concerns about inflation's persistence and anxiety over the need for additional monetary tightening all weighed heavily in the month. These concerns, alongside the downbeat assessment on housing markets, also produced a more pessimistic reading on broader economic conditions, with both the one-year and five-year ahead measures down 4.0% and 4.5% in the month.

Businesses are hardly brimming with optimism either, the August NAB business survey reporting that business confidence slipped further into negative territory to –8 in August. Conditions also fell 5pts to –1, the weakest reading since the pandemic.

Weaker profitability was the chief culprit behind the decline, slumping to its lowest level in years as firms grapple with softer demand, higher interest rates and elevated input costs. Indeed, gauges of purchase costs and labour cost growth continue to run at above-average levels, and trading conditions have weakened to cycle lows. As for the consumer, downside risks persist for business.

Offshore, the flow of data was light ahead of last night's ECB meeting and tonight's US CPI update.

Data for the Euro Area was constructive early in the week, GDP growth revised up from 0.4% to 0.6% in the third estimate for Q2, taking the annual rate up to 1.2%yr. In the quarter, household consumption showed strength, up 0.4%, and government expenditure lifted 0.2%. Business investment was a partial offset, edging down 0.1%. Employment also continued to edge up in Q2, maintaining full employment and indicating marginal labour supply is available to meet demand.

The US PPI subsequently met expectations in August, growth accelerating from a revised 0.1% (prev 0.0%) in July to 0.4%. Excluding food and energy, growth was a touch weaker than expected at 0.2%, offset by a 0.1ppt upward revision to July to 0.3%. Annual PPI inflation accelerated to 5.4%, or 4.6% excluding food and energy.

Coming after last Friday's above expectations August nonfarm payroll release, in which 162k new positions were reported along with 55k in back revisions to June and July, and given the latest surge in the price of oil, the August PPI result further solidified the market's concerns over inflation risks, the US 10-year ranging up to just below 5.0% as a result. At the short end, participants are now debating whether to price in a fourth hike by the FOMC over the coming year, with three 25bp increases fully priced by April.

As expected, and unsurprisingly given the above data and market developments, the ECB then delivered a 25bp hike at their September meeting. The risks were characterised as skewed towards prices, with inflation "to remain well above target for an extended period" primarily as a result of the effect on energy prices of the Middle East conflict and the Russia / Ukraine war.

The "new ECB staff projections sees headline inflation averaging 3.0% in 2026, 2.5% in 2027 and 2.1% in 2028". "For inflation excluding energy and food, the baseline foresees 2.5% in 2026, 2.6% in 2027 and 2.3% in 2028." These forecasts are unchanged for 2026, but higher in 2027 and 2028 than in June. Despite the persistence in inflation and need for tighter policy, the ECB remains constructive on the growth outlook. "The baseline projection for economic growth is 0.9% for 2026, 1.4% for 2027 and 1.5% for 2028. This is an upward revision for both 2026 and 2027, mainly reflecting the greater than expected resilience of the euro area economy."

The Governing Council is acutely aware of the uncertainty and risks ahead, and are committed to determining policy meeting by meeting. From their guidance, it is clear the Council are comfortable with their current position and capacity to adjust policy in real time to meet their medium-term mandate.

Economy shows resilience, but new risks looming

Michael Gordon
Senior Economist

The most recent data continues to show that the New Zealand economy has held its ground, better than we dared to hope in the early stages of the Middle East oil shock. We're expecting a modest rise in next Thursday's June quarter GDP figures, but seasonal distortions mean that this will likely understate the true pace of growth. We're far from out of the woods though, with looming risks from a resurgence in oil prices, the impending election, and the prospect of an El Niño summer.

We're now expecting a 0.2% rise in GDP for the June quarter. That's an upgrade from our previous forecast of a 0.1% decline, reflecting the final sectoral indicators that were released over the last week. This would see the annual growth rate accelerate from 1.5% to 2.4%, due to an unusually weak June quarter last year (-0.7%) dropping out of the calculation.

As we've noted in the past, the calculation of GDP leads to seasonal distortions, which currently have a negative impact on June quarter growth rates. We estimate that this will subtract around 0.3ppts from growth this time, implying a healthier-looking underlying rate of 0.5% for the quarter. This would follow a 0.8% rise in the March quarter that was itself probably overstated to the tune of 0.3ppts. In other words, the true picture is probably one of sustained modest growth rather than a slowdown.

Our forecast is higher than the flat outturn that the RBNZ expected in its September *Monetary Policy Statement* (which didn't have the benefit of the most recent sectoral data). A stronger than expected GDP result could certainly assuage some of the committee members' concerns about downside risks to growth, but on balance we suspect they will be looking more to the evidence on inflation (such as the NZIER business survey on the 6th of October and the CPI on the 22nd), and emerging evidence of economic momentum through the September quarter and beyond, to determine their next move.

Since the *Monetary Policy Statement*, committee members have been giving several media interviews and reproducing their comments on the RBNZ website – part of a welcome push this year towards greater transparency. This week featured interviews by Prasanna Gai, who has been a hawkish-leaning and seemingly quite influential member since the Middle East conflict began. On this occasion, Gai's views came across as a little more balanced, which contributed to the outperformance of New Zealand interest rates early in the week.

While Gai acknowledged that he had voted for a pre-emptive OCR increase in May, he stressed that this view had always been conditional on inflation expectations and firms' pricing behaviour. Given that these indicators have remained relatively contained, he said he now viewed the decision to leave the OCR unchanged in May as appropriate. Perhaps more surprisingly, Gai said he did not hold a strong view on whether the OCR would ultimately need to move into restrictive territory.

Gai also provided insight into his thinking on the neutral OCR. He argued that the neutral rate is inherently uncertain and should be viewed as a range rather than a precise estimate. While geopolitical tensions, infrastructure rebuilding, defence spending and other global investment demands could place upward pressure on the neutral interest rate, he stressed that the magnitude of any such shift is highly uncertain. For now, he said he was comfortable with the RBNZ's current estimate of neutral and added that it was plausible that the OCR is already operating within the neutral zone.

Overall, the interview suggested Gai remains alert to inflation risks but that he is not advocating an aggressive tightening path, instead placing significant weight on incoming evidence and the evolving balance between inflation and growth risks. On that score, rather than focusing on near-term inflation outcomes, Gai emphasised the importance of forward-looking indicators such as inflation expectations and survey evidence on firms' pricing intentions.

Cruel summer

A strong El Niño pattern has been developing in the Pacific Ocean and is tracking to be one of the largest on record – we've seen references to a "Godzilla" event as far back as May. El Niño typically means a high risk of hot, dry conditions across our eastern regions and the upper North Island, which includes some of our key farming regions.

We've released a report this week looking at the potential impacts of a drought this summer: where the effects may fall, the potential mitigants, and the macro implications. Past severe droughts have subtracted as much as one percentage point from GDP growth, though we'd emphasise that this represents an upper bound rather than a forecast this time around. Every event plays out differently, and the farming sector has evolved towards more resilience in the almost 30 years since the last El Niño-led drought. Nevertheless, this gives us an idea of how far we might need to adjust our forecasts for 2027 as things develop.

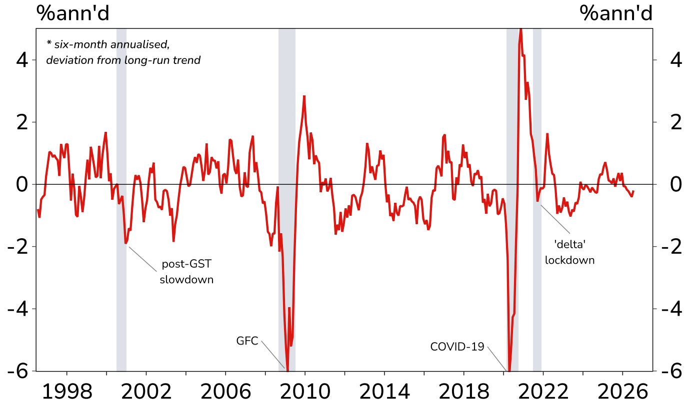
AUS: Aug Westpac-MI Leading Index (%ann'd)

Sep 16, Last: –0.2

The Leading Index growth rate lifted to –0.2% in July from –0.4% in June. Momentum has improved a touch since mid-year but remains marginally below 'trend' suggesting growth is soft, but not particularly weak.

The August read will include another mixed batch of component updates. Sentiment-based measures have softened again, with dwelling approvals also declining in the latest month. However, financial market components have tended the other way, equity markets a touch firmer in the month, commodity prices about flat and the yield spread widening slightly (noting that the August update will not capture more recent shifts in equity, commodity and interest rate markets).

Westpac-MI Leading Index



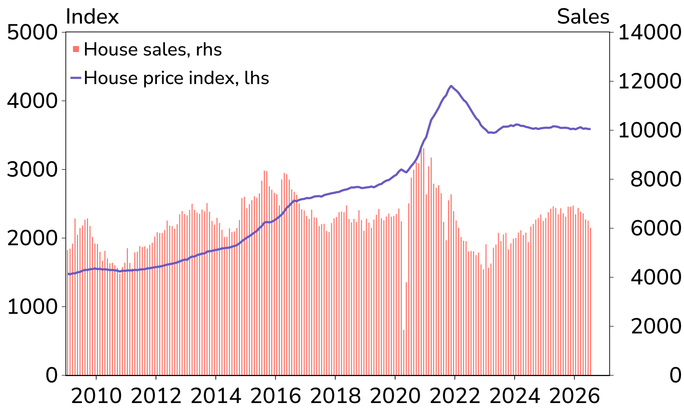
Source: Westpac-MI, Macrobond

NZ: Aug REINZ House Sales and Prices (%yr)

Sep 15, Sales Last: –10.0, Prices Last: –0.4

The housing market remained soft in July, with sales falling to their lowest level in two years and prices remaining broadly flat. Conditions remain stronger in the south, with prices up on last year in Canterbury, Otago and Southland, while Auckland and Wellington remain the weakest markets. Fixed-term mortgage rates rose further in August in anticipation of RBNZ tightening, and a growing supply of unsold homes on the market means that buyers are under no pressure to bid prices higher.

REINZ house sales and prices



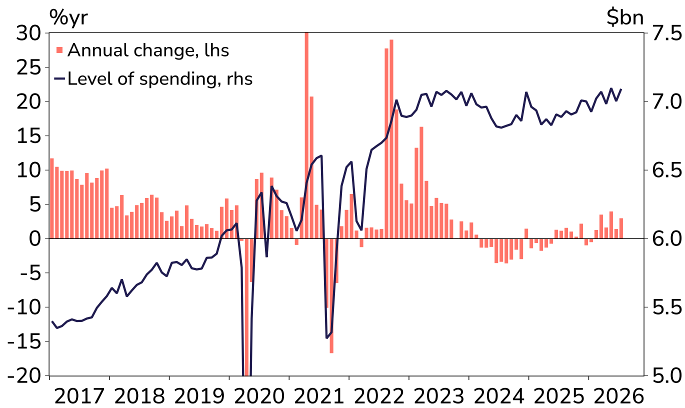
Source: REINZ, Macrobond, Westpac Economics

NZ: Aug Retail Card Spending (%mth)

Sep 15, Last: 1.3, Westpac f/c: –0.2

Retail spending rose 1.3% in July. That was in part due to large increases in discretionary spending categories, including household durables (e.g. household furnishings). Spending in such areas can be lumpy on a month-to-month basis, and a reversal is likely this month. As a result, we're forecasting a small fall in spending in August. Adding to the downward pressures has been the continued high level of fuel prices, which pushed higher over the month. Retail spending has been very volatile in the wake of the fuel price shock. Stepping back and looking at the longer-term trend, spending growth has been relatively modest in recent months.

NZ retail card spending



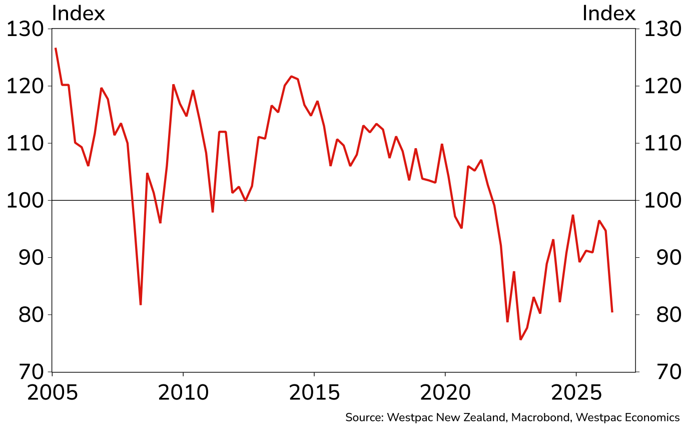
Source: Stats NZ, Macrobond, Westpac Economics

NZ: Q3 Westpac-McDermott Miller Consumer Confidence (index)

Sep 16, Last: 80.4

Our latest consumer confidence survey was in the field in the first two weeks of September. In the previous survey, consumer confidence fell sharply as the impacts from the war in the Middle East rippled across the global economy through to wallets here in New Zealand. Since that time, fuel prices have dropped back, but they remain high. We've also had the RBNZ starting to lift the Official Cash Rate. At the same time, we seen continued strength in commodity export prices, which is helping to boost incomes in many regions.

NZ consumer confidence

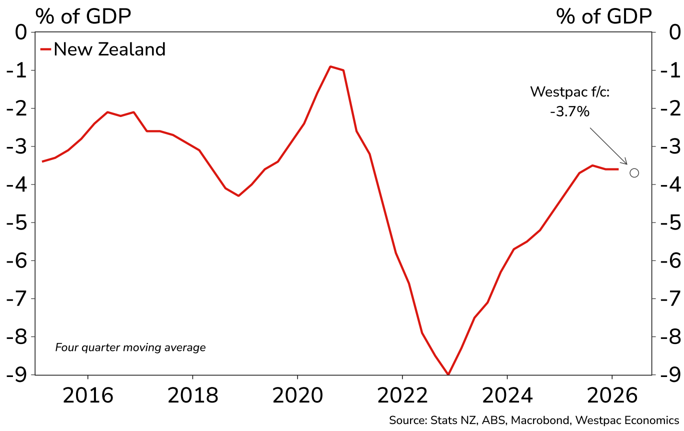


NZ: Q2 Current Account Balance (% of GDP)

Sep 16, Last: –3.6, Westpac f/c: –3.7, Market f/c: –3.9

As usual, the release of the June quarter Balance of Payments will see Stats NZ incorporate revisions based on annual benchmarks. Revisions to goods and services trade data, already released earlier this month, point to a slightly smaller current account deficit in the year to March. However, this impact could be offset or amplified by yet to be published revisions to investment income flows. On the assumption that the latter revisions are small, we expect the annual current account deficit will widen in the June quarter to 3.7% of GDP, with higher energy prices contributing to strong growth in imports.

Current account balance

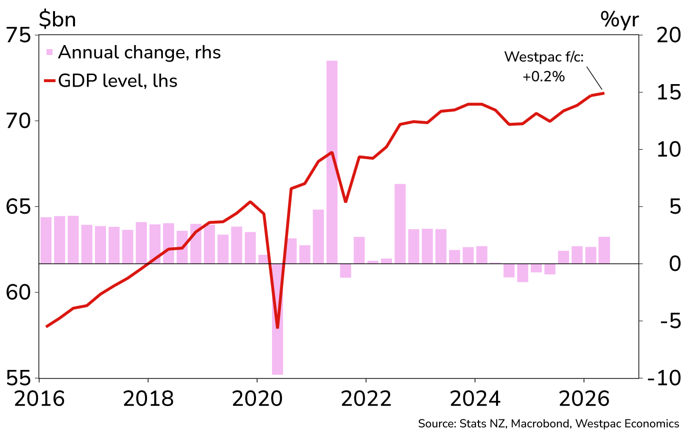


NZ: Q2 GDP (%qtr)

Sep 17, Last: 0.8, Westpac f/c: 0.2, Market f/c: 0.1

We expect a 0.2% rise in GDP for the June quarter. That's an improvement on our earlier forecasts of a small decline, with the New Zealand economy weathering the Middle East oil shock better than we hoped. Retail spending, and particularly hospitality, was the most visible casualty of the conflict, as higher fuel prices squeezed household budgets. But other sectors such as construction, wholesaling and agriculture continued to benefit from the growth-supportive factors that were already in place: the low level of interest rates and strong demand for our key exports.

NZ quarterly GDP

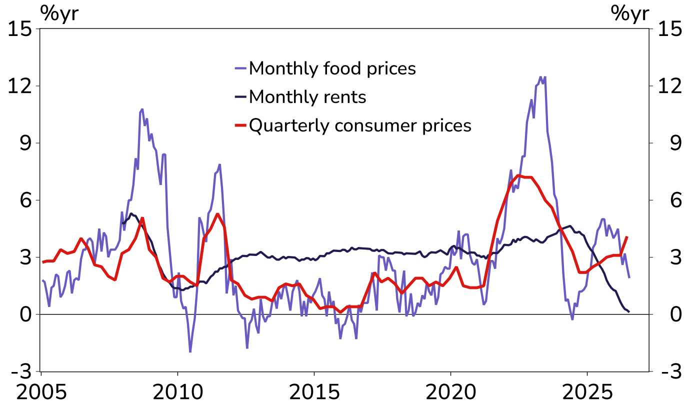


NZ: Aug Selected Consumer Prices (%mth)

Sep 18

Stats NZ's monthly prices update is expected to leave us with a picture of annual headline inflation tracking in the high-3's through the second half of the year, with core inflation at firm levels. Looking at some of the big groups, we expect a 2% rise in petrol prices and a 0.4% rise in food prices. On the downside, further softness in housing rents is likely. A key area to watch will be the volatile travel categories. Last month saw large increases in the cost of services like airfares. While those increases are likely seasonal, given elevated fuel costs those prices could remain high for some time. That would reinforce a firm picture for underlying inflation.

NZ selected consumer prices



Source: Stats NZ, Macrobond, Westpac Economics

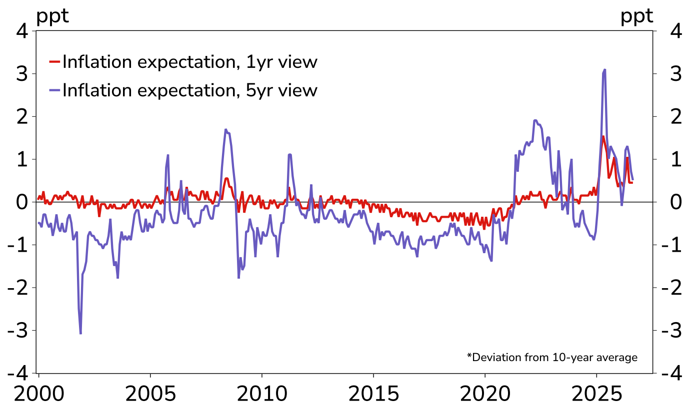
US: FOMC Policy Decision (%)

Sep 16-17, Last: 3.625, Westpac f/c: 3.875
Market f/c: 3.625, Range: 3.625 to 3.875

Recent developments in the US and Middle East require an urgent reset of expectations across markets. Fears over inflation need to be quelled, both for the short and long-term. And the Committee needs to be seen to react to the market's concerns and give clear guidance on their approach into 2027.

As such, while we believe the underlying inflation detail is supportive of the return of headline inflation to 2.0%yr in the medium-term, we expect the FOMC to raise the fed funds rate by 25bps in September and to follow up with another 25bp hike in Q4. On hold policy through 2027 is then expected to allow disinflation to progress, justifying two cuts in 2028. Downside risks remain for activity, but uncertainty over inflation is the dominant concern.

Expectations must be managed



Source: University of Michigan, Macrobond, Westpac Economics

What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 14							
Aus		RBA Assist' Governor (Economic)	–	–	–	–	Hunter fireside chat at 12:30pm AEST.
NZ	Aug	Performance Services Index	index	50.6	–	–	Improving in recent months, but still a relatively soft sector.
	Jul	Net Migration	no.	1610	–	–	Balance has turned more positive as NZer departures slow.
Tue 15							
NZ	Aug	REINZ House Prices	%yr	–0.4	–	–	Buyer enthusiasm dampened by rising mortgage rates ...
	Aug	REINZ House Sales	%yr	–10.0	–	–	... and an ample supply of homes on the market.
	Aug	Retail Card Spending	%mth	1.3	–	–0.2	Modest reversal of last month's large gain.
Chn	Aug	Retail Sales	ytd %yr	1.2	–	–	Consumers lack confidence and are incredibly cautious ...
	Aug	Industrial Production	ytd %yr	5.3	–	–	... manufacturing output has proved more resilient, but ...
	Aug	Fixed Asset Investment	ytd %yr	–6.7	–7.1	–	... it is yet to translate to a sustained uptrend for investment.
Eur	Sep	ZEW Survey Of Expectations	index	31.4	–	–	Consistent with an imminent rebound; will official data follow?
	Jul	Trade Balance	€bn	1.8	–	–	Back into surplus after tariff-related disruption.
UK	Jul	ILO Unemployment Rate	%	4.9	5.0	–	Spare capacity in labour market a disinflationary force.
US	Sep	Fed Empire State Manufacturing	index	20.6	14.1	–	Business conditions have improved over the past year.
Wed 16							
Aus	Aug	Westpac–MI Leading Index	%ann'd	–0.2	–	–	Growth momentum is a little less sluggish.
NZ	Q3	Westpac-MM Consumer Confidence	index	80.4	–	–	Surveyed in the first two weeks of September.
	Q2	Current Account Balance	% of GDP	–3.6	–3.9	–3.7	Annual revisions add uncertainty, but Q2 to be wider than Q1.
Jpn	Jul	Core Machinery Orders	%mth	9.7	–5.1	–	An incredibly volatile gauge of investment, especially recently.
Eur	Jul	Industrial Production	%mth	0.0	–0.9	–	Temporary shutdown of German car manufacturing will weigh.
UK	Aug	CPI	%ann	2.9	3.0	–	Energy bills jump, but core inflation otherwise stable.
US	Aug	Import Price Index	%mth	–0.4	–	–	Consumers paying the price for circa 6% import inflation.
	Aug	Retail Sales	%mth	–0.6	0.9	–	July's fall may unwind following mid-year sales distortions.
	Sep	NAHB Housing Market	index	35	34	–	Housing sentiment remains near all-time lows.
		FOMC Policy Decision	%	3.625	3.625	3.875	Urgent reset of market expectations is necessary.
Thu 17							
NZ	Q2	GDP	%qtr	0.8	0.1	0.2	Underlying pace of growth steady despite the Iran conflict.
Eur	Aug	CPI	%ann	3.3	–	–	Final estimate to provide more colour on component mix.
UK	Sep	BoE Policy Decision	%	3.75	3.75	3.75	Policy is well above neutral, sufficient to curb inflation risks.
US	Sep	Phily Fed Manufacturing	index	47.4	28.6	–	August delivered the strongest reading since 2021.
		Initial Jobless Claims	000s	206	–	–	Continue to signal limited labour market stress.
	Aug	Housing Starts	%mth	–12.4	6.9	–	Housing starts remains volatile ...
	Aug	Building Permits	%mth	4.3	–0.9	–	... while permits point to steadier activity ...
	Aug	Pending Home Sales	%mth	–2.3	–	–	... with affordability pressures weighing on demand.
Fri 18							
Aus		RBA Testimony	–	–	–	–	RBA's top brass appears before House of Reps, 9:30am AEST.
NZ	Aug	Selected Price Indices - Food	%mth	0.1	–	0.4	Increases in meat and grocery prices.
	Aug	Selected Price Indices - Rents	%mth	–0.1	–	0.0	Ample supply continues to weigh on rents.
	Aug	Trade Balance	$mn	–1949	–	–2410	Another large deficit, seasonal export lull, fuel boosts imports.
Jpn	Aug	CPI	%ann	1.9	2.0	–	Inflation has re-accelerated in recent months ...
	Sep	BoJ Policy Decision	%	1.00	1.25	1.25	... strengthening the case for further BoJ tightening.
UK	Sep	GfK Consumer Sentiment	index	–14	–	–	Confidence has recovered to a two-year high ...
	Aug	Retail Sales	%mth	–0.5	–	–	... but growth still appears to be running below trend.
US	Aug	Industrial Production	%mth	0.2	0.3	–	Output growth has remained positive.
	Aug	Leading Index	pts	0.2	0.2	–	Points to modest growth in coming months.

Economic & financial forecasts

Interest rate forecasts

Australia	Latest (11 Sep)	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28	Sep–28	Dec–28
Cash	4.35	4.60	4.60	4.60	4.35	4.10	3.85	3.85	3.85	3.85
90 Day BBSW	4.67	4.70	4.70	4.55	4.30	4.05	3.85	3.95	3.95	3.95
3 Year Swap	5.01	4.65	4.60	4.50	4.40	4.30	4.25	4.20	4.15	4.10
3 Year Bond	5.03	4.65	4.60	4.50	4.40	4.30	4.25	4.20	4.15	4.10
10 Year Bond	5.38	5.20	5.10	5.00	4.90	4.85	4.80	4.80	4.80	4.80
10 Year Spread to US (bps)	42	40	35	30	25	15	5	0	–5	–10
United States										
Fed Funds	3.625	4.125	4.125	4.125	4.125	4.125	3.875	3.625	3.625	3.625
US 10 Year Bond	4.96	4.80	4.75	4.70	4.65	4.70	4.75	4.80	4.85	4.90
New Zealand										
Cash	2.75	3.00	3.50	3.75	4.00	4.00	4.00	4.00	3.75	3.75
90 Day Bill	3.09	3.40	3.75	4.00	4.20	4.20	4.20	4.15	3.95	3.95
2 Year Swap	4.05	3.95	4.10	4.25	4.20	4.20	4.15	4.15	4.10	4.10
10 Year Bond	5.02	4.75	4.90	5.00	5.05	5.05	5.05	5.05	5.05	5.05
10 Year Spread to US (bps)	6	–5	15	30	40	35	30	25	20	15

Exchange rate forecasts

	Latest (11 Sep)	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
AUD/USD	0.7162	0.72	0.72	0.73	0.73	0.73	0.73	0.72	0.72	0.72
NZD/USD	0.5816	0.59	0.61	0.63	0.64	0.65	0.65	0.65	0.65	0.65
USD/JPY	154.32	155	154	153	152	151	150	149	148	146
EUR/USD	1.1615	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.21	1.21
GBP/USD	1.3513	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.40
USD/CNY	6.7114	6.70	6.60	6.50	6.45	6.40	6.35	6.35	6.30	6.30
AUD/NZD	1.2314	1.22	1.19	1.16	1.14	1.12	1.12	1.11	1.11	1.11

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	0.5	0.4	0.4	0.4	0.5	0.5	–	–	–	–
%yr end	2.5	2.1	2.1	1.5	1.7	1.6	1.6	1.7	2.6	1.5	1.7	2.5
Unemployment rate %	4.2	4.4	4.5	4.7	4.7	4.8	4.8	4.7	4.3	4.7	4.7	4.5
Wages (WPI) (sa) %qtr	0.8	0.8	1.0	0.8	0.8	0.8	0.8	0.8	–	–	–	–
%yr end	3.2	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	1.3	0.5	0.7	0.6	0.7	0.4	–	–	–	–
%yr end	4.1	3.9	3.9	3.7	3.0	3.0	2.5	2.4	3.6	3.7	2.4	2.3
Trimmed Mean CPI %qtr	0.8	0.8	0.9	0.7	0.8	0.7	0.6	0.6	–	–	–	–
%yr end	3.5	3.6	3.5	3.3	3.2	3.1	2.8	2.7	3.3	3.3	2.7	2.3

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	0.2	0.6	0.8	1.1	0.5	0.6	0.7	–	–	–	–
Annual avg change	0.8	1.6	1.9	2.1	2.3	2.4	2.6	2.7	0.3	2.1	2.7	3.1
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	0.6	0.4	0.4	0.6	0.3	–	–	–	–
Annual change	3.1	4.1	3.7	3.7	3.2	2.1	2.0	1.7	3.1	3.7	1.7	2.1

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