Week beginning 28 September 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: When your assumptions have only upside risk.

The Week That Was: The importance of supply.

Focus on New Zealand: Along for the ride.

For the week ahead:

Australia: RBA policy decision, CPI, private sector credit, Cotality home value index, household spending indicator, Q3 job vacancies, trade balance, dwelling approvals, RBA financial stability review.

New Zealand: Building permits, business confidence, consumer confidence.

Japan: CPI, jobless rate, industrial production, Tankan large manufacturers index.

China: NBS PMIs, RatingDog PMIs, industrial profits.

Euro Area: CPI, unemployment rate, economic confidence.

United States: nonfarm payrolls, unemployment rate, personal income and spending, PCE deflator.

Global: S&P Global Manufacturing PMIs.

Information contained in this report current as at 25 September 2026.

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When your assumptions have only upside risk

Luci Ellis
Chief Economist, Westpac Group

- **Any forecast rests on assumptions. Each might be individually reasonable, but if they all tilt in the same direction, they look less plausible in combination.**
- **Different assumptions can also drive different conclusions, as can be seen in Treasury and RBA views on trend growth in supply capacity. Treasury's long-term view on both productivity growth and labour force participation trends is systematically less downbeat than the RBA's (shorter-term) view. Treasury's estimate of the stable-inflation rate of unemployment is also lower than the RBA's estimate.**
- **We consider the risks around the RBA's view to be asymmetric. The RBA's assumptions implicitly require a repeat of the factors that dragged recent productivity outcomes down, despite strong global investment, policy changes domestically and the possible benefits of AI. Some observers appear to extrapolate this weakness beyond the RBA's forecast horizon. But this would be hard to square with the reasonable belief that the global interest rate structure will be higher in future than it was pre-pandemic. A systematic tilt, even if unintentional and understandable, may point to the likely direction of future surprises.**

Any forecast rests on assumptions, and the further out you forecast, the harder it is to ground those assumptions in something real. Add the uncertainty about AI, where predictions range from "unbounded prosperity without needing to work" to "we will all be dead in a couple of years", and you can see why assuming the future looks like the past is an attractive fall-back position.

How much of the past, though? This is the context for the debate about the Intergenerational Review (IGR) released this week. In one corner, Treasury assumes that future productivity growth will average 1.2%yr over the next 40 years, in line with the 30-year average, and that labour force participation will continue to trend up, as it has for the past five decades, until 2040. In the other corner, the RBA assumes that productivity growth will average 0.7%yr, in line with the past 20 years – essentially the post-GFC and pandemic period – and that participation rates will be flat to down in the near term.

Both productivity assumptions have limitations: round-number-of-year averages might be distorted by capturing a downturn without the matching upturn, or vice versa. Peak-to-peak or trough-to-trough is always preferable. Even that calculation cannot escape the weakness of recent years, though.

To be fair, the RBA's productivity assumptions relate only to the short term and are not strictly comparable to the IGR, as the Governor has emphasised this week. By contrast, the near-term divergence in forecasts for the participation rate, which my colleague Ryan Wells first highlighted in May, is a genuine divergence.

The RBA's more downbeat set of assumptions could be unwittingly contributing to a self-fulfilling talking-down of Australia's prospects that clearly appeals to some commentators outside the public sector. Many in this group view productivity growth as stemming wholly or mostly from policy "reforms", harking back to the halcyon Hawke–Keating era of deregulation. Proponents point to the lack of reform recently to justify this downbeat view of growth capacity. We think this misses the global nature of that slowdown.

> **"RBA assumptions collectively imply a downbeat view of supply growth."**

Part of the trouble with the downbeat view of future productivity is that it implicitly assumes that the factors weighing on productivity growth in the past will continue. But there are good reasons not to expect the same post-GFC weakness in risk appetite, and so investment and capital accumulation, decades later and absent another crisis. The AI boom and associated resurgence of risk appetite make it hard to argue that we will see the same lack of new productivity-enhancing technologies and general malaise as that period.

For Australia specifically, assuming the same low average productivity growth as the past 20 years would require assuming a compositional drag similar to a repeat of the run-up of the care economy and decline in measured mining production over the past 15 years. To be fair, decarbonisation does imply further declines in (capital-intensive, high-productivity) coal production, dragging mining productivity down further. It would be a stretch, though, to assume expansion in critical and transition minerals provides no offset.

We can grant that AI's impact on productivity will take a while to come through and still expect some boost in coming years – at least by the end of the RBA's forecast horizon in 2028. Indeed, some observers already see an AI-induced boost to service-sector activity in the recent upside surprise in UK GDP. Some productivity pessimists might want to argue that the

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rest of the world will benefit from the AI boom, but somehow not Australia, or not until later. Such an extraordinary claim requires a mechanism explaining that divergence, though.

The Productivity Commission estimated back in December that AI could boost multifactor productivity by 2.3%pt over the course of the next decade, or roughly a quarter-point per year extra growth on average – a big difference in the scheme of usual growth rates in output and productivity. Labour productivity growth would be boosted a little more; the data centre boom is expanding the capital stock. But an estimate published in December is unlikely to adequately capture the step change in capability of the main models, especially the coding and agentic harnesses, that emerged over the summer of 2025/26. Given what we understand to be limited adoption of AI in the Australian public sector, policymakers might also be systematically underestimating both the technology's capabilities and the breadth of uptake in the private sector.

As an illustration of how downbeat you need to be to extrapolate the RBA's near-term assumption further out, suppose that all AI does is make about 10% of the economy 10% more productive over four years. This extra 1% of economy-wide productivity is well below most estimates of the impact. It would nonetheless add a quarter-point on annual productivity growth for four years, bringing a downbeat 0.7% assumption up to almost 1%.

A deeper challenge is that, beyond the RBA's near-term horizon, low productivity growth is hard to square with a higher future average for interest rates globally.

We note, for example, recent comments by RBA Deputy Governor Hauser, pointing to 700 years of bond yield data to suggest that the post-GFC period of low interest rates was an anomaly, something we noted two years ago. The global structure of interest rates emerges to balance global saving and investment, and stronger investment for AI and other purposes is clearly in evidence. We find it implausible to assume that all that investment happens, pushing up global yields, and none of it delivers higher productivity. Even increased defence spending has historically had productivity payoffs, as Ukraine's drone manufacturing ecosystem has exemplified recently.

It is understandable that when inflation is above target, a central bank would rather err on the side of caution than techno-optimism. They know that being downbeat, and running policy a little too tight, means a faster return of inflation to target, which is no bad thing for an inflation-targeting central bank.

It matters, though, when those understandable assumptions are systematically one-sided. If there are arguments that productivity growth over the next few years will be even lower than the 0.7%yr 20-year average, we are yet to see them. In contrast, there are reasonable arguments for it to be a bit higher.

Similarly, the RBA's participation rate assumptions are low given near-term demographic trends, and out of step with Treasury's revised projections. Today's labour market data for August shows the participation rate rising again, to just 12½ basis points below the January 2025 all-time high. This supports the idea that RBA's view on participation trends is too downbeat. The IGR's NAIRU (stable-inflation rate of unemployment) assumption is a quarter-point or so below RBA estimates revealed in various FOI requests and the Governor's comments this week.

Together, the three RBA assumptions imply weaker growth in supply capacity and thus more inflationary pressure for any given level of demand. If every one of your assumptions seems individually plausible, but all skew in the one direction, it starts to look like a pattern. The thumb on the scale is unlikely to be intentional, but it does suggest the likely direction of future surprises in the medium term.

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Cliff Notes: the importance of supply

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

Australia's only data release this week was the August Labour Force Survey. Employment surprised to the upside, rising 39.5k. But, once again, new labour demand was more than offset by supply as the participation rate bounced 0.2ppts higher to 67.1%, just shy of January 2025's 115-year high of 67.2%. As a result, the unemployment rate increased from 4.5% to 4.6% and was close to rounding up to 4.7% (4.65% to two decimal places).

There may be some residual seasonality in August's print related to the new survey collection model. However, the underlying trend is still consistent with a gradual easing in the labour market, seeing the unemployment rate drift higher. We expect this to continue through to the first half of 2027.

The strength in labour force participation also speaks to the broader issue of Australia's supply capacity. As discussed by Chief Economist Luci Ellis, the RBA's assumptions around participation, productivity and the NAIRU collectively skew towards a weak assessment of supply capacity. For participation in particular, the RBA's near-term assumptions are downbeat compared to recent demographic trends and also sit below Treasury's longer-term projections as set out in the 2026 IGR. As above, the August LFS emphasises that slack could emerge more quickly than the RBA's forecasts imply without an outright fall in employment.

Ahead of next week's RBA meeting and inflation data, our latest state-level analysis provides perspective on the persistence of underlying price pressures, particularly the importance of housing-related components. For a broader assessment of the fiscal backdrop and the implications for the states, our latest state fiscal update explores how the housing market correction and changes to NDIS funding arrangements are pressuring state finances.

Before turning to this week's events offshore, it is important to highlight that last Friday the Bank of Japan raised its policy rate by 25bp to 1.25%. Policymakers maintained a constructive assessment of the economy, pointing to resilient consumption, ongoing labour market tightness, and solid investment spending. More importantly, the Bank expressed growing confidence that inflation is increasingly being sustained by domestic wage and demand dynamics rather than imported cost shocks alone.

In our view, the emphasis placed on improving underlying inflation dynamics suggests policymakers are becoming increasingly comfortable that inflation is able to be sustained by domestic demand and wage growth. Normalisation is likely to remain gradual, but the Bank appears firmly on a path towards further tightening, with rates likely to reach 1.5% by mid-2027.

This week, market participants have focused on discussions between the US and China on trade, security and technology as President Xi visits Washington.

Preliminary discussions between US Treasury Secretary Bessent and Chinese Vice Premier He Lifeng ahead of President Xi's arrival in Washington were characterised by both sides as productive, and Treasury Secretary Bessent subsequently announced that discussions in Washington would leave trade negotiations for upcoming meetings between the two leaders in Shenzhen and Miami. To allow room for this deferral, the current trade truce will be extended until January 2027. President Trump subsequently outlined that discussions during President Xi's Washington visit would instead focus on security, technology and AI.

A more constructive tone was also seen between the US and Iran overnight, if press reports are accurate. According to Bloomberg and Reuters, sources suggest the US and Iran are again exploring a staged deal which would see Iran re-open the Strait of Hormuz and the US lift its blockade of Iranian ports. Negotiations are occurring on the sidelines of the UN General Assembly, with Qatari officials mediating.

President Trump continues to show little interest in a deal before November's mid-term elections, but the global economy is under increasing pressure as the price of Brent oil hovers between USD100 and USD110 while refining spreads add additional impetus to refined product prices. The mooted consideration of a potential US diesel export ban this week makes clear that the US is not immune from this pressure despite having significant domestic energy supply and refining capacity, relative to their own demand.

The consequences of the current energy supply shock and other disruptions the US have experienced over the past year remain front of mind for FOMC members. Those speaking this week such as NY and Cleveland Fed Presidents Williams and Hammack highlighted the risk to inflation expectations from a series of supply shocks when the economy is fully employed, and the likelihood of an additional hike(s) being required to rein in current inflation momentum and risks. Williams noted that expectations of another hike by year end are "reasonable" and that the FOMC have "a lot of work to do". Debt market's concern remains acute, having now almost priced in four hikes over the coming year and taken the US 10-year above 5.00%, currently 5.20%.

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Along for the ride

Michael Gordon
Senior Economist

There was plenty of action in the markets this week, as global interest rates continued to move higher, and New Zealand was taken along for the ride. In the US, strong economic data and resurgent oil prices have led the market to believe that the central bank will need to get on with the job and hike its policy rate further in the months ahead. Longer-term US interest rates have continued to lift sharply, driving both a rise in domestic interest rates and a fall in the New Zealand dollar, with the trade-weighted index already 4% below what the RBNZ assumed in its September Monetary Policy Statement.

While the September MPS worked to dampen market expectations about the pace of future rate hikes, offshore developments have seen market pricing for the OCR bounce back and exceed previous levels. Interest rate markets are currently pricing around a 75% chance of a hike at the 28 October policy review, with a high chance of another hike on top of this at the 9 December review. We'd question whether the RBNZ's thinking has really shifted to that degree in the last few weeks though.

Notably, the RBNZ provided some unscheduled comments on the monetary policy outlook this week, in what was otherwise a very light local news week. In connection with a visit to Dunedin by Governor Breman and other RBNZ leaders, the RBNZ put out a media release that included the following:

"If higher oil prices persist, they are expected to result in somewhat higher near-term inflation than we assumed in the September Statement... As always, we will assess incoming data and global developments ahead of our next decision in October and remain focused on the outlook for inflation over the medium term."

Both of these statements are fairly benign and factual in themselves. What's more notable is that the RBNZ felt the need to make a public comment at all; the occasion didn't require one. (The Governor's presentation at a business lunch was originally billed as being based on material from the September MPS, with no new insights.)

If the intention was to guide market expectations for the October meeting lower, it wasn't entirely successful. Indeed, the market initially fixated on the first part of the statement – higher near-term inflation – and pushed pricing for an October hike even higher on the day. While this was unwound the following day, market pricing for OCR hikes remains higher than it was at the start of the week.

As it stands, that leaves the RBNZ with the prospect of rattling the market if it follows through with the October pause that it signalled in September MPS. However, it's possible that the local and offshore economic data, together with geopolitical developments, could shift market pricing in the meantime. Domestically, the NZIER's quarterly survey of business opinion (6 Oct) and the September quarter CPI (22 Oct) will be especially important in that regard.

Turning to the data, the only release this week was our Employment Confidence Index, produced in conjunction with McDermott Miller. Compared to our consumer confidence survey, there was a relatively weak bounce in employment confidence in the September quarter. The index rose by 3.2 points to 86.3, leaving it at the second-lowest level on record for this survey going back to 2004.

Perceptions of current job opportunities were unchanged at a net -60%. This is the component of the survey that seems to have the most predictive power for near-term labour market conditions and is broadly consistent with the unemployment rate holding at its current 11-year high of 5.6%. Hiring has remained soft to an unusual degree for this stage of the economic cycle, and those who are out of the workforce have been finding it increasingly difficult to get in.

It's clear that there is still substantial slack in the labour market and little upward pressure on wages, which would push back somewhat against the market's view that the RBNZ will need to pick up the pace and deliver two more OCR hikes before Christmas. The RBNZ doesn't need to have employment formally in its mandate for it to be attentive to the signals coming from the labour market.

The data flow picks up again next week, with monthly releases for employment, building activity, and business and consumer confidence – see our previews on the following page. The other release of note is the Pre-Election Fiscal and Economic Update (PREFU) on Tuesday. This 'book opening' exercise is designed to create a level playing field, allowing parties outside the current Government and the public more generally to judge to the state of the public finances in the leadup to the General Election on 7 November. In the case of the opposition parties, it will also allow them to calibrate the spending and taxation policies on which they will campaign. See our preview for the details on what we expect from this release.

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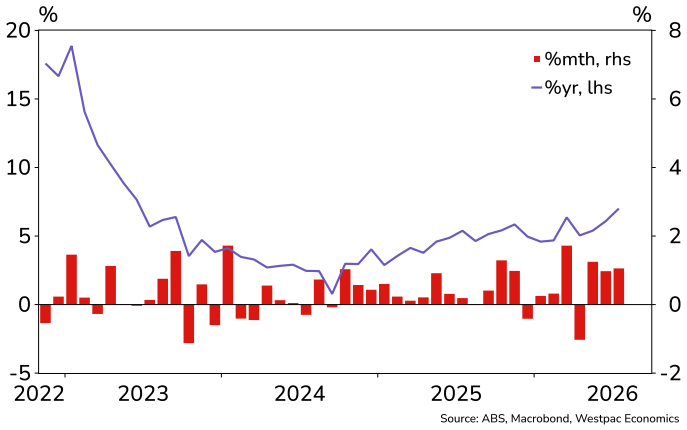
AUS: Aug Household Spending Indicator (%mth)

Sep 29, Last: 1.1%, WBC f/c: –0.5%
Mkt f/c: 0.3%, Range: –0.5% to 0.7%

The household spending indicator rose 1.1%mth in July, comfortably exceeding expectations and extending the strong momentum evident through the middle of the year. Annual growth accelerated to 7.0%yr, the fastest pace since early 2023.

Our Westpac-DataX Card Tracker points to softer spending conditions through August and early September, with higher fuel prices increasingly driving spending growth and, at the margin, squeezing spending elsewhere. The detail suggests a modest rotation away from discretionary categories, with hospitality spending easing and vehicle sales also likely moderating after a strong June quarter. Together with a softer read from our MHSI-aligned card measure, we anticipate the household spending indicator will decline 0.5%mth in August.

Monthly household spending indicator



Source: ABS, Macrobond, Westpac Economics

AUS: RBA Policy Decision (%)

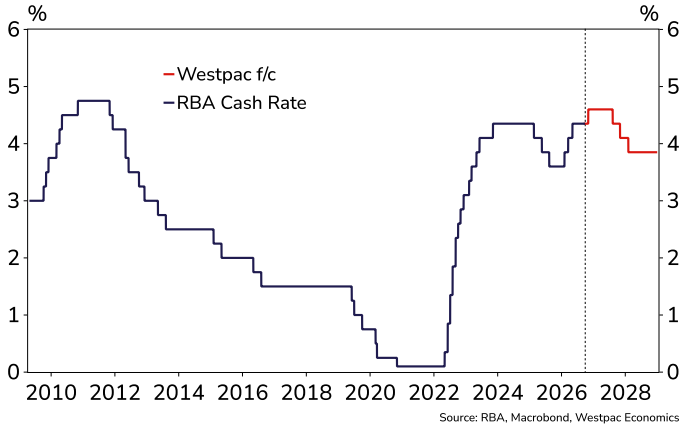
Sep 29, Last: 4.35, Westpac f/c: 4.60
Market f/c: 4.60, Range: 4.60

Westpac anticipates the RBA Monetary Policy Board will raise the cash rate by 25bps to 4.60% at its September meeting.

As discussed by Chief Economist Luci Ellis recent rhetoric from the RBA have escalated, particularly with Governor Bullock flagging that upside inflation risks appear to be "materialising" – the conditionality set in August for further rate hikes.

There is a risk of a follow-up hike, though it crucially depends on the data flow after the meeting. For September, we continue to expect a split vote at the meeting, with material differences in opinion about trend growth in supply capacity, as discussed on Page 2.

RBA rate hike expected in September



Source: RBA, Macrobond, Westpac Economics

AUS: Aug Headline CPI (%mth)

Sep 30, Last: 1.0, Westpac f/c: 0.4
Market f/c: 0.5, Range: 0.4 to 0.9

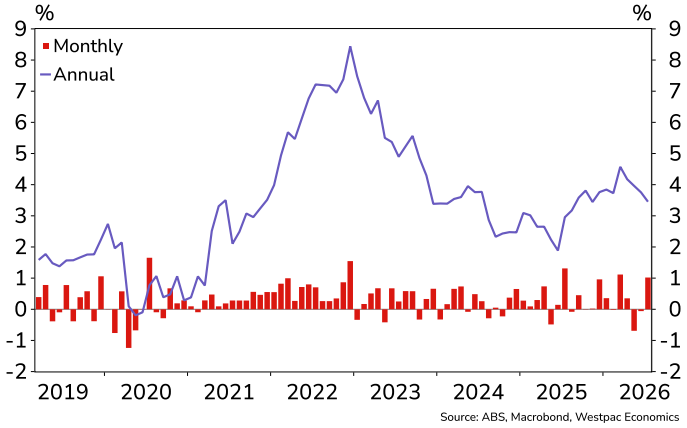
The July CPI reversed May and June weakness with a larger than expected 1.0% increase. This was stronger than Westpac's expectation of 0.8% and market's expectation of 0.9%. The annual pace eased to 3.5%yr from 3.8%yr.

We are looking for a 0.4% increase in the August CPI. Food & non-alcoholic beverages to rise 0.2%mth with solid gains for bread & cereal products (0.4%), meat & seafood (0.5%) and food products n.e.c. (0.4%) partially offset by falling non-alcoholic beverages (–0.6%) and a soft print for meals out & take away food (0.1%).

At two decimal points it is a 0.43% increase in August so the risk this month is to the upside.

For more details please see "August CPI Preview".

Monthly Headline Inflation



Source: ABS, Macrobond, Westpac Economics

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AUS: Aug Trimmed Mean CPI (%mth)

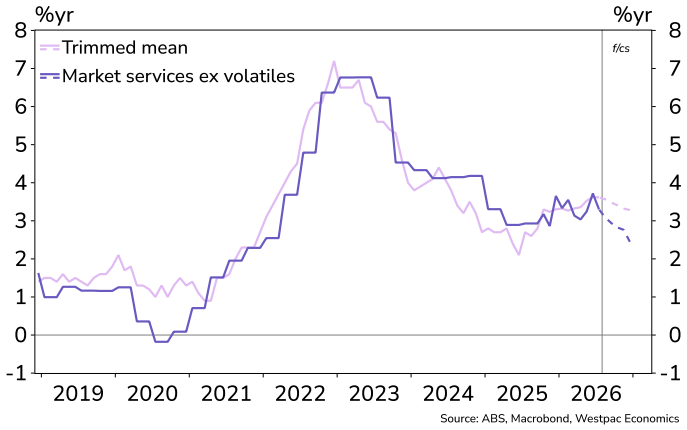
Sep 30, Last: 0.5, Westpac f/c: 0.2
Market f/c: 0.3, Range: 0.2 to 0.4

The Trimmed Mean (TM) lifted 0.5%mth/3.5%yr, on par with last July which was the strongest monthly read in the series' short history. The result was stronger than both our and the market's expectation of 0.4%mth.

August TM is expected to rise 0.2%mth lifting the annual pace to 3.6%yr. For market services excluding volatiles and holiday travel we have pencilled in a step down to 0.1%mth, this series lifted 0.8% in July possibly due to the larger-than-expected increase in minimum wages.

The distribution of the August TM is from a low of –0.32%mth to a high of 0.53%mth. Remembering the TM is seasonally adjusted, with rents (+0.17%mth) and dwellings (+0.20%mth) mostly locking in the TM. See "August CPI Preview".

Monthly Underlying Inflation Indicators



Source: ABS, Macrobond, Westpac Economics

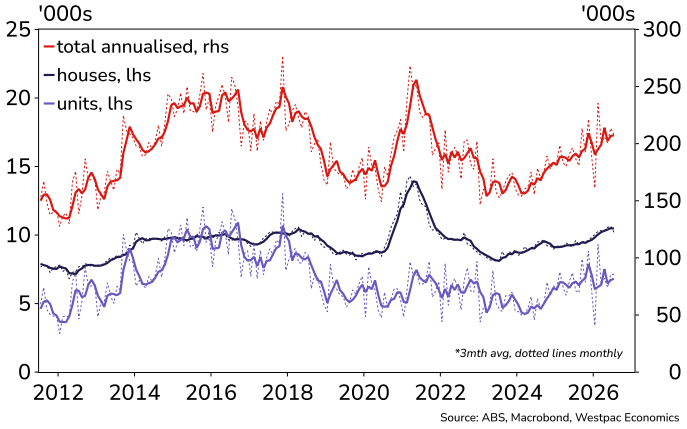
AUS: Aug Dwelling Approvals (%mth)

Sep 30, Last: –3.6, Westpac f/c: –5.0
Market f/c: –1.0, Range: –6.0 to 1.0

Dwelling approvals fell 3.6%mth in July, with annual growth easing to 9.0%yr. The decline was driven primarily by detached dwellings, although unit approvals also edged lower. The result suggests higher interest rates may be starting to weigh on new housing demand.

We expect a similar story to play out in August, with elevated interest rates continuing to weigh on detached dwelling approvals, while the unit segment holds broadly steady. Overall, dwelling approvals are expected to decline 5%mth. While risks remain tilted to the downside, residential construction should remain relatively resilient through 2026, supported by the strong lift in approvals through the first half of the year and a sizeable pipeline of work yet to be done.

Building approvals



Source: ABS, Macrobond, Westpac Economics

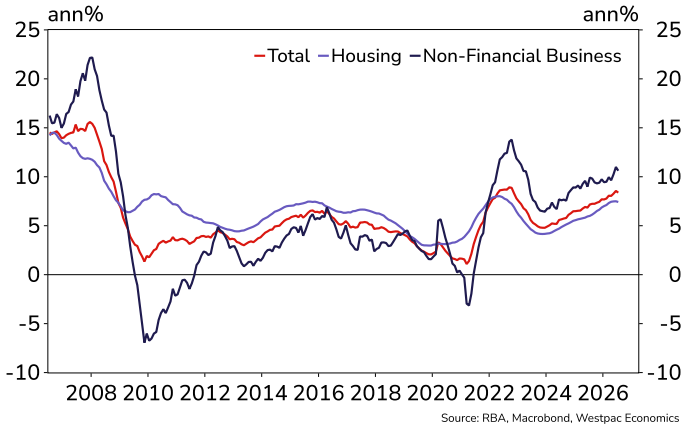
AUS: Aug Private Sector Credit (%mth)

Sep 30, Last: 0.6, Westpac f/c: 0.5
Market f/c: 0.5, Range: 0.3 to 0.6

Growth in private sector credit growth appeared unsustainable over May-Jun, especially given the slowing in the housing market. Come July, the pace now dropped from 0.8%mth to 0.6%mth. Housing credit the main source of weakness, with investor credit growth beginning to adjust lower in response to higher interest rates, lower house prices and, most importantly, tax changes for investment properties. Meanwhile, business borrowing continued to rise rapidly.

For August, we have pencilled in a 0.5%mth increase, and we look for continued divergence between housing and business segments.

Private sector credit growth



Source: RBA, Macrobond, Westpac Economics

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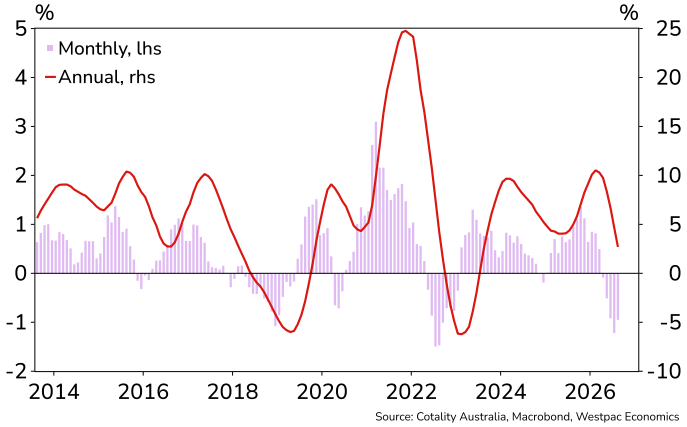
AUS: Sep Cotality Home Value Index (%mth)

Oct 1, Last: –0.9, Westpac f/c: –0.9

The Cotality home value index – covering all of Australia – fell 0.9% in August following downwardly-revised 1.2% and 0.9% declines in July and June. Annual growth slowed to 2.7%yr. Prices nationally are now 3.6% below their peak in March.

The September update is set to see more of the same with the daily measure (covering the five major capital cities rather than all of Australia) tracking a 1.2% decline in line with this measure's August move. Annual growth looks like to stall about flat. The detail suggests monthly declines have accelerated in Brisbane, Perth and Adelaide but moderated a touch in Melbourne, noting that there is a seasonal element to price moves in Sep. Markets are still adjusting to higher interest rates and the tax policy changes introduced in the May Federal budget with more weakness likely into year-end.

Dwelling price correction deepening



Source: Cotality Australia, Macrobond, Westpac Economics

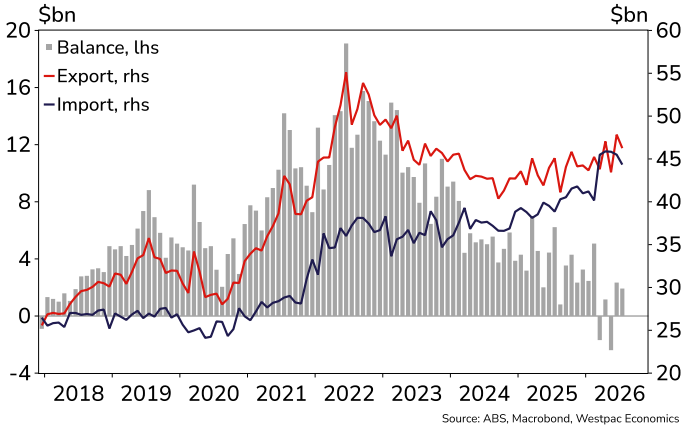
AUS: Aug Goods Trade Balance ($bn)

Oct 1, Last: 1.9, Westpac f/c: 2.3
Market f/c: 2.2, Range: 1.5 to 2.5

The goods trade surplus narrowed slightly to $1.9bn in July but remained above our and consensus expectations. This was down from an upwardly revised surplus of $2.3bn in June. Underneath the modest headline change was considerable volatility among components, especially in flows of non-monetary gold, remain the chief culprit.

For August, we have pencilled in a slight widening of the trade surplus to $2.3bn. Port data points to a bounce-back in coal and iron ore export volumes, and prices looked to have edged higher. However, volatility in non-monetary gold trade and other hard-to-predict sub-categories (like ADP equipment) remain a wildcard.

More volatility in goods trade to be expected



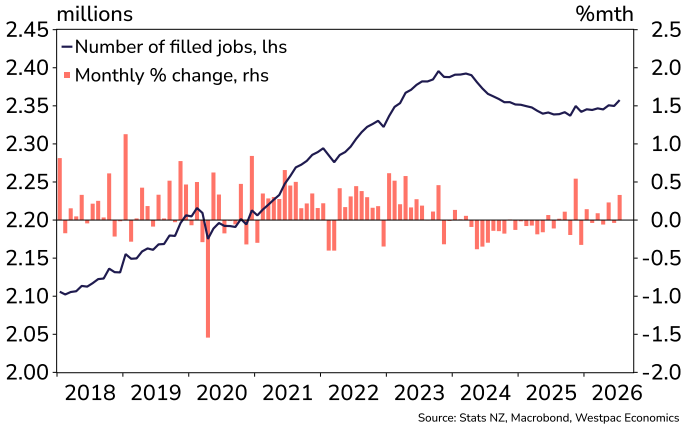
Source: ABS, Macrobond, Westpac Economics

NZ: Aug Monthly Employment Indicator (%mth)

Sep 28, Last: 0.3, Westpac f/c: 0.3

The MEI has continued to tick higher in recent months, showing that the jobs market has held its ground through the Iran conflict and the consequent surge in fuel prices. The weekly snapshots provided by Stats NZ have been running ahead of year-ago levels and suggest another solid result for August – we've pencilled in a 0.3% increase, following a similar rise in July. However, the history of this indicator suggests that both months are likely to be revised down a bit from their initial release.

Monthly Employment Indicator



Source: Stats NZ, Macrobond, Westpac Economics

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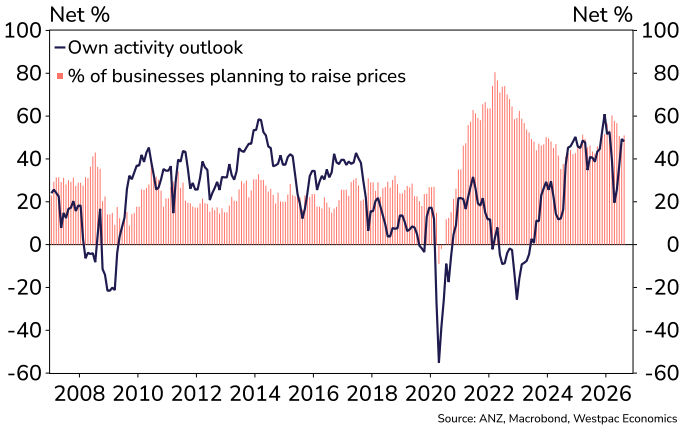
NZ: Sep ANZ Business Confidence (index)

Sep 30, Last: 53.7

Business confidence was steady in August, after having rebounded to around pre-conflict levels in the previous month. The renewed pressure on global oil prices is likely to challenge that confidence in the coming months, although we likely won't see the full impact in the September survey as the largest gains in fuel prices at the pump occurred in the later part of the month. The pricing measures of the survey will be of particular interest to the RBNZ ahead of the 28 October OCR review, particularly given their concerns about the possibility of firms using fuel prices as cover to increase their own margins.

ANZ Business Outlook survey



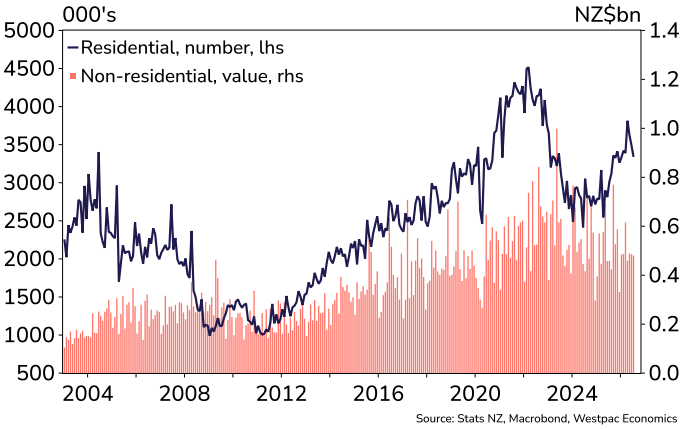
Source: ANZ, Macrobond, Westpac Economics

NZ: Aug Building Consents (%mth)

Oct 1, Last: -4.3, Westpac f/c: Flat

While residential building consent numbers remain firm, they have been flattening off. Consents fell 4.3% in July, the third decline in a row. We expect that consents will be flat in August but with the risk tilted towards a small dip. Stepping back and looking at the longer-term trend, annual consent issuance is at a three-year high and we expect it will nudge higher again this month. However, there are questions about how long that momentum will be sustained given the softness in the housing market. We suspect the peak is getting close. In the non-residential space, we've seen softness in the number of retail and office developments, but greater resilience in the industrial segment.

NZ building consents



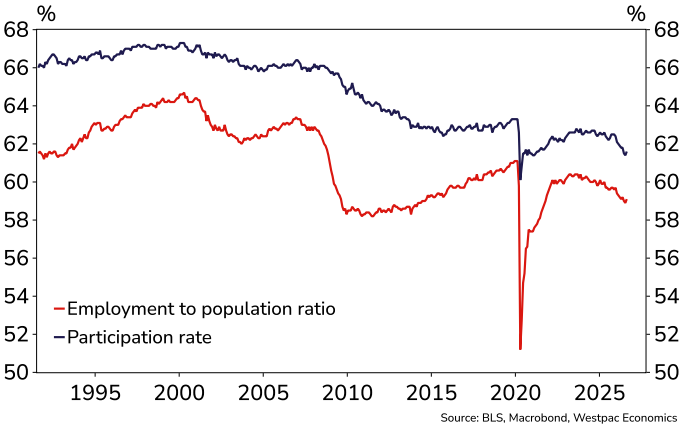
Source: Stats NZ, Macrobond, Westpac Economics

US Sep employment report

Oct 2, payrolls, Last: 162k, Mkt f/c: 100k, WBC f/c: 80k
Oct 2, U/E rate, Last: 4.1%, Mkt f/c: 4.1%, WBC f/c: 4.2%

Nonfarm payrolls surprised to the upside in August, registering a gain of 162k with 55k in back revisions to June and July. The report left the 3-month average at 71k, near the top of the estimated range consitent with balance between labour demand and supply. Come September, the trend is expected to remain in place with a 80k gain forecast. With inflation risks paramount, upward revisions will have a greater impact on market variables than a negative revision.
The decline in the participation rate over the past year has capped the unemployment rate. Participation is likely to edge higher in September and take the unemployment rate up to 4.2% with it. There is little available slack in the labour market, but plenty just outside if demand lifts.

Participation masks emerging slack



Source: BLS, Macrobond, Westpac Economics

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What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 28							
NZ	Aug	Employment Indicator	%mth	0.3	–	0.3	Both Jul and Aug likely to be revised down from initial prints.
Chn	Aug	Industrial Profits	%ann	11.2	–	–	Profit growth solid but slowing amid elevated oil prices.
US	Sep	Dallas Fed Manufacturing	index	11.6	7.3	–	Jump into expansion welcome, persistence will be key.
Tue 29							
Aus	Aug	Household Spending Indicator	%mth	1.1	0.3	–0.5	Higher fuel prices are squeezing discretionary spending.
	Sep	RBA Policy Decision	%	4.35	4.60	4.60	Rate hike expected, with a split vote the likely outcome.
NZ		Pre-Election Economic & Fiscal Update	–	–	–	–	Required update of forecasts ahead of the 7 Nov election.
Eur	Sep	EC Economic Confidence	index	98.4	98.8	–	Confidence recovery taking holding, both business and consumer.
US	Jul	S&P/CS Home Price Index	%mth	0.24	0.20	–	Price growth moving past trough, but constrained by rates.
	Aug	JOLTS Job Openings	000s	7271	7225	–	More-or-less stable job openings points to balance.
	Sep	Conf. Board Consumer Confidence	index	89.4	90.0	–	Continues to bump around deeply pessimistic lows.
		Fedspeak	–	–	–	–	Goolsbee, Williams.
Wed 30							
Aus	Aug	Monthly CPI	%ann	3.5	4.1	4.0	The risk remains to the upside.
	Aug	Private Sector Credit	%mth	0.6	0.5	0.5	Housing and business credit growth trends diverge.
	Aug	Dwelling Approvals	%mth	–3.6	–1.0	–5.0	Elevated interest rates are likely to continue to weigh.
NZ	Sep	ANZ Business Confidence	index	53.7	–	–	Rising fuel prices could dent confidence again.
Jpn	Aug	Industrial Production	%mth	–0.2	1.4	–	Likely lifted in August supported by car manufacturing and AI.
Chn	Sep	NBS Manufacturing PMI	index	49.8	50.1	–	Official gauges point to a more benign picture for activity ...
	Sep	NBS Non-Manufacturing PMI	index	49.0	49.3	–	... downtrend in services reflective of cautious consumers ...
	Sep	RatingDog Manufacturing PMI	index	51.5	51.6	–	... unofficial RatingDog gauges paint a more positive picture ...
	Sep	RatingDog Services PMI	index	51.4	51.1	–	... which may reflect their more export-oriented nature.
US	Aug	PCE Deflator	%mth	0.2	0.4	–	Persistent inflation pressures continue to chip away ...
	Aug	Personal Income	%mth	0.4	0.5	–	... nominal gains in household incomes, putting pressure ...
	Aug	Personal Spending	%mth	0.2	0.9	–	... on real spending volumes, which are closer to flat.
	Q2	GDP	%ann'd	1.5	1.5	–	Final estimate.
		Fedspeak	–	–	–	–	Barkin, Cook, Goolsbee, Kashkari.
Thu 01							
Aus	Sep	Cotality Home Value Index	%mth	–0.9	–	–0.9	Declines likely to have accelerated in Brisbane, Perth, and Adelaide.
		RBA Financial Stability Review	–	–	–	–	Half-yearly update on risks in the financial system.
	Q3	Job Vacancies	%qtr	–2.1	–	3.5	Partial indicators point to a bounce-back in vacancies.
	Aug	Goods Trade Balance	$bn	1.9	2.2	2.3	A bounce-back in coal and iron ore export volumes to support.
NZ	Aug	Building Permits	%mth	–4.3	–	Flat	Annual total elevated, but are we approaching a peak?
Jpn	Q3	Tankan Large Manufacturers	index	22	25	–	Another solid improvement anticipated, but details will be key.
Eur	Aug	Unemployment Rate	%	6.4	6.4	–	Broadly stable near its record low level.
US		Initial Jobless Claims	000s	197	–	–	Will remain low, even after bouncing back post-holidays.
	Sep	ISM Manufacturing	index	54.6	55.0	–	Robust expansion across vast range of sub-industries.
	Aug	Construction Spending	%mth	–0.5	0.1	–	High mortgage rates a clear drag; data centres an exception.
		Fedspeak	–	–	–	–	Barkin, Collins, Schmid, Cook, Williams, Logan.
World	Sep	S&P Global Manufacturing PMI	index	–	–	–	Final estimate for Japan, Europe, UK and US.
Fri 02							
NZ	Sep	ANZ Consumer Confidence	index	98.0	–	–	Picking up recently, but vulnerable to resurgent fuel prices.
Jpn	Sep	Tokyo CPI	%ann	1.9	2.5	–	Expected to foreshadow a lift in nationwide inflation pressures.
	Aug	Jobless Rate	%	2.4	2.4	–	Still indicative of a fairly tight labour market.
Eur	Sep	CPI	%ann	3.2	3.5	–	Subdued core inflation gives little need for excessive tightening.
US	Sep	Nonfarm Payrolls	000s	162	100	80	Likely to hold around recent trends ...
	Sep	Unemployment Rate	%	4.1	4.1	4.2	... while a rise in participation may see unemployment gain.
	Sep	Average Hourly Earnings	%mth	0.3	0.3	–	To hold at a stable level.
	Aug	Factory Orders	%mth	0.9	–0.1	–	Choppy but broadly indicative of firmer investment.

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Economic & financial forecasts

Interest rate forecasts

Australia	Latest (25 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	4.76	4.70	4.70	4.55	4.30	4.05	3.85	3.95	3.95	3.95
3 Year Swap	5.03	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)	21	40	35	30	25	15	5	0	-5	-10
United States										
Fed Funds	3.875	4.125	4.125	4.125	4.125	4.125	3.875	3.625	3.625	3.625
US 10 Year Bond	5.17	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	3.23	3.40	3.75	4.00	4.20	4.20	4.20	4.15	3.95	3.95
2 Year Swap	4.12	3.95	4.10	4.25	4.20	4.20	4.15	4.15	4.10	4.10
10 Year Bond	5.10	4.75	4.90	5.00	5.05	5.05	5.05	5.05	5.05	5.05
10 Year Spread to US (bps)	-9	–5	15	30	40	35	30	25	20	15

Exchange rate forecasts

	Latest (25 Sep)	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
AUD/USD	0.7016	0.72	0.72	0.73	0.73	0.73	0.73	0.72	0.72	0.72
NZD/USD	0.5665	0.59	0.61	0.63	0.64	0.65	0.65	0.65	0.65	0.65
USD/JPY	158.15	155	154	153	152	151	150	149	148	146
EUR/USD	1.1374	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.21	1.21
GBP/USD	1.3218	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.40
USD/CNY	6.7129	6.70	6.60	6.50	6.45	6.40	6.35	6.35	6.30	6.30
AUD/NZD	1.2401	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	4.6	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	0.9	0.2	0.6	0.8	1.1	0.5	0.6	0.7	–	–	–	–
Annual avg change	0.9	1.7	2.1	2.4	2.5	2.7	2.8	2.9	0.3	2.4	2.9	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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