Week beginning 30 November 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

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New Zealand: Employment indicator, terms of trade, ANZ business confidence

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Japan: Jobless rate

Euro Area: CPI, PPI, retail sales.

United States: Non-farm payrolls, unemployment rate, ISM services PMI

Information contained in this report current as at 27 November 2026.

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‘Double-you’ could well be true (but are we past the ‘J’?)



Luci Ellis
Chief Economist, Westpac Group

Tech stocks sold off in recent weeks, as the AI build-out’s demand for resources and debt collided with uncertainty about future revenues, and concerns about some founders’ judgement. Prices partially rebounded when Jensen Huang was reinstated as NVIDIA CEO, but the uncertainty remains. That uncertainty in turn stems from doubts over the ultimate productivity benefit, and about who will capture those gains. If AI doesn’t produce the hoped-for wins, or if end-users reap most of the benefits, the labs’ revenue projections might be overly optimistic. Anthropic’s document filing ahead of its IPO concentrated attention on this question, though the scepticism and ‘bubble’ discourse has been around for a couple of years already.

Nobody adopts a technology unless they are better off doing so. At least some of the gains must therefore accrue to the end-user firms and consumers or they will not adopt it. Plenty of interesting technologies, such as blockchain or the Metaverse, have not broken out of niches because they were not solutions to problems many people had. Modern AI is clearly not in that category, though: businesses and consumers alike have adopted it rapidly, especially this year. But they will only keep doing so if the cost makes the switch worthwhile. The end-user must be better off, and this caps the revenue capture available to the producer.

Another strand of scepticism about the technology downplays the productivity benefits, at least those accruing in the next couple of years. This scepticism is understandable. It takes time to learn how to use any new technology effectively. A ‘J-curve’ can arise, where productivity initially dips before rising higher than the pre-adoption level. The economics literature has highlighted how J-curves can emerge, including for AI.

The learning phase for AI might be expected to be particularly drawn out because of the so-called ‘jagged frontier’, where the models are amazing at some tasks such as coding but poor at others. The rapid evolution of the strongest models over the past 12 months worsens this issue. Your intuition about what the models can and should be used for must be continually updated.

In addition, the world is in the ‘Gin Lane’ phase of getting used to a new product, with all the bad and antisocial consequences – cyber risk, slop and fraud to name a few – arising ahead of the systems to manage them. (And if the ‘Gin Lane’ metaphor holds, you might expect AI ‘Temperance’ movements to emerge and move the pendulum too far the other way before a balanced is reached.)

So far past Solow

If we grant that there will be a ‘J-curve’ on productivity from AI, does that mean the benefits are still some years away? People well recall the famous ‘Solow paradox’ that ‘computers are everywhere except in the productivity statistics’. Likewise, there was a multidecade lag between the introduction of electric power and the productivity boost in manufacturing. We do not think it is correct to extrapolate from those episodes, though. There are reasons to expect at least some discernible effects on economy-wide productivity measures within two years.

It comes down to timing. With AI adoption, many people start the clock in 2022 with ChatGPT’s release, but that might be the wrong starting point.

> **“There is a learning curve for any new technology, but we could be closer to seeing the economy-wide productivity benefits than many people think."**

Consider that when Solow made his famous quip in 1987, most personal computers still used clunky MS-DOS. Windows 3.0 was three years away still. Windows 95, the product that mainstreamed easy-to-use interfaces, was eight years away. Macs and laser printers existed and were revolutionising print publishing, but given their price, did not break out of that niche for many years. While it pains this long-time Mac user to admit, the introduction of Windows 95 and dial-up internet was the ‘good enough’ technology that accelerated growth in productivity. The lag to that being visible in the data was just a few years. Productivity growth had already picked up by the late 1990s.

We think that the introduction of LLMs and chat interfaces maps more closely to the introduction of Windows 95, HTML and the web, and retail internet connections in the mid-1990s than to the advent of personal computing more than a decade earlier. On that basis, the productivity benefits are likely to become evident relatively quickly – perhaps not this year, but plausibly by 2028.

Like Windows 95 to computing, LLMs and their chat and coding interfaces have democratised access to machine learning models. Back in 2018, I expressed scepticism that

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machine learning and AI would be widely adopted. Along with its sister discipline 'data science', AI at the time was an exercise in replacing relatively abundant skills – the bachelor-degree or high-school level skills required of most white-collar jobs – with the much scarcer PhD-level skills in mathematics, statistics and computer science needed at the time to build and tune these models. Replacing abundant skills with scarcer, more expensive ones never works outside rare niches.

The LLM-with-harness revolution has changed my mind. It has super-charged the already skilled – who would have expected Navier–Stokes and the Riemann Hypothesis to both be cracked in the same year? More importantly, though, it has democratised access to 'good enough' versions of specialist skills. There is a price to be paid for this advance in the form of slop, but clearly a benefit as well.

There will be some learning curve still, and a blurring of boundaries between jobs, just as the Mac and desktop publishing got more people thinking about fonts and graphic design, rather than delegate those choices to a specialist. The end result will be a significant lift in productivity, and not in a decade's time but sooner.

This will not, however, necessarily mean model developers make all the money. Unlike computer operating systems as a platform for applications, AI models have no 'moat': there are no network economics creating a 'winner-take-more' effect, and no lock-in from an installed base. The interface means there is little learning curve to switch between models. You might need to check your output against the output from the model you were previously using, but that is an issue with new models from the same lab, too. Many users switch around models easily and readily.

Waves of enthusiasm for the latest model from one or another of the main labs, including in the past week, or a new open-weights lab, demonstrates that the most engaged users of these tools have little brand loyalty. The main barrier to entry to this market is the setup costs of training a new model, but there are already enough players, both at the frontier and the fast-follower open-weights group, to keep competition intense.

Easy switching and willingness to do so add up to little pricing power for producers. This is good news for economy-wide productivity, not so much for long-term profitability and R&D spend for independent model producers.

The productivity benefits of AI are coming, perhaps sooner than some think. The result might not be literally 'double-you' exponential growth. A period of stronger global productivity growth on the scale of the late 1990s would still be a much better outcome for the global and Australian economies than the past couple of decades.

No change to our RBA view

The October CPI data were a shade above our nowcast (less than 0.1%pt), and we think there is upside risk to our forecast for Q4 trimmed mean inflation.

As we highlighted in the preview note, though, we think Q4 and October specifically were the peak. Nothing about today's data change that view. We are still forecasting a negative print for headline CPI in November because of the large fall in fuel prices. Trimmed mean is expected to moderate next month as well. There were some upside surprises in October in key components, including home-building costs, which the RBA will be particularly sensitive to. However, a number of components seen as bellwether indicators of domestic inflation pressures or persistent inflation (rents, dining out) actually came in a little below our forecasts.

We therefore do not see any implications for our RBA view from this data at this early stage. The RBA is likely to remain nervous about the possibility of entrenched inflation. Against that, though, the labour market, housing market and real-economy indicators are all breaking weaker than its November forecasts. The Monetary Policy Board will be in something of a holding pattern at next month's meeting and will want to confirm if Q4 really was the peak for inflation.

Further analysis from the team will be forthcoming later today. For now, though, we see nothing to change our view that the RBA is likely finished hiking rates but will still be considering another move in coming months. Nor do we see anything to change our view that the most likely date for the first interest rate cut is August next year.

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Cliff Notes: in pursuit of future gain

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

The main event in Australia this week was the October CPI report which surprised modestly to the upside, headline inflation rising 0.5% (4.9%yr). The main drivers were auto fuel (+6.2%), domestic holiday travel (+4.5%) and new dwelling costs (+0.8%). Fuelled by some project home builders reducing discounts, the increase in new dwelling costs was noteworthy; however, subdued demand should see discounting return. More broadly, underlying inflation continued to accelerate. Trimmed mean inflation gained 0.5% in the month and 3.8%yr, a cycle high that breaks the 3.5–3.6%yr range held since May. The six-month annualised pulse was stronger still at 4.3%yr.

As noted by Westpac Chief Economist Luci Ellis following the release, October likely marks the peak for inflation, but the upside surprise in dwellings and other early-quarter components skews the risks to our Q4 trimmed mean estimate of 0.9%qtr up. The RBA is unlikely to relax its focus on price risks until well into the new year.

This week, Australia also received two partial indicators for investment ahead of next Wednesday's Q3 GDP report.

Construction activity was in line with Westpac's expectation, up 0.9% in Q3 and 5.8% over the year. The detail shows a clear rotation in activity: growth in infrastructure work moderating (1.3%yr) as major public projects roll off; while momentum in residential (9.3%yr) and non-residential construction (10.2%yr) pick up. Further, a strong pipeline of projects remains in place, ready to soak up any additional capacity released by public infrastructure completions.

Private CAPEX subsequently surprised to the upside, up 12.2% in Q3, surpassing Westpac's top-of-the-market forecast of 10%. The headline result was driven by another very strong showing for data centre-related investment, represented by a 184% surge in machinery and equipment spending in information media and telecommunications. There are also signs of a nascent uptrend in investment forming across other sectors, including utilities, financial and insurance services, and retail trade. At 16%yr, real (inflation-adjusted) capex plans for 2026-27 are the strongest since the mining investment boom.

Ahead of next Wednesday's release, our Q3 GDP preview will be published later today on Westpac IQ.

Offshore this week, the data released corroborated known themes. Ahead of Thanksgiving, US Q3 GDP growth was revised up from 3.4% annualised to 4.3% in the second estimate. Underlying the result was stronger growth in personal consumption, revised up from 3.8% annualised to 4.2%, and a broad-based upgrade for business investment.

That said, monthly PCE data suggests consumer momentum waned at quarter end, with real spending up just 0.1% in September and unchanged in October despite an acceleration in nominal personal income growth (from 0.3% to 0.7%).

The Federal Reserve's Beige Book remains more downbeat than the hard data. "Eight of the twelve Federal Reserve Districts reported growth in the slight to moderate range, while four Districts reported no change. Consumer spending was little changed, as households remained price sensitive and were increasingly selective in discretionary purchases." Given weak population growth and uncertainty over momentum outside the tech sector, employers are " focused on utilizing existing staff more efficiently", "with many firms reporting stable head counts and hiring primarily to replace for attrition". These findings suggest that, should the pace of expansion in AI infrastructure plateau or turn, US GDP could quickly return near trend.

> **"Australia's economy continues to operate near capacity as rapid growth in technology investment offsets the winding down of public infrastructure projects."**

The market's mood continues to depend not only on the data to hand but also ongoing threats to Middle East oil supply, Houthi rebels struck Saudi assets again this week with limited effect, and expectations for the AI buildout, which this week was dominated by news around NVIDIA. US trade policy also remains a threat, the Trump administration this week announcing plans for a fresh round of tariffs on China, the European Union and several other major trading partners to replace previous levies struck down by the Supreme Court. China's 20% tariff could double to 40% should trade negotiations break down. India may also face a 25% tariff if it fails to reach a trade agreement with the US. Uncertainty is likely to persist on each front well into 2027.

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Edging closer to neutral



Kelly Eckhold
Chief Economist NZ

We expect the RBNZ to deliver a final OCR hike for 2026, lifting the OCR to 3%. A split vote seems on the cards, especially if financial markets remain as volatile as they have been in recent weeks. The MPC is likely to remain resolved to return the OCR to a neutral setting, which they see in a broad 3-3.5% range, with differences of opinion centred on the timing of increases rather than the general direction of interest rates.

The MPC has coalesced into hawkish and dovish factions. The hawks (Conway, Silk and Gourley) are likely to remain concerned about the inflation outlook and the still stimulatory level of the OCR. This is Silk's final meeting before her departure from the RBNZ, with a replacement for the new Assistant Governor Monetary Policy role expected to be appointed sometime in the new year. The doves (Breman, Gai, Hansen and Williams) likely still agree that further tightening is required, but may see scope to move gradually given global uncertainties, high unemployment (and consequently low prospects of wage-driven inflation) and the potential for lower energy prices should Middle Eastern tensions ease. Given the finely balanced 3:4 hold decision in October, it is plausible some doves will favour extending the pause, so a vote seems likely.

Even so, we think the case to hike to 3% will win the day. The MPC has been resolved to lift the OCR to 3% for most of the last six months, 3% sits at the low end of neutral estimates implied by the RBNZ's projections, and the MPC has previously been unanimous that 3.25% is a reasonable target over time. For most, a move to 3% should be seen as low risk and uncontroversial.

More interest will be in the RBNZ's 2027 projections. The September forecasts implied one further increase to 3.25% by late 2028. We expect a modest upgrade of perhaps 10-20 bp, bringing the next 25bp increase forward to mid-2027, with perhaps a 50% probability of a hike in February or March 2027 and a smaller probability of a move to 3.5% after that. This would see the Q1 2027 average OCR around 3.05%, rising to around 3.35% in Q2. Such a profile would be a shot over the bows of the markets to discourage "end of cycle" type trades, while providing plenty of flexibility to tailor the timing of the next increase to the data flow.

The RBNZ's read on the weaker exchange rate and labour market will also be of especial interest. If it views the weaker exchange rate as transitory, a more dovish message could result. Its output gap-based framework tends to downplay unemployment in driving medium term inflation, but should the MPC place more weight on elevated unemployment, the RBNZ may have time to play with before lifting the OCR much further.

We see three alternative scenarios for this meeting. In a hawkish scenario (about 10% probability), the RBNZ lifts the OCR to 3% but raises the projected track enough to imply a greater than 50% chance of 3.75%, most likely if it is more concerned about the inflation impact of the weaker exchange rate or a higher neutral estimate. In a dovish scenario (about 20%), the OCR rises to 3% with the profile unchanged, leaving the next increase some way off, as would occur if the MPC is confident the cycle is nearly over and inflation will dissipate. In a mega-dovish scenario (about 10%), the OCR stays at 2.75% with a broadly unchanged profile, likely if the MPC is very concerned that global shifts (the Australian outlook, AI or geopolitical troubles) could undermine the recovery.

Finally, the official result of the 2026 General Election has just been announced. The results showed a swing back towards the centre-left, but not by enough to allow the centre-left a realistic path to power. The Centre-right grouping of National, NZ First and ACT secured 65 seats in a 130-seat parliament. These results imply the centre-right will need the support of The Opportunity Party to return to government. The size of the National Party overhang was reduced by 2 seats reflecting the overturning of the narrow leads held in Hamilton East (Labour won by 173 votes) and Wairarapa (Labour won by 81 votes). These narrow margins raise the prospect of further delays in the negotiating process as recounts may be requests. Such recounts don't seem likely to shift the results based on historical experience.

A tough period of negotiations between the centre-right parties and TOP lies ahead. TOP has indicated it will reach out to the National Party to begin discussions. However, as the agreement of all three parties on the right will be required, the likelihood is it will be the New Year before a new agreement is forged. Uncertainty may plague markets for a while even though the initial take of the market was for a small rise in the NZD and short-term interest rates.

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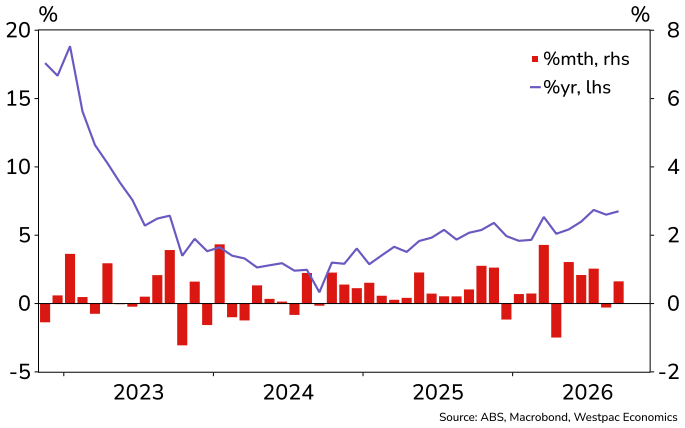
AUS: Oct Household Spending Indicator (%mth)

Nov 4, Last: 0.6, Westpac f/c: 0.5
Mkt f/c: 0.3, Range: -0.2 to 0.7

The monthly household spending indicator rose 0.6%mth in September, following a slight 0.1%mth contraction in August, annual growth lifting to 6.8%yr.

Our **Westpac-DataX Card Tracker** showed a solid rise in the October month, centred on a significant price-driven increase in fuel. New vehicle sales (which are not covered by the tracker but are in scope for the spending indicator) look to have posted a rise as well. Overall we expect the ABS indicator to show a 0.5% rise in the October month.

Monthly household spending indicator



Source: ABS, Macrobond, Westpac Economics

AUS: Oct Private Sector Credit (%mth)

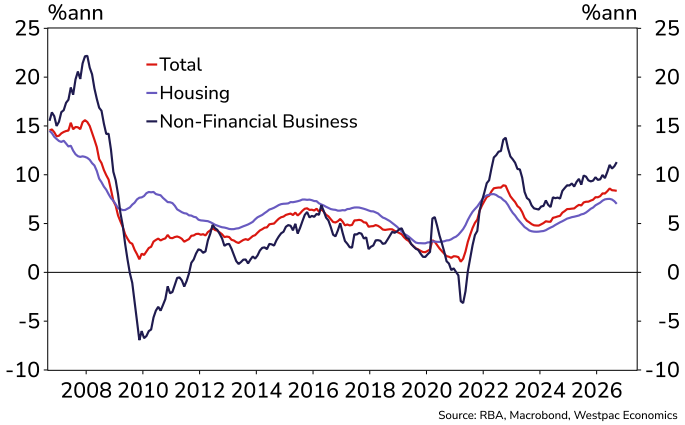
Nov 30, Last: 0.6, Westpac f/c: 0.5
Market f/c: 0.5, Range: 0.4 to 0.6

Private sector credit growth was slightly firmer than expected at 0.6% in September, leaving credit growth running at 8.4%yr.

Housing credit growth is slowing unevenly – concentrated on the investor segment, with the tax changes for investment properties announced in the May budget a clear driver. While the owner-occupier segment has been relatively resilient to date, some broadening of the slowdown is likely over the period ahead. Business credit meanwhile remains a source of strength.

For October, we have pencilled in a lift of 0.5%. We expect to continue seeing weakness in investor credit, and some hints of softening owner-occupier and business credit over the coming months.

Private Sector Credit



Source: RBA, Macrobond, Westpac Economics

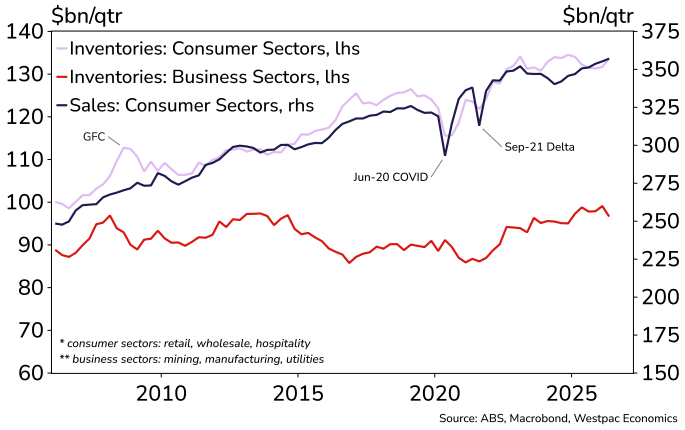
AUS: Q3 Inventories (%qtr)

Nov 30, Last: –0.2, Westpac f/c: –0.5
Market f/c: -0.3, Range: -1.6 to 0.5

Private non-farm inventories fell 0.2% in Q2, driven by a rundown in mining inventories, unwinding a build-up from Q1 which reflected weather-related port closures. Consumer-facing industries recorded inventory gains, including retail trade, wholesale trade, and accommodation and food services.

For Q3, we expect private non-farm inventories to decline 0.5%, detracting 0.1ppt from GDP for the quarter. Non-mining businesses likely drew down inventories to meet demand amid subdued imports of consumer and intermediate goods. Consumer goods imports increased by just 1.5%qtr, while we estimate imports of intermediate goods, including fuels, declined by almost 7%qtr, suggesting businesses relied more heavily on existing inventories. This is expected to be partly offset by a modest rebuild in mining inventories.

Inventories



Source: ABS, Macrobond, Westpac Economics

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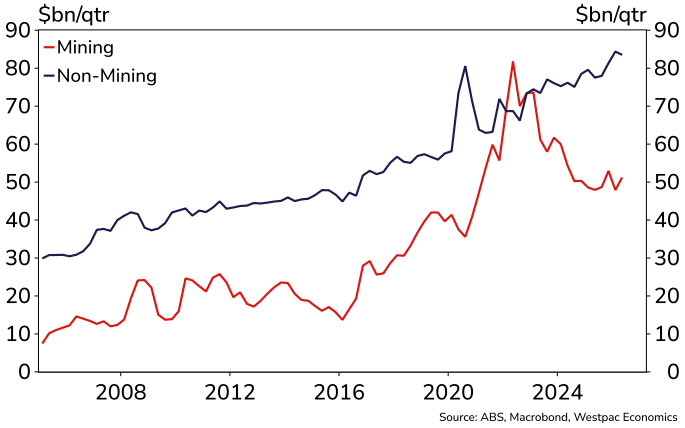
AUS: Q3 Company Profits (%qtr)

Nov 30, Last: 1.8, Westpac f/c: 1.6
Market f/c: 1.4, Range: 0.0 to 4.0

Headline company profits grew 1.8% in the June quarter. Mining profits rebounded 6.8%qtr, partially recovering the 9.4%qtr decline recorded in Q1. Outside mining, non-mining profits declined 1.1%qtr but remained a solid 7.7% higher over the year.

We expect company profits to grow 1.6%qtr in Q3. Mining profits are likely to recover strongly, supported by the large increase in mining-related export values, particularly LNG. By contrast, non-mining profit growth is expected to improve modestly as the Middle East-related fuel price shock fades and demand recoverng over the quarter. This is likely to be partly offset by higher award wages, which weighed on margins in consumer-facing sectors with relatively high award-wage coverage.

Company profits



Source: ABS, Macrobond, Westpac Economics

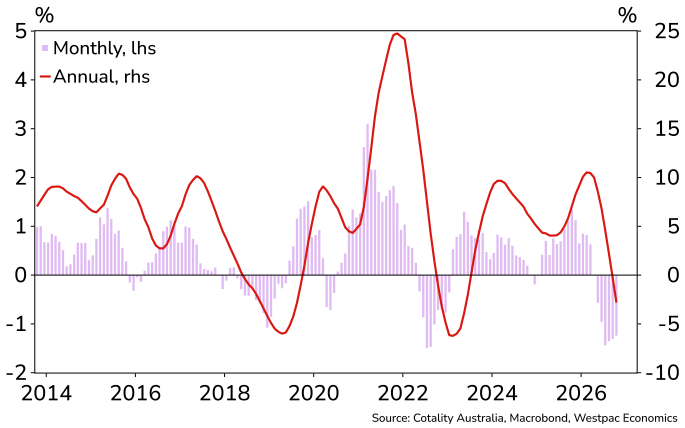
AUS: Nov Cotality Home Value Index (%mth)

Dec 1, Last: –1.2, Westpac f/c: –1.8

The Cotality home value index – covering all of Australia – fell 1.2% in October following a 1.3% decline in September and 1.4% falls in August and July. Annual growth has turned negative, running at –2.8%yr with prices down 6.7% from their peak in March. Brisbane and Perth led the declines in the October month but the correction to date remains more pronounced in Sydney and Melbourne.

The November update is set to be significantly weaker with another RBA rate rise in the mix and the daily measure (covering the five major capital cities rather than all of Australia) tracking a 2% decline vs 1.5% in October. The detail points to large monthly falls in Brisbane (–3%), Perth (–2.5%) and Sydney (–2.1%). We expect the national measure to show a 1.8% decline, a touch milder. Downward revisions, which have been pronounced this year, are also a risk.

Dwelling price correction deepening



Source: Cotality Australia, Macrobond, Westpac Economics

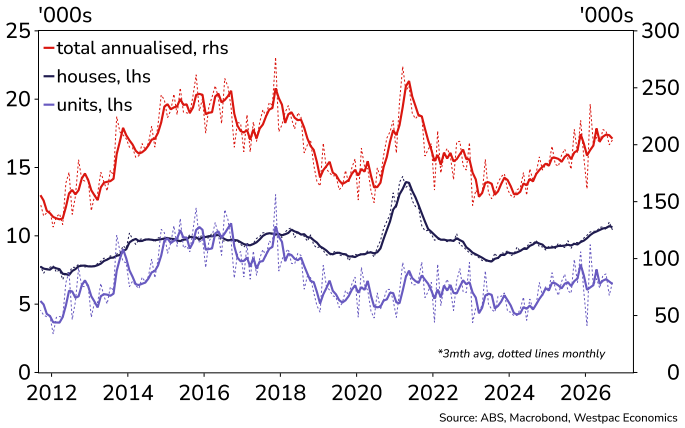
AUS: Sep Dwelling Approvals (%mth)

Nov 2, Last: 5.1, Westpac f/c: –10.0
Market f/c: -3.6, Range: -10.0 to 0.0

Approvals rose 5.1% in September but with the detail suggesting the underlying cycle is starting to turn down. The headline came from a big rise in the volatile private units component (+16.6%mth) which was partially offset by a sizeable decline in private detached houses (–5.3%mth).

We expect the October update to show a much clearer weakening. While it does not map tidily to monthly approvals, the HIA measure of new home sales has weakened dramatically over the last six months, dropping ~40% between April and October. With unit approvals coming off a lumpy gain, both units and detached house approvals could record large monthly declines. On balance we expect total approvals to drop 10% but it would not take much to get a more significant double-digit fall.

Building approvals



Source: ABS, Macrobond, Westpac Economics

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AUS: Q3 Current Account Balance ($bn)

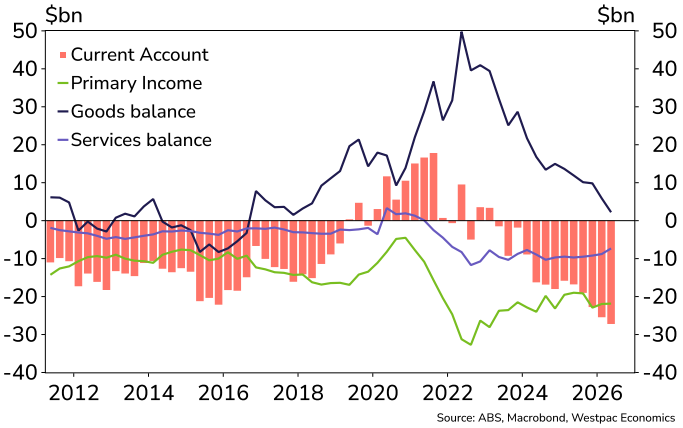
Dec 1, Last: –27.2, Westpac f/c: –25.5
Market f/c: -25.0, Range: -31.0 to -24.0

Q3 is shaping up to be another quarter with several competing forces. Goods exports increased strongly, especially LNG exports, although this was mostly price-led. On the import side, there was another surge in ADP equipment imports – capturing the investment upswing in data centres – although this partly looks to be offset by a pull-back in fuel imports.

Services trade will likely be more of a drag – falling international student commencements may hamper education exports, while outbound tourism spending is set to rebound following the normalisation of international flights at the onset of the Middle East conflict.

All up, we have pencilled in a narrowing of the current account deficit to $25.5bn.

Current Account Balance



Source: ABS, Macrobond, Westpac Economics

AUS: Q3 Net Exports (ppt cont'n to GDP)

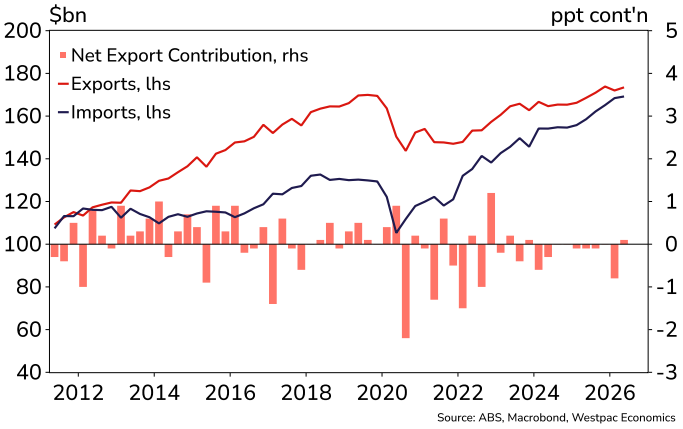
Dec 1, Last: 0.1, Westpac f/c: –0.8
Market f/c: -0.3, Range: -0.8 to 0.2

Net exports look to have detracted from GDP growth in Q3; we expect a contribution of –0.8ppts.

Another surge in automatic data processing (ADP) equipment imports is going to be the main driver of the detraction. The $11.1bn increase in these ADP equipment imports during Q3 will be largely volume-driven, similar to Q1, which also saw net exports detract significantly from GDP.

While there have been some offsetting factors in the nominal trade detail – strong LNG exports, a pull-back in fuel imports – these look to have been largely price-driven, and hence will have a smaller impact on net export volumes.

Net Exports



Source: ABS, Macrobond, Westpac Economics

AUS: Q3 GDP (%qtr)

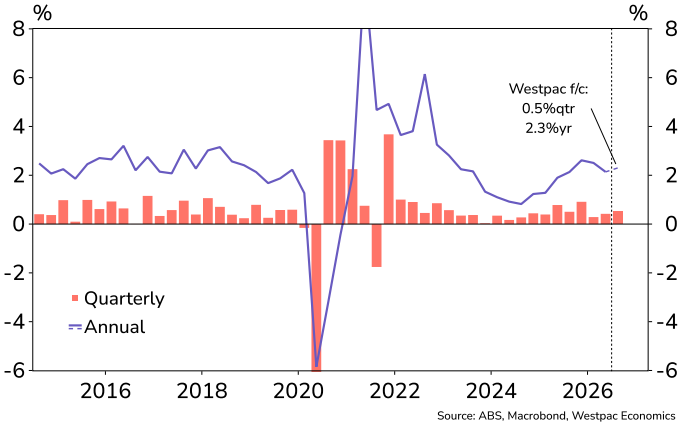
Dec 2, Last: 0.4, Westpac f/c: 0.5
Market f/c: 0.5, Range: 0.3 to 0.7

We expect the Q3 2026 National Accounts to show that Australia's economy expanded 0.5% (2.3%yr). Labour productivity should record its strongest year-ended pace in almost a decade.

Despite significant headwinds, including higher fuel prices and interest rates, the economy remains resilient. This is partly due to a significant tailwind coming from a business investment surge centred on data centres, renewables and the infrastructure required to roll-out the AI revolution. Growth in Q3 should also be supported by gains in housing construction, household consumption and public demand.

For more detail, see our full preview.

Real GDP Growth



Source: ABS, Macrobond, Westpac Economics

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AUS: Oct Goods Trade Balance ($bn)

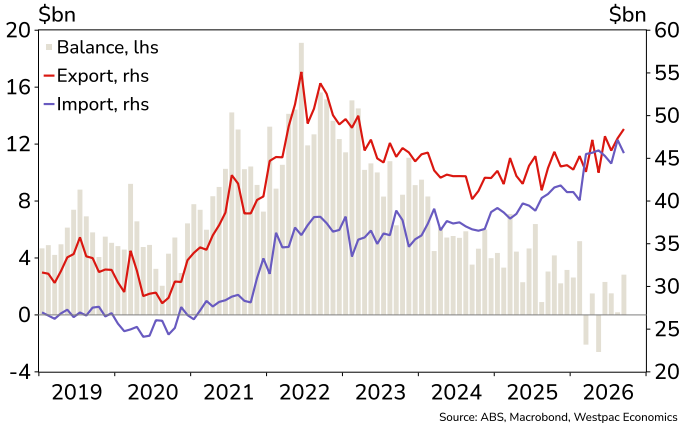
Dec 3, Last: 2.8, Westpac f/c: 1.0
Market f/c: 1.5, Range: 1.0 to 2.7

Goods trade surprised materially to the upside in September, recording a surplus of $2.8bn. As has been the case for some, ongoing volatility in trade of non-monetary gold – both on the import and export side – has contributed to significant swings in the headline goods trade balance.

Importantly, Sep's surplus was despite the back-to-back mega print for automatic data processing equipment imports – which capture the investment upswing related to data centres.

For Oct, we have pencilled in a surplus of $1.0bn. Port data suggests a lift in volumes for some resource exports and commodity prices have been steadier in AUD terms, but volatility in gold and ADP equipment imports will likely continue to dominate.

Goods Trade Balance



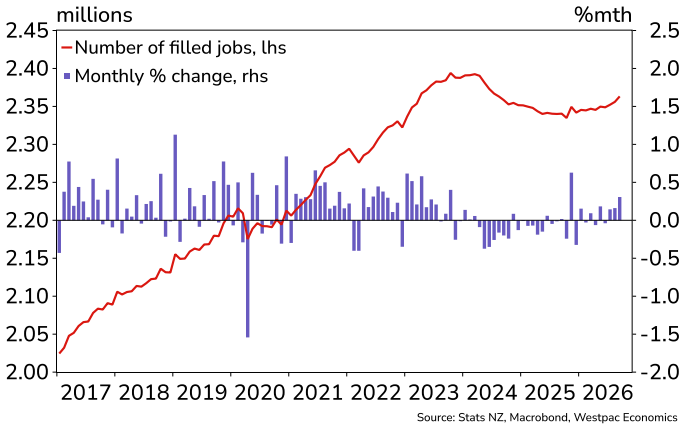
Source: ABS, Macrobond, Westpac Economics

NZ: Oct Monthly Employment Indicator (%mth)

Nov 30, Last: 0.3, Westpac f/c: 0.3

The MEI has shown a gradual acceleration in jobs growth in recent months, after a flat patch through the first half of this year. The weekly snapshots provided by Stats NZ show a further pickup over October, though this is most likely related to the temporary hiring of election workers. While this presents some upside risk to our estimate of a 0.3% increase for the month, we suspect that this effect will show up more fully in the November figures.

Monthly Employment Indicator



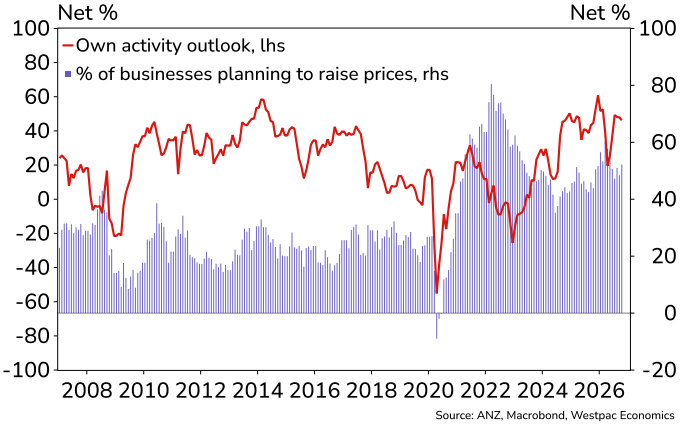
Source: Stats NZ, Macrobond, Westpac Economics

NZ: Nov ANZ Business Confidence (index)

Nov 30, Last: 52.5

Firms remained optimistic in the October survey of business confidence. Most notably, the resurgence in fuel prices over September and October didn't appear to faze them in the way that the initial oil price shock did, suggesting that businesses are simply learning to live with higher costs. The cost and pricing measures of the survey will be of particular interest ahead of the RBNZ's 9 December policy statement, given the policy committee's seemingly diverging views on the extent of second-round and indirect inflation pressures.

ANZ Business Outlook survey



Source: ANZ, Macrobond, Westpac Economics

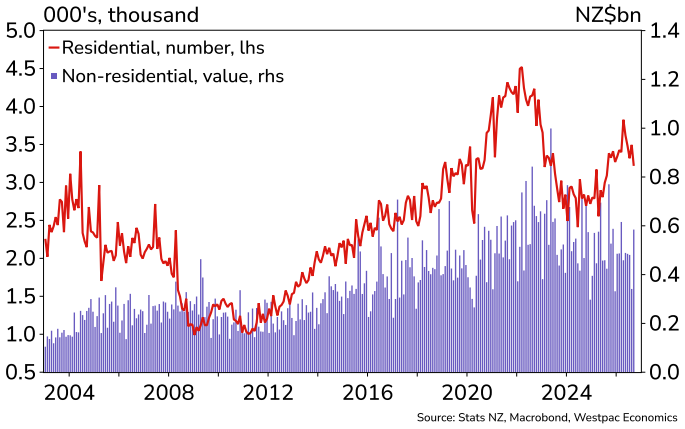
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NZ: Oct Building Consents (%mth)

Dec 2, Last: -7.9, Westpac f/c: -2.0

Dwelling consent issuance remains firm, with just over 41,000 new dwellings consented in the year to September. However, it looks like a peak may have been reached, with the number of medium-density developments easing back in recent months. We expect that pattern will have continued in October and are forecasting a 2% fall. In the non-residential space, we're continuing to see softness in the number of retail and office developments, but greater resilience in the industrial and storage segments.

NZ building consents



Source: Stats NZ, Macrobond, Westpac Economics

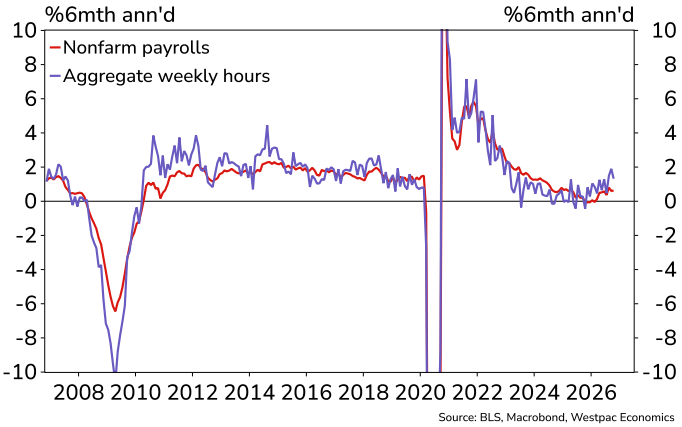
US: Nov employment report

Dec 4, payrolls, Last: 165k, Mkt f/c: 90k, WBC f/c: 100k
Dec 4, U/E rate, Last: 4.1%, Mkt f/c: 4.1%, WBC f/c: 4.2%

Nonfarm payrolls surprised to the upside in October with a 165k increase in the month and 84k jobs added to August and September. As a result, the 3-month average lifted to 137k, ahead of estimates consistent with balance between labour demand and supply.

November is likely to see a more modest gain and the prior two months are susceptible to a downward revision. Still, a gain of around 100k, expected by Westpac and the market, is best characterised as robust if not strong given current population growth. Ongoing resilience in labour demand is likely to see a higher level of participation in coming months, which is behind our unemployment rate forecast of 4.2%.

US labour demand robust



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 30							
Aus	Q3	Company Profits	%qtr	1.8	1.4	1.6	Mining profits to rebound on stronger LNG export values.
	Q3	Inventories	%qtr	–0.2	–0.3	–0.5	Non-mining inventory drawdown partly offset by a rebuild in mining.
	Oct	Private Sector Credit	%mth	0.6	0.5	0.5	Softer investor credit the key source of downside pressure.
	Oct	Household Spending	%mth	0.6	0.3	0.5	Transport related spending to support headline growth.
NZ	Oct	Employment Indicator	%mth	0.3	–	0.3	May be boosted by temporary hiring of election workers.
	Nov	ANZ Business Confidence	index	52.5	–	–	Resilient in recent months, price pressures will be a key focus.
Chn	Nov	Manufacturing PMI	index	49.3	49.4	–	Structurally driven industries the main sources of support ...
	Nov	Non-manufacturing PMI	index	49.7	49.6	–	... but a disengaged consumer challenges the growth story.
UK	Nov	Nationwide House Prices	%mth	0.0	–	–	Prices continue to soften amid higher borrowing conditions.
US	Nov	Chicago PMI	index	55.3	–	–	Has failed to make up any ground since March.
	Nov	Dallas Fed Manufacturing	index	13.4	10.2	–	Backlogged orders to support activity.
Tues 01							
Aus	Q3	Current Account Balance	$bn	–27.2	–25.0	-25.5	Education exports offset by a rebound in outbound tourism, ...
	Q3	Net Exports Contribution	ppt	0.1	–0.3	–0.8	...with a surge in ADP equipment imports to detract from GDP.
	Oct	Dwelling Approvals	%mth	5.1	–3.6	–10.0	Unit approvals to come off a lumpy gain.
	Nov	Cotality Home Value Index	%mth	–1.2	–	–1.8	Tracking a deeper decline with another rate rise in the mix.
		RBA Speak	–	–	–	–	Fireside chat by Governor Bullock in Sydney, 7:15pm AEDT.
Jpn	Oct	Jobless Rate	%	2.4	2.4	–	In a tight 2.4-2.5% range since April.
Chn	Nov	RatingDog Manufacturing PMI	index	52.0	51.7	–	External demand to keep activity in expansion.
Eur	Nov	CPI	%ann	4.0	4.0	–	Core pressures to rise, keeping another hike in play.
US	Nov	ISM Manufacturing	index	55.5	55.0	–	Softer new orders to likely limit upside potential.
	Oct	JOLTS Job Openings	000s	7523	7450	–	Slight decline; survey measures of labour demand steady.
	Oct	Construction Spending	%mth	–1.9	0.8	–	Data centres continue to support activity as housing struggles.
Wrld	Nov	S&P Global Manufacturing PMI	index	–	–	–	Final estimates for Japan, Eurozone, UK, US.
Wed 02							
Aus	Q3	GDP	%qtr	0.4	0.5	0.5	Business investment and domestic demand to support
NZ	Oct	Building Permits	%mth	–7.9	–	–2.0	Dwelling consent numbers look like they've peaked.
	Q3	Terms Of Trade	index	–9.0	3.6	–0.5	Small drop after a fuel–driven Q2 slump, but revisions possible.
Eur	Oct	Unemployment Rate	%	6.5	6.5	–	Expected to hold steady for a fourth straight month.
US	Nov	ADP Employment Change	000s	86	80	–	Growth supported by services industries.
Thur 03							
Aus	Oct	Goods Trade Balance	$mn	2826	1511	1000	Gold and ADP equipment imports the key swing factors.
NZ	Nov	ANZ Commodity Prices	%mth	0.6	–	1.5	Stronger dairy prices outweighed a decline in beef.
Chn	Nov	RatingDog Services PMI	index	50.8	50.5	–	Troubled consumer mood sees services struggle.
Eur	Oct	PPI	%ann	11.1	–	–	At a near three and a half year high.
US		Initial Jobless Claims	000s	189	193	–	Holding broadly steady in trend terms.
	Nov	ISM Services	index	54.5	54.5	–	Regional surveys suggest that risks are to the downside.
	Oct	Factory Orders	%mth	1.8	0.4	–	To mark the fourth straight month of gains.
	Oct	Durable Goods Orders	%mth	0.2	–	–	Final estimate.
Wrld	Nov	S&P Global Services PMI	index	–	–	–	Final estimates for Japan, Eurozone, UK, US.
Fri 04							
Eur	Oct	Retail Sales	%mth	–0.7	0.5	–	Consumer spending trends modest as cost pressures bite.
US	Nov	Nonfarm Payrolls	000s	165	90	100	November is likely to see a more modest gain as ongoing ...
	Nov	Average Hourly Earnings	%mth	0.4	0.3	–	... resilience in labour demand sees higher participation ...
	Nov	Unemployment Rate	%	4.1	4.1	4.2	... driving a small tick-up in the unemployment rate.
	Dec	Uni. Of Michigan Sentiment	index	51.5	52.5	–	Midterm results lifted Nov sentiment, will the trend continue?

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Economic & financial forecasts

Interest rate forecasts

Australia	Latest (27 Nov)	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28	Sep–28	Dec–28
Cash	4.85	4.85	4.85	4.85	4.60	4.35	4.10	3.85	3.85	3.85
90 Day BBSW	4.93	4.96	4.96	4.81	4.56	4.31	4.11	3.96	3.95	3.95
3 Year Swap	4.51	4.75	4.70	4.65	4.60	4.50	4.40	4.35	4.30	4.25
3 Year Bond	4.52	4.75	4.70	4.65	4.60	4.50	4.40	4.35	4.30	4.25
10 Year Bond	4.85	5.00	4.95	4.90	4.95	4.95	5.00	5.00	5.00	5.00
10 Year Spread to US (bps)	-9	5	5	5	5	0	0	–5	–10	–15
United States										
Fed Funds	3.875	4.125	4.375	4.375	4.375	4.375	4.125	3.875	3.875	3.875
US 10 Year Bond	4.92	4.95	4.90	4.85	4.90	4.95	5.00	5.05	5.10	5.15
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	3.24	3.40	3.75	4.00	4.20	4.20	4.20	4.15	3.95	3.95
2 Year Swap	3.77	3.95	4.10	4.25	4.20	4.20	4.15	4.15	4.10	4.10
10 Year Bond	4.72	4.80	4.85	4.95	5.05	5.05	5.05	5.05	5.05	5.05
10 Year Spread to US (bps)	-20	–15	–5	10	15	10	5	0	–5	–10

Exchange rate forecasts

	Latest (27 Nov)	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28	Sep–28	Dec–28
AUD/USD	0 .6673	0.70	0.70	0.71	0.71	0.71	0.72	0.72	0.72	0.72
NZD/USD	0 .5491	0.56	0.58	0.60	0.61	0.62	0.62	0.63	0.63	0.64
USD/JPY	159.35	157	157	156	155	154	153	151	149	147
EUR/USD	1.0978	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21
GBP/USD	1.3125	1.34	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41
USD/CNY	6.6557	6.65	6.60	6.50	6.45	6.40	6.35	6.35	6.30	6.30
AUD/NZD	1.2154	1.24	1.22	1.19	1.16	1.15	1.15	1.15	1.14	1.14

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	0.3	0.3	0.2	0.3	0.3	–	–	–	–
%yr end	2.5	2.1	2.2	1.6	1.6	1.3	1.1	1.1	2.6	1.4	1.0	2.1
Unemployment rate %	4.2	4.5	4.6	4.9	5.0	5.2	5.2	5.1	4.2	4.9	5.1	4.7
Wages (WPI) (sa) %qtr	0.8	0.7	1.1	0.7	0.7	0.7	0.8	0.8	–	–	–	–
%yr end	3.3	3.2	3.5	3.4	3.3	3.2	3.0	3.0	3.5	3.4	3.0	3.3
Headline CPI %qtr	1.4	0.6	1.3	1.2	0.4	0.5	0.8	0.4	–	–	–	–
%yr end	4.1	3.9	3.9	4.6	3.5	3.4	2.9	2.1	3.6	4.6	2.1	2.2
Trimmed Mean CPI %qtr	0.8	0.8	1.0	0.9	0.7	0.7	0.6	0.6	–	–	–	–
%yr end	3.5	3.6	3.7	3.6	3.5	3.3	2.9	2.7	3.4	3.6	2.7	2.3

Our CPU forecasts are currently under review following the October release. Our GDP forecasts will be updated following the Q3 release next week

New Zealand economic forecasts

	2026				2027				Calendar years			
% Change	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
GDP %qtr	0.9	0.2	0.6	0.8	1.0	0.5	0.6	0.7	–	–	–	–
Annual avg change	0.9	1.7	2.1	2.4	2.5	2.6	2.7	2.7	0.3	2.4	2.7	2.7
Unemployment rate %	5.4	5.6	5.7	5.7	5.6	5.5	5.3	5.1	5.4	5.7	5.1	4.5
CPI %qtr	0.9	1.5	0.7	1.2	0.4	0.4	0.6	0.4	–	–	–	–
Annual change	3.1	4.1	3.7	4.3	3.8	2.6	2.6	1.7	3.1	4.3	1.7	1.7

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