

WESTPAC WAVE

FIJI ECONOMIC UPDATE AND OUTLOOK

October 2026

**HERE FOR
GENERATIONS**



Fiji's resilience is being tested...

Shamal Chand

Senior Economist, Westpac Pacific Economics

Fiji's economy entered 2026 with growth already normalising from the post-pandemic recovery. Real GDP growth slowed from 3.6% in 2024 to 2.5% in 2025. Foreign reserves started the year around \$3.7bn, banking-system liquidity remained high and the RBF maintained its Overnight Policy Rate at 0.25%.

Activity so far into 2026 has been somewhat stronger than what we feared. Visitor arrivals reached 762,352 during January–September, up 3.7%yr, while construction, investment lending, cement sales, remittances and private-sector credit remained firm. Nevertheless, Westpac Fiji has kept its 2026 growth forecast unchanged at 2.0%. Stronger headline indicators are not translating one-for-one into real economic growth because higher prices and intermediate costs are absorbing a growing share of nominal activity.

The outlook changed materially in March as the Middle East conflict disrupted global energy markets. Fiji remains heavily dependent on imported petroleum products, so higher refined-fuel, freight and insurance costs flowed through transport, electricity, food distribution and wider business expenses. By June, motor spirit price reached \$3.93/litre and diesel at a record \$4.58/litre, while automotive-fuel sales value rose 24.4%yr in the June quarter.

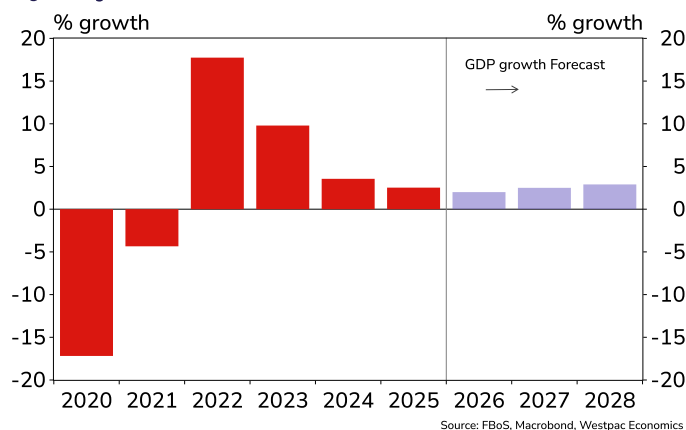
As this report goes out, the Middle East conflict remains a key external downside risk. At least 12 vessels were attacked in the week ending 16 October and yet it is reported that oil flows through Hormuz averaged 11.6mn barrels per day to 13 October, about 68% of pre-war levels through alternative and costly routes. Iran says a seven-day reopening proposal remains available, but US-Iran negotiations remain unresolved.

Westpac Economics' most recent scenario analysis "[Persistent energy pressures have further to run](#)" indicates that relief will be gradual. Brent crude is forecast to average US\$101/bbl in Q4 2026 before easing through 2027. Refined products are expected to normalise more slowly because refinery capacity, inventories, freight and insurance remain constrained. Under Westpac's escalation scenario, in a return to open conflict Brent could reach around US\$150/bbl in H1 2027.

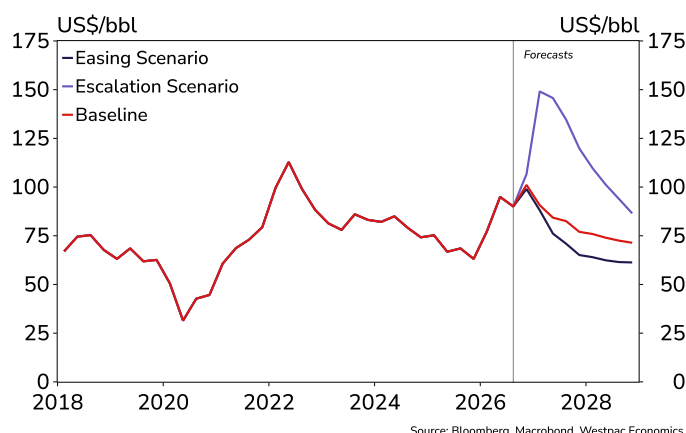
Domestic tourism sector demonstrates the nominal-versus-real growth tension. June-quarter visitor arrivals increased to 287,588, yet earnings fell 4.9%yr to \$708.1mn. First-half tourism earnings declined 1.7%yr despite higher arrivals, even though hotel takings increased 9.5%yr.

Australia and New Zealand remain critical, together contributing around 71% of September arrivals. Westpac expects Australian growth to slow from 2.1% in 2026 to 1.5% in 2027, while New Zealand strengthens from 1.9% to 2.6%. Tourism therefore increasingly needs to focus on yield rather than visitor numbers alone.

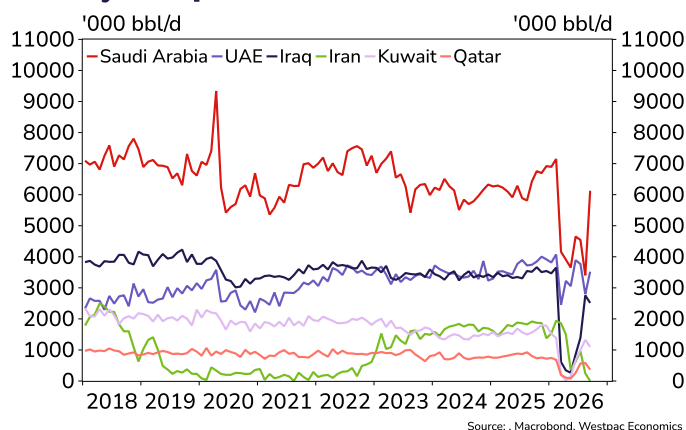
Fiji stays resilient



Oil Price Scenarios



Monthly Oil Exports



...but the buffers are still doing the heavy lifting...

There are good reasons why growth held up despite these shocks. Construction work put in place reached \$155.9mn in the June quarter, up 8.6%yr, while investment lending, cement sales and construction-related imports subsequently remained strong. Industrial production increased 1.5%yr, although performance remained uneven across industries.

Inward personal remittances have been particularly impressive, reaching \$1.2bn during January–August, up 32.7%yr. We expect remittances to reach \$1.55bn this year. These inflows, with strong diaspora support, are helping households absorb higher living costs while simultaneously supporting Fiji's external position.

However, the external accounts show the cost of this resilience. Fiji's merchandise trade deficit widened to \$2.9bn in the first half, with imports reaching \$4.3bn against exports of \$1.4bn. Mineral-fuel imports alone reached around \$1.2bn, up 57%yr. Foreign reserves nevertheless recovered to approximately \$4.09bn by end-September, equivalent to 5.7 months of retained imports, also supported by Government's external loan draw-down.

Our in-house import-demand indicator is signalling softer domestic momentum. Import activity over the three months to September was down 21.3%yr and fell 39.8% compared with the preceding three months. The broader six-month measure declined at a more moderate 16.1% annualised pace. While volatile, the trend adds to our view that higher prices are weighing on real activity, despite continued strength across tourism, remittances, credit and construction.

Headline inflation reached 7.6%yr in August before easing to 6.8% in September, with transport prices up 12.2%yr and food prices up 7.6%. Our latest forecast has November inflation around 8.0%yr, average inflation around 4.3% for 2026 and December (year-end) inflation at 7.4%.

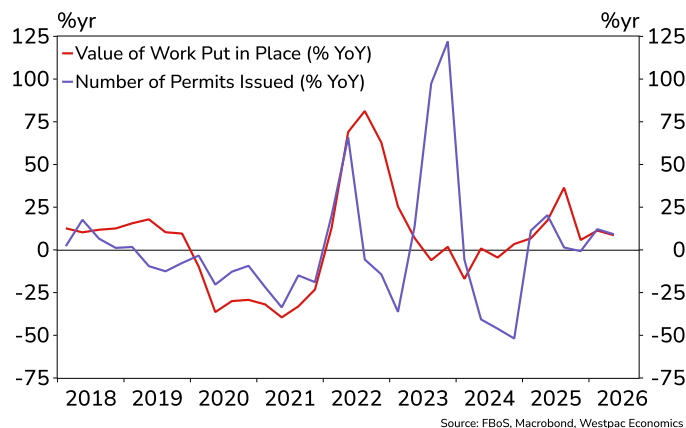
Higher fuel prices are no longer affecting only households. The shock is moving through freight, electricity, agriculture, construction materials and wider supply chains. For instance, we note recent increases in taxi and bus fares. These higher intermediate costs compress business margins and reduce household purchasing power.

This also informs our 2027 view. Westpac Fiji has downgraded its 2027 growth forecast to 2.5%, reflecting the prevailing effects of the energy crisis, elevated refined-fuel prices and the broader transmission of higher intermediate costs into next year. Westpac's global outlook supports this caution: crude prices are expected to ease gradually, but refined products could remain comparatively expensive for longer.

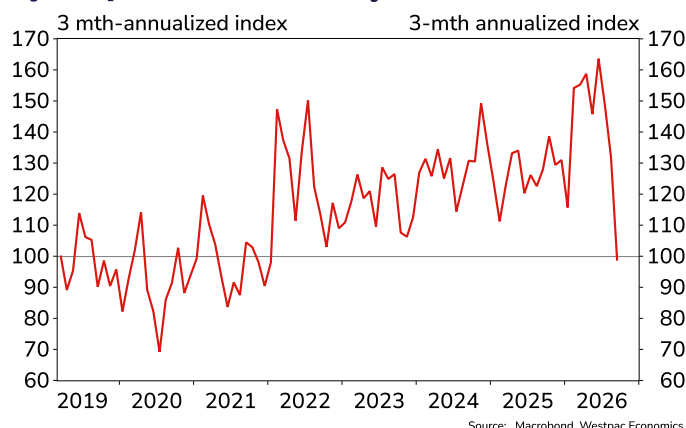
Renewable energy is increasingly important because the fuel crisis has put a clear economic price on Fiji's imported-energy dependence. The faster Fiji prioritises a shift to renewable energy, the sooner it can establish a more stable energy foundation.

El Niño creates an additional risk through agriculture, hydro generation and food prices. The buffers remain meaningful, but they are being asked to work significantly harder.

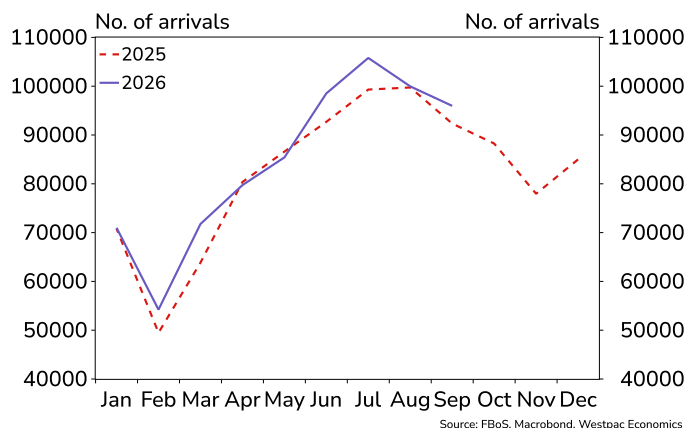
Fiji's construction sector stays positive



Fiji's import demand activity



Visitor arrivals up 3.7%



...as risks converge

Government finances add another dimension to the outlook. The FY2025/26 deficit came in at \$597.9mn, or 4.3% of GDP, substantially better than originally budgeted.

Nevertheless, financing requirements are substantial. Government plans to raise \$1.48bn in FY2026/27, comprising \$1.046bn in deficit financing and \$436.3mn refinancing. Around \$853.9mn to be domestically sourced and \$627.95mn externally, including a \$444mn ADB policy-based loan in November.

Domestic yields therefore deserve closer attention. Fiji's government yield curve has steepened considerably, with the adjustment concentrated beyond 10 years. While the 10-year yield remained at 3.90%, the 20-year yield rose by 80 basis points between July 2025 and September 2026 to 5.80%. The 25-year yield increased even more sharply, climbing from 5.94% to 7.19% after peaking at 7.25% in mid-2026.

Pressure is also emerging at the short end. The Government's 20 October Treasury Bill tender offered \$50mn across three-, six- and 12-month maturities. Investors bid for the full amount, but sought yields of 0.35%, 0.60% and 1.30%, respectively, above the listed yields of 0.30%, 0.55% and 1.25%. Government did not accept the higher yields, leaving the entire \$50mn offer unallocated. This suggests investors are increasingly seeking better returns even on shorter-dated Government securities.

The financial system still provides considerable protection. Banking-system liquidity stood around \$2.28bn at end-September and the RBF maintained its OPR at 0.25%. In August, the weighted-average lending rate was 4.51%, the savings-deposit rate 0.31% and the time-deposit rate 2.01%.

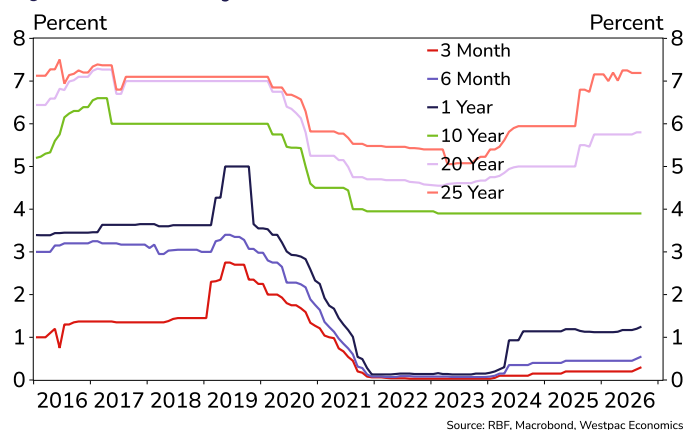
For now, high liquidity limits immediate crowding-out risks. Higher government yields may encourage banks and institutional investors to allocate more funds towards government securities. If liquidity subsequently tightens, deposit rates may need to rise to retain savings, adding pressure to bank funding costs and eventually lending rates.

S&P's decision to maintain Fiji's B+/B ratings but revise the outlook from stable to negative reinforces the importance of debt sustainability, investor confidence and credible medium-term fiscal consolidation.

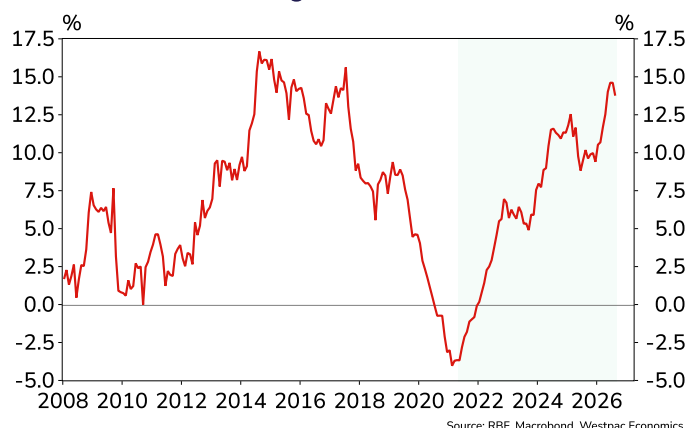
Political uncertainty adds another layer, with ongoing public debate on constitutional amendments and the general election due by 6 February 2027.

This brings us back to the growth story. We have maintained 2026 growth at 2.0% because resilient tourism, remittances, construction and investment are being offset by unexpectedly high inflation and intermediate costs. Our downgrade of 2027 growth to 2.5% recognises that this adjustment will take longer than previously expected, while fiscal, financial, energy, climate and political risks increasingly overlap.

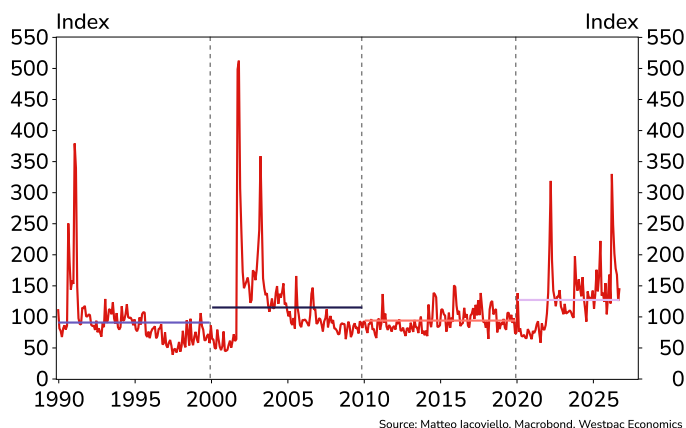
Fiji Government yields



Private sector credit growth



Geopolitical Risk Index



Fiji medium-term outlook

Sector growth (%)	2021	2022	2023	2024	2025	2026f	2027f	2028f
Primary	9.1	3.0	3.8	4.7	0.7	2.5	2.3	2.7
Industry	-8.8	10.2	2.9	3.5	1.5	0.8	1.2	2.3
Services	-6.9	25.1	13.3	3.3	3.2	2.1	2.9	3.0
Net taxes	-4.3	17.7	9.8	3.6	2.5	2.0	2.5	2.9
Real GDP	-4.3	17.7	9.8	3.6	2.5	2.0	2.5	2.9
Other key indicators								
Inflation (average)	1.5	6.1	3.0	3.9	-1.4	4.3	5.5	3.0
Inflation (year-end)	5.6	4.3	4.8	-0.2	0.0	7.4	3.0	3.0
Visitor Arrivals	31,618	636,312	929,740	982,938	986,367	1,023,291	1,043,757	1,064,632
Inward Remittances (\$ million)	846	1,041	1,253	1,329	1,323	1,550	1,716	1,900

Source: Westpac Pacific Economics

Exchange rate forecasts (FJD majors)

FJD vs	Latest	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
DXY index	102.55	100.4	98.9	97.5	96	95.2	94.3	94.1	94.6	94.5
USD	0.4426	0.45	0.45	0.46	0.46	0.46	0.46	0.46	0.46	0.46
AUD	0.6356	0.62	0.62	0.63	0.63	0.63	0.63	0.64	0.64	0.64
EUR	0.3952	0.39	0.39	0.39	0.38	0.38	0.38	0.38	0.38	0.38
JPY	69.94	70	69	70	70	70	69	69	68	68
NZD	0.7818	0.80	0.78	0.75	0.73	0.72	0.72	0.72	0.71	0.71
PGK	1.9777	2.01	2.09	2.11	2.07	2.04	1.99	1.94	1.91	1.87
GBP	0.3320	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
TOP	1.0637	1.06	1.05	1.06	1.06	1.06	1.06	1.05	1.05	1.05
VUV	51.70	51	51	52	52	52	52	52	52	52
WST	1.2129	1.21	1.21	1.21	1.22	1.22	1.22	1.22	1.22	1.22

Source: Westpac Economics Market Outlook

Commodity forecasts (quarter average)

Commodities	Latest	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
crude oil (US\$bbl) Brent	103	101	91	84	83	77	76	74	73	71
LNG in Japan US\$mmbtu	25.9	24.5	23.5	19.0	16.0	14.0	12.8	12.4	12.0	11.7
gold (US\$/oz)	4,149	4,350	4,250	4,100	4,050	4,000	4,010	4,040	4,070	4,090
Softs										
NZ dairy price index	319	324	329	331	334	339	342	344	345	347
NZ forestry price index	168	159	160	160	160	161	161	162	163	164
Sugar#11 c/lb	20.45	19.50	18.50	18.88	18.23	18.00	17.75	17.50	17.25	17.00

Source: Westpac Economics October Market Outlook

Cost pressures move beyond the pump

Inflation has emerged as a key pressure point for Fiji, threatening to erode gains from otherwise resilient domestic activity. Headline inflation accelerated to 6.8%yr in September, driven by essentials: food prices rose 7.6%yr, transport increased 12.2%yr and housing and utilities were 4.9% higher. The underlying picture remains less severe, with prices declining 0.4%mt in September and annual-average inflation at 1.9%. Nevertheless, the acceleration suggests the global fuel shock is increasingly working its way through the domestic economy.

The import-price pipeline reinforces this view. Import prices increased 4.9%qtr and 4.4%yr in the June quarter, including a 15.4%yr rise in mineral-product prices as petrol, diesel and aviation-fuel costs increased. Export prices rose 6.2%yr, although the terms of trade eased 0.6%qtr. Elevated energy costs are also spreading beyond the pump. Transport-services producer prices increased 2.7%qtr in June, while building-material prices rose 1.5%qtr in September, signalling broader pressure across distribution, construction and services.

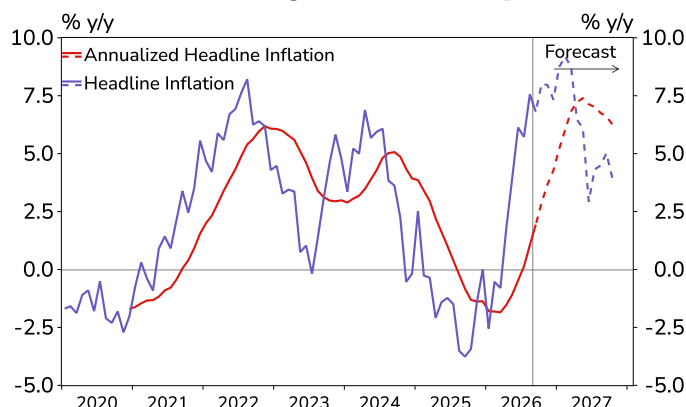
Fuel-price pressures intensified again in October, when regulated unleaded prices in Viti Levu increased to \$3.15/litre and diesel rose by 21 cents to \$3.41/litre. Prices nevertheless remain below their June peaks. Our indicative estimates point to further increases in fuel prices over the coming months.

The global outlook offers little immediate relief. Westpac Economics expects Brent to average US\$101/bbl in Q4 2026 before easing to US\$77/bbl by Q4 2027, but refined fuels are expected to ease more slowly as refinery supply remains more constrained, while shipping, insurance and inventory pressures gradually normalise. Westpac's Australian forecasts provide some regional context, with diesel and petrol expected to average 274c/l and 230c/l, respectively, in Q4 before declining through 2027.

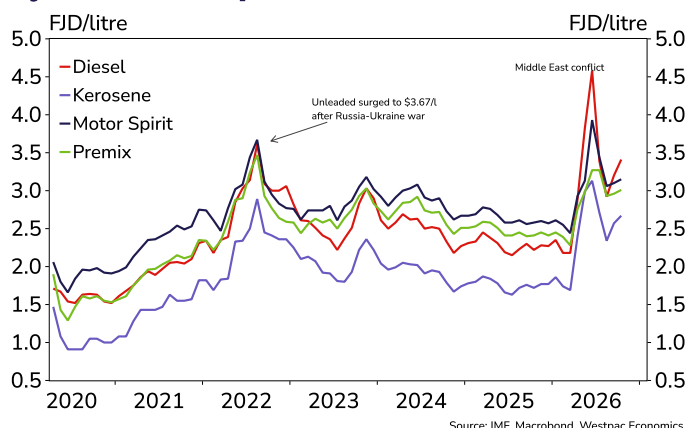
For Fiji, the distinction between crude and refined-product prices is important. Singapore gasoil prices, freight and insurance costs are expected to remain elevated and ease only gradually through 2027, meaning lower Brent prices may not translate immediately into cheaper imported fuel. Higher diesel costs feed into freight, construction, agriculture and distribution, while aviation-fuel pressures add to airline operating costs and tourism-sector margins. Repeated shocks increase the likelihood that businesses eventually pass more of these costs on to consumers, particularly through food and other essentials.

We consequently expect inflation to remain elevated through year-end, rising towards 8.0% in November before easing to 7.4% in December, taking annual-average inflation to around 4.3%. The concern is increasingly that an imported fuel shock develops into broader cost-push inflation into next year. The squeeze on real purchasing power makes inflation an increasingly important downside risk to Fiji's growth outlook heading into 2027.

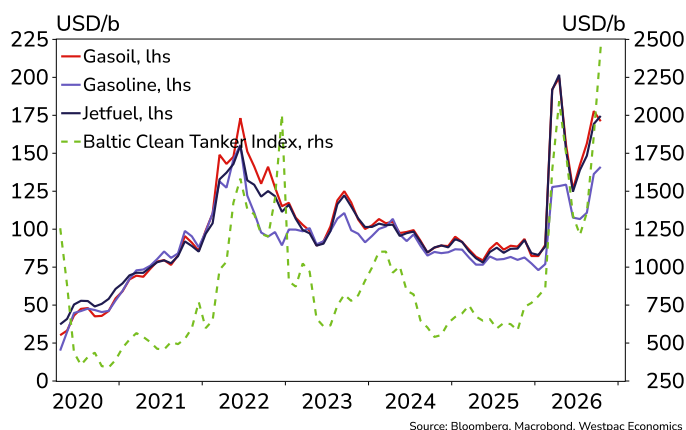
Headline inflation surges to 6.8% in Sept



Fiji domestic fuel price



Global Refined Fuel Price



S&P negative outlook is concerning

Fiji's sovereign credit profile has come under renewed pressure recently, adding another layer of caution to an economy already navigating softer real growth and elevated external risks.

S&P maintained Fiji's long-term rating at B+ and short-term rating at B but revised the outlook from Stable to Negative. While not a downgrade, it signals increased risk if fiscal and debt metrics deteriorate. Historically, four of Fiji's six negative outlooks since 2006 have resulted in downgrades, typically during periods of major economic or fiscal stress. Similar vulnerabilities are resurfacing, with rising government expenditure and guarantees, alongside Middle East tensions and inflationary pressures.

The key concern is fiscal. S&P viewed the 2026/27 Budget as more expansionary than previously expected, effectively slowing the fiscal consolidation achieved in previous years. It projects the fiscal deficit to average 4.6% of GDP over 2027–29, including 4.9% in FY2027, with net government debt moving above 70% of GDP. Once contingent liabilities are incorporated, the broader public-sector exposure approaches 80% of GDP. This leaves considerably less fiscal space to absorb another major domestic or external shock.

In S&P's latest assessment, contingent liabilities are becoming increasingly important to the sovereign risk story. Government exposure through guarantees and other contingent liabilities adds to the broader fiscal risk, while a widening current account deficit, elevated imports and rising external debt reinforce the

risks surrounding the outlook. For Fiji, this matters because the next phase of growth will require substantial investment in infrastructure, climate resilience and productive capacity.

The negative outlook therefore strengthens the case for a more credible medium-term fiscal consolidation path by the Fiji Government. S&P indicated that the outlook could return to Stable if economic growth and tourism outperform its forecasts, resulting in narrower fiscal deficits and lower debt ratios, or if improvements in institutional and policy settings sustainably strengthen fiscal outcomes and debt levels.

Importantly, the assessment across rating agencies is not uniformly negative. Moody's maintained Fiji's B1 long-term issuer rating with a Stable outlook, suggesting that despite significant structural and fiscal challenges, the overall credit profile remains broadly unchanged and risks remain balanced.

A future downgrade would likely reinforce perceptions of higher sovereign risk just as Fiji requires greater private and foreign investment. Maintaining fiscal credibility, containing contingent liabilities and ensuring that new borrowing supports productivity-enhancing investment will be increasingly important. With elevated uncertainty, climate vulnerability and external shocks remaining additional downside risks, the room for further fiscal slippage is becoming increasingly limited for the Fijian Government.

S&P negative outlooks have often preceded downgrades

Four of six historical negative-outlook observations were followed by a lower rating at the next recorded S&P action

4 of 6

ended in downgrade

NEGATIVE OUTLOOK / WATCH	NEXT RECORDED S&P ACTION	OUTCOME
2 Nov 2006 BB- • Negative watch	7 Nov 2006 Rating: B+	DOWNGRADE
7 Nov 2006 B+ • Negative watch	15 Mar 2007 Rating: B	DOWNGRADE
15 Mar 2007 B • Negative	12 Nov 2007 Rating: B	NO DOWNGRADE
26 Feb 2009 B • Negative	15 Apr 2009 Rating: B-	DOWNGRADE
15 Apr 2009 B- • Negative	15 Dec 2009 Rating: B-	NO DOWNGRADE
18 Jun 2020 BB- • Negative	22 Sep 2021 Rating: B+	DOWNGRADE
14 Sep 2026 B+ rating affirmed • Outlook changed Stable → Negative		?

The message

S&P could affirm the current rating if the economy performs better than expected, supported by clearer fiscal and public debt evidence.

Source: S&P Global Ratings and Westpac Pacific Economics

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

The threat of a “very strong” El Niño

It is the year of the ‘very strong’ El Niño, and for Fiji the risk is no longer just on the horizon. Dry conditions are already affecting parts of the country, while the Government has stepped up preparations for a potentially more difficult period ahead.

History suggests this matters for the broader economy because prolonged drought can simultaneously affect agriculture, water supply and electricity generation before flowing through food prices, imports, rural incomes and ultimately growth.

Our rainfall analysis covering 1981–2025 shows that rainfall during El Niño periods was 24.7% lower than under neutral conditions nationally, with all four regions recording historical deficits above 20%.

During the 1982–83 El Niño, severe drought coincided with Cyclone Oscar and a weak global economy. Historical estimates highlight that Fiji’s economy contracted by 4.0%, against a pre-disaster forecast of 2.7% growth during the super El Niño period then. The 1997–98 episode was more severe. By 1998 the cane crop was forecast at just 1.88mn tonnes, producing around 150,000 tonnes of sugar. Historical estimates used here indicate cane production fell around 26%, contributing to an aggregate GDP contraction of at least 1.3%. Fiji also devalued the dollar by 20% in January 1998 amid the overlapping Asian Financial Crisis.

The social cost was significant. In 1998, around 27,562 households needed food relief and 47,592 were already receiving emergency water supplies according to some surveys. The 2015–16 episode again brought crop losses and drying water supplies.

The effects are beginning to show

The current event is already leaving a footprint. September rainfall was drier than usual across the Western, Central and Eastern divisions and most of the Northern Division, while several Western Division stations recorded less than 100mm.

More recent monitoring points to serious or very dry conditions across parts of Vanua Levu, Taveuni, Lomaiviti, Yasawa, Lau and other areas. Local effects are becoming tangible. Taveuni had already required assistance with water carting in September, while NDRMO reported that Fiji was experiencing meteorological drought and warned it could progress towards hydrological and agricultural drought if conditions continued.

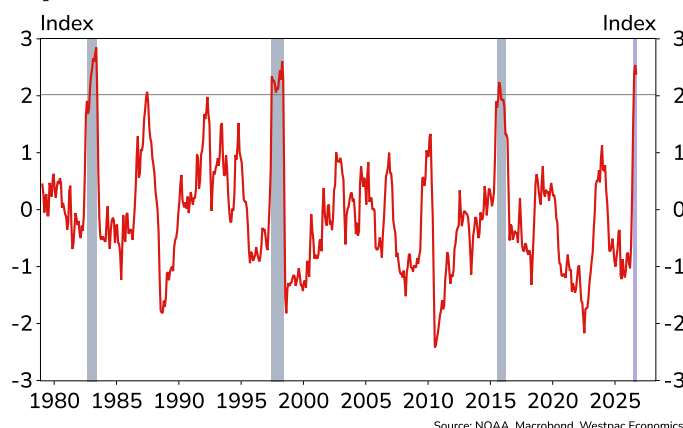
The Government’s response has consequently shifted towards preparedness. The National Disaster Risk Management Council is reviewing the National El Niño Preparedness and Response Plan. Humanitarian clusters were also instructed to prepare contingency plans for consolidation and presentation to Cabinet, while NDRMO has been working with Energy Fiji Limited and the Water Authority of Fiji to assess emerging risks.

This marks a progression from earlier in the year. In August, our assessment was that the FY2026–27 Budget contained no explicit El Niño preparedness measure, implying much of the initial response would need to occur through existing institutional arrangements.

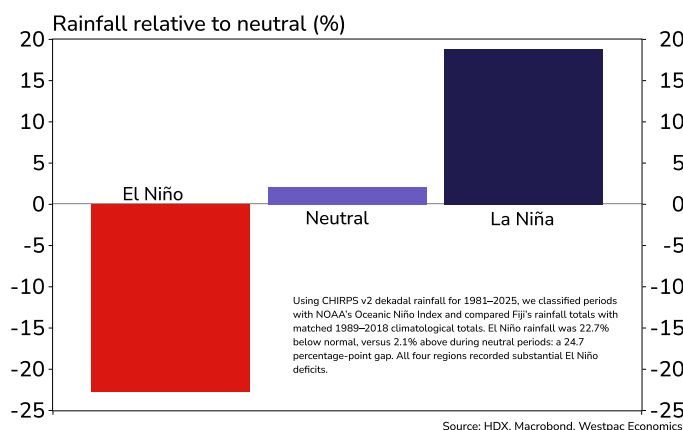
The economic transmission remains important. Agriculture feels reduced rainfall first through weaker soil moisture and water availability. Lower domestic food production can then lift prices and import requirements. Electricity provides another channel as weaker hydro generation could require increased thermal generation and imported fuel, adding to higher production costs and foreign-exchange outflows. And Fiji has less room for another supply-side shock.

Fiji is more diversified than during the droughts of the 1980s and 1990s, while its reserve position provides an important buffer. But financial buffers cannot replace rainfall, agricultural production or water supplies.

Super El Niño



El Niño leads to severe loss of rainfall



Why is ‘foreign reserves’ so important for Fiji?

Foreign reserves remain one of the most closely watched indicators of Fiji’s economic health. At the end of September, reserves stood at around \$4.1 billion, equivalent to 5.7 months of retained imports. The figure features prominently in Reserve Bank reporting, and for good reason.

For a small, import-dependent economy operating a managed exchange-rate regime, reserves provide an important buffer against external shocks.

In simple terms, foreign reserves can be thought of as Fiji’s foreign-currency savings account. Fiji earns foreign exchange through tourism, remittances, exports, foreign investment and external borrowing. At the same time, foreign currency is required to pay for imports, service external debt and meet other overseas obligations. When foreign-currency inflows exceed outflows, reserves generally rise. When the reverse occurs, reserves come under pressure.

The analogy is not perfect, but it highlights why reserves matter. Unlike some larger economies, Fiji cannot simply rely on its exchange rate to absorb external shocks. The Fiji dollar is managed against a basket comprising the Australian, US and New Zealand dollars, the euro and the Japanese yen. This provides a degree of exchange-rate stability and predictability for households and businesses, but it also means that foreign reserves are needed to effectively provide a shock absorber for the economy.

There is also an important connection with domestic financial conditions. Our analysis suggests that before July 2020, every \$1 million increase in reserves was associated with around \$0.31 million in additional banking-system liquidity. Since then, the relationship has strengthened substantially to around \$0.83 million. Following the pandemic, external borrowing, grants, remittances and the recovery in tourism helped lift foreign-exchange inflows and thus banking liquidity, while government expenditure and limited sterilisation further contributed to abundant domestic liquidity.

This highlights an important policy trade-off. Economists refer to the “impossible trinity”, where an economy cannot simultaneously maintain a fixed or tightly managed exchange rate, completely free capital movement and fully independent monetary policy. Fiji’s framework therefore relies on a combination of foreign reserves, monetary-policy settings, exchange controls and broader market management to maintain stability.

Those controls, however, are not without cost. Restrictions on moving capital offshore limit the flexibility available to households, foreign investors and Fiji-based businesses.

A deeper question is therefore whether Fiji could eventually move towards a more flexible exchange-rate framework.

Probably, but not yet. Greater exchange-rate flexibility could theoretically allow the currency itself to absorb more of an external shock. But that requires considerably deeper financial markets than what Fiji presently has. Foreign-exchange trading remains relatively shallow, secondary-market activity in government securities is limited, while instruments that allow businesses to hedge currency risk are significantly underdeveloped.

There is also an important transmission issue. A weaker Fiji dollar could theoretically improve export competitiveness, but the benefits would take time. Merchandise exports remain constrained by domestic production capacity, while tourism is also influenced by available capacity and advance bookings. Higher import prices, by contrast, would flow through much faster. Given Fiji’s heavy reliance on imported fuel, food, machinery and other goods, currency depreciation would quickly add to inflation and business costs.

The experiences of Australia and Singapore offer two useful perspectives.

Australia floated its dollar in 1983 alongside broader financial-sector liberalisation and market development. Singapore followed a different path. Despite possessing a highly developed financial system, it continues to manage its currency against a basket, with the exchange rate occupying a central role in monetary policy.

For Fiji, the lesson is not that one exchange-rate regime is necessarily superior to another. Rather, greater flexibility requires deeper markets and stronger transmission mechanisms. Developing the foreign-exchange market, domestic capital markets and currency-risk management instruments therefore needs to precede any significant shift in the present regime.

Until then, foreign reserves will remain much more than another number in the RBF’s monthly statistics. It acts as a buffer against external shocks, help underpin confidence in the Fiji dollar and provide the economy with room to continue paying for essential imports when foreign-currency inflows weaken. At \$4.1 billion, the reserve position remains comfortable, but maintaining that buffer remains fundamental to Fiji’s macroeconomic stability.

Interest rate forecast

Economies	Latest	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Australia										
Cash	4.60	4.85	4.85	4.85	4.60	4.35	4.10	3.85	3.85	3.85
10-year Bond	5.16	5.20	5.15	5.10	5.05	5.05	5.00	5.00	5.00	5.00
United States										
Fed Funds	3.875	4.125	4.125	4.125	4.125	4.125	3.875	3.625	3.625	3.625
10-year Bond	4.97	5.05	5.00	4.95	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
10-year Bond	4.90	5.00	5.00	5.00	5.05	5.05	5.05	5.05	5.05	5.05

Source: Westpac Economics Market Outlook

Exchange rate forecasts (majors)

Majors	Latest	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
DXY index	102.55	100.4	98.9	97.5	96	95.2	94.3	94.1	94.6	94.5
AUD/USD	0.6946	0.72	0.72	0.73	0.73	0.73	0.73	0.72	0.72	0.72
NZD/USD	0.5653	0.56	0.58	0.61	0.63	0.64	0.64	0.64	0.65	0.65
USD/JPY	157.83	156	154	153	152	151	150	149	148	146
EUR/USD	1.1230	1.14	1.16	1.18	1.20	1.21	1.22	1.22	1.21	1.21
GBP/USD	1.3303	1.34	1.35	1.36	1.38	1.39	1.40	1.41	1.41	1.40
USD/CNY	6.6891	6.65	6.60	6.50	6.45	6.4	6.35	6.35	6.30	6.30
AUD/NZD	1.2288	1.27	1.24	1.20	1.16	1.15	1.13	1.12	1.12	1.11

Source: Westpac Economics Market Outlook

Economic growth forecasts (year average)

Country	2021	2022	2023	2024	2025f	2026f	2027f	2028f
World	6.7	3.8	3.3	3.4	3.4	3.4	3.3	3.3
United States	6.2	2.5	2.9	2.8	2.1	2.3	1.9	1.9
China	8.4	3.1	5.4	5.0	5.0	4.7	4.6	4.4
Japan	3.6	1.3	0.7	-0.2	1.1	0.7	0.8	0.9
India	9.7	7.6	7.2	7.1	7.6	7.1	7.0	6.6
Europe	6.4	3.7	0.5	0.9	1.3	0.9	1.2	1.5
Australia	5.4	4.2	2.1	1.0	2.0	2.1	1.5	2.1
New Zealand	5.5	2.6	2.2	-0.3	0.3	1.9	2.6	3.2

Source: Westpac Economics Market Outlook

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



Corporate Directory

Westpac Economics / Australia

Sydney

Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis

Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan

Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke

Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner

Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk

Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante

Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas

Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells

Economist
E: ryan.wells@westpac.com.au

Illiana Jain

Economist
E: illiana.jain@westpac.com.au

Neha Sharma

Economist
E: neha.sharma1@westpac.com.au

Luka Belobrajdic

Economist
E: luka.belobrajdic@westpac.com.au

Westpac Economics / New Zealand

Auckland

Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold

Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon

Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs

Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod

Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark

Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Pacific

Suva

1 Thomson Street
Suva, Fiji

Shamal Chand

Senior Economist Pacific
E: shamal.chand@westpac.com.au



 westpaciq.com.au

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