

Research Markets Outlook

2 February 2026

Labour Market Preview: Too Soon?

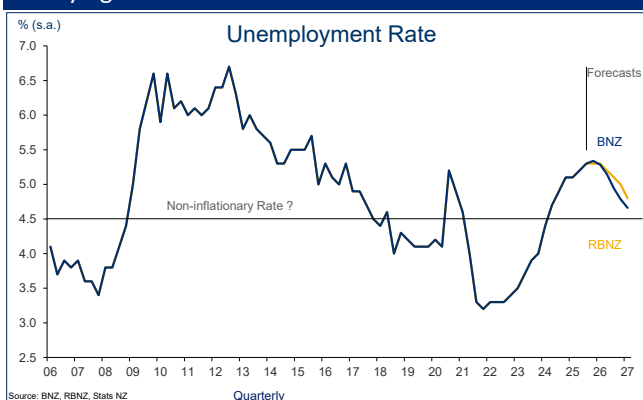
- **Unemployment rate seen steady**
- **Employment forecast to rise**
- **Wage disinflation nearing end**
- **As firms report difficulties finding skilled labour**
- **Stronger NZD largely offsetting commodity price lift**

Economic indicators have generally turned for the better over the past few months. It may be too early to see a major change in the official labour market measures at this point in the economic recovery. The labour market tends to lag the economic cycle. That said, we do expect this Wednesday's suite of Q4 labour market data to show a general halting of deterioration as well as some more signs of improvement in the details.

Employment is forecast to edge a touch higher. Our forecast 0.3% q/q lift in Household Labour Force Survey (HLFS) employment may be modest, but it would be the first gain in 18 months and the strongest quarterly growth in two years. Not quite enough to turn annual employment growth positive, but a nudge in the right direction.

Our employment forecast is enough to hold the unemployment rate steady at 5.3%, halting the preceding drift higher. That assumes the labour force participation rate is little changed from Q3's 70.3% (our Q4 participation rate forecast rounds up to 70.4%).

Steadying

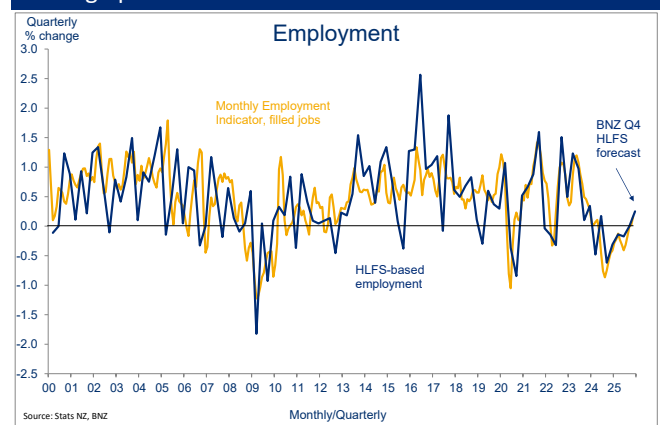


Youth employment appears to have remained weak in Q4. It is a reason the overall participation rate may not lift as much as expected employment growth would suggest. Indeed, the balance of risk probably tilts to the participation rate being a bit lower than we forecast. It is

the balance of employment and labour force participation that has a large influence on the unemployment rate.

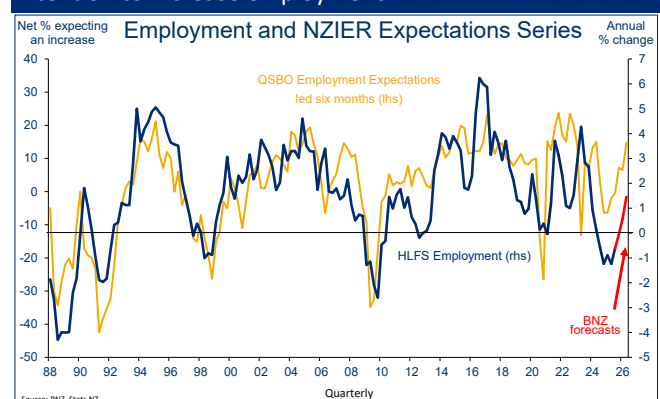
Employment indicators have generally looked a touch better over recent months, albeit to varying degrees. In Q4, monthly filled jobs were modestly higher, PMI employment lifted meaningfully, job ads trended higher, and reported employment from the QSBO and ANZBO business surveys were positive. The PSI employment index was a laggard. It did lift in the quarter but not by enough to move out of contractionary territory.

Turning up



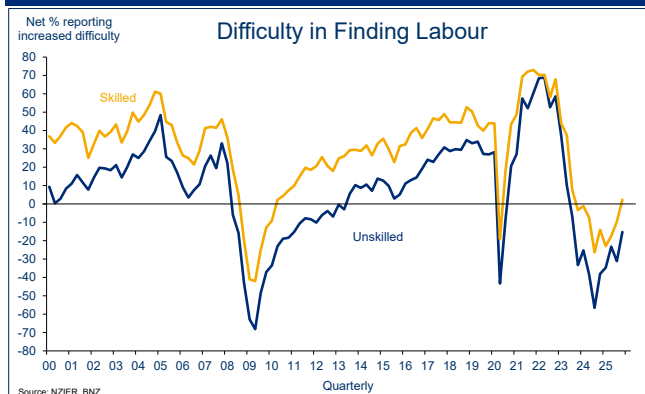
None of that guarantees any particular outcome from the HLFS survey, but the net of the indicators provides compelling evidence that labour demand is improving. Firms' employment intentions from the QSBO and ANZBO suggest it has legs.

Intention to increase employment



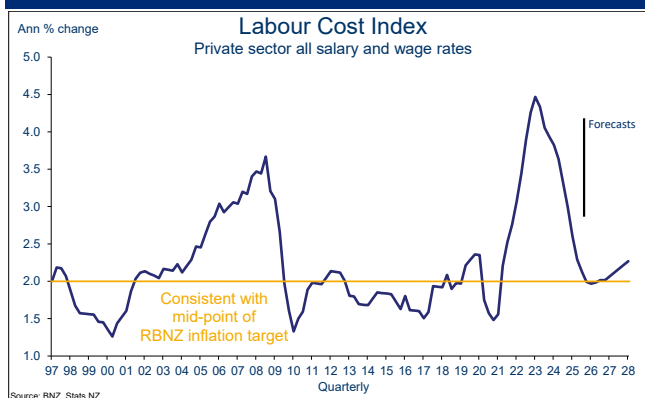
Labour demand and intentions to employ are one thing, but finding workers with the requisite skills is another. We fear something of a mismatch between the skills required for current job vacancies and the skills possessed by those looking for work. Firms are already reporting more difficulty finding skilled labour, which feels early in the economic cycle. It is not too soon for labour market pressures to start appearing.

But difficulty finding labour increasing



We will be watching wage inflation closely. The trend has been downward reflecting a general weakening in the labour market over the past three years. Usual lags would suggest a bit further easing is likely in annual wage inflation. We forecast the private-sector Labour Cost Index to edge a tick lower to 2.0% in Q4. This includes a 0.5% q/q gain in Q4 from Q3's 0.4%.

Disinflation near end



A greater skill mismatch could see more upward pressure on wage inflation for any given level of unemployment. This is something we are pondering not only for this quarter's data but also for the wage inflation outlook. If mismatches are greater than we implicitly assume, it would tilt the balance of risk around our wage inflation forecasts to the upside.

This ties in with a broader theme we have been discussing around general inflation looking more elevated and widespread than one might have expected at this point in

the cycle. There are many possible reasons why this could be so.

One is that potential growth has been lower than many might believe. If so, the output gap may not have been quite as big as one might estimate from assessing weakness in actual activity. It is difficult to know in real time. But things like very low net migration, energy market challenges, and low investment (and some of that only repairing capital stock damage from many weather events) have been obvious headwinds to potential growth over recent times.

One consequence of low potential growth is that one tends to see more inflation at lower levels of activity than would otherwise be the case. In the labour market, we may see more upward pressure on wages for any given level of unemployment.

Pressures on the economy's productive capacity is something we think the RBNZ will continue to assess closely, especially considering a second consecutive quarterly CPI inflation upside surprise.

To be clear, our Q4 labour market forecasts are broadly in line with market expectations and the RBNZ's November MPS projections. Our Q4 unemployment rate forecast matches the RBNZ's November MPS forecast, albeit with our employment growth and participation rate assumptions both a tick higher than the Bank's projections. Our LCI wage forecasts match the RBNZ's. Thus, we are not expecting the labour market data to add to any policy outlook reassessment the Bank may already be doing post the generally higher than forecast growth and inflation data since November.

Annual inflation maintaining a 3 handle in the latest CPI, persistently elevated consumer inflation expectations (even accounting for the usual upward bias) and a hint of business inflation expectations starting to wriggle a bit further away from the Bank's target will all be on the RBNZ's radar. So too would wage inflation if it printed above its expectations.

Hours worked from the HLFS and the Quarterly Employment Survey's filled jobs and paid hours data will give further insight into labour market and economic activity in the quarter. Mild gains would be most consistent with our economic growth forecasts, although given strong gains in Q3, even maintenance of that higher level in Q4 would support the notion of trend improvement in activity over the second half of 2025.

There are building consents and commodity price updates to keep an eye on too through the week.

Building consents for December are due on Tuesday morning. The trend in residential building consents turned firmly upward from mid-2025. Barring a very large drop in December, the annual number of consents look like pushing through 36,000 for the first time since early 2024.

It is sending positive signals for more residential building activity ahead.

The trend in non-residential building consents turned meaningfully positive in November for the first time since mid-2024. Some consolidation of that in December would be most consistent with our forecasts for some lift in activity later in 2026.

The latest GDT dairy auction is scheduled for the early hours of Wednesday morning. Dairy product prices have bounced off their lows late in 2025. The balance of early indicators suggests another modest move higher at this event and maintain the prospect of a decent milk price to farmers for the 2025/26 season, albeit lower than the previous season.

The ANZ commodity price index for January is due for release on Wednesday afternoon. After four consecutive monthly declines, it is expected to show a meaningful (around 3%) bounce in world prices for NZ's major primary product prices in January. A large gain in aluminium will be supported by a rebound in dairy and further increases in meat and wool prices. However, a bounce in the NZD is likely to keep monthly price gains in local currency terms minimal and see annual deflation accelerate to around 4% indicating some downward pressure to related domestic retail prices in time. It is part of why we expect annual CPI inflation to start to unwind through 2026 from its current 3.1% level.

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Global Watch

- **RBA expected to hike 25bps**
- **ECB and BoE to remain on hold**
- **US payrolls seen at 68k; unemployment rate steady**
- **ISM manufacturing and services surveys due**

In Australia, the RBA meets on Tuesday. Our colleagues at NAB expect a 25bp hike and for the RBA to remain concerned about capacity pressures and uncertain about the degree of policy restrictiveness. Building approvals are also released Tuesday, with the trade balance on Thursday. Governor Bullock appears before the Parliament on Friday and Assistant Governor Jones speaks Wednesday.

In the US, the consensus for Friday's payrolls anticipates an 68k jobs gain and the unemployment steady at 4.4%. Preliminary UMich consumer sentiment survey is also Friday. The Manufacturing ISM is Monday, and the Services ISM is Wednesday, with final PMIs, JOLTS and ADP data also released during the week.

The BoE and ECB both meet on Thursday. No rate changes are expected. For the BoE, new forecasts are likely to nudge up economic growth modestly, while the ECB will repeat it remains in a 'good place' with inflation around target. The ECB will field questions on the exchange rate and related rate cuts.

Preliminary January inflation data for the EZ is released on Wednesday. A dip in EZ headline HICP below December's 1.9%, with core closer to 2%, would feed the nascent debate on whether the ECB will be forced to cut rates again.

Key Event Previews

Tuesday

AU RBA Policy Decision

NAB expects the RBA to raise the cash rate by 25bp on Tuesday, followed by another increase in May, which would reflect a modest recalibration of policy. The RBA is likely to remain concerned about capacity pressures and uncertain about how restrictive current settings are. NAB don't expect the Board will seek to shape firm expectations of the forward path, leaving the door open to some further adjustment while remaining data dependent. The RBA will also publish updated forecasts.

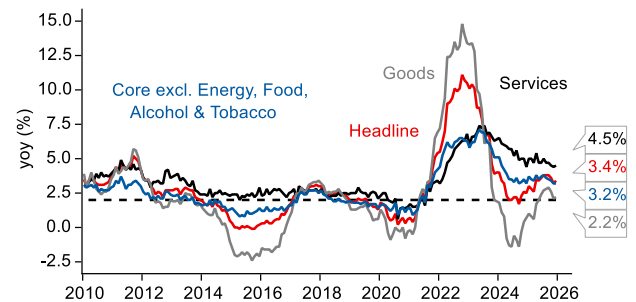
Thursday

UK BoE Policy Decision

NAB sees almost no chance of a rate cut, having just cut at the December meeting to 3.75%. Still, they see the nine-member MPC voting 6:3 to hold rates. Inflation remains too high at a 3.4% headline, even though some good progress has been made in wage price moderation. Base effects and government changes from the Budget to freeze

rail fares and cut energy prices will see headline inflation drop sharply in the print for April to at least 2.5%. While NAB think the chances of a BoE cut in March are higher than market pricing, a late April cut is more likely.

UK Inflation*



Source: National Australia Bank, U.K. Office for National Statistics (ONS), Macrobond
* Dashed line represents the BOE's 2% inflation target.

EZ ECB Policy Decision

With inflation more or less at target the ECB will keep rates on hold and continue to talk of being in a 'good place.' The downside miss in the December release to a 1.9% headline HICP could be pushed a little lower in January's preliminary reading, aided by temporary soft German prices. The ECB will need more than this to be persuaded HICP will remain sustainably below its 1.9% 2026 forecast.

Exchange rate strength will add further pressure and be the subject of many ECB press conference questions. The rule of thumb is a 10% EUR appreciation cutting 0.3% or so off HICP, but where the EUR TWI has risen a more modest 6.5%, it suggests the ECB can sit tight for now. Chinese export re-routing into Europe remains a further deflationary threat.

Friday

US Non-farm Payrolls (Jan)

The consensus is for the unemployment rate to remain at 4.4%, and a 68k payroll gain. That would be broadly in line with the FOMC's assessment. In holding rates last week, the post meeting statement said *"the unemployment rate has shown some signs of stabilization"*.

January's release will also incorporate annual benchmark revisions to payrolls. In addition, the birth-death model will be refreshed to incorporate the latest sample information each month, which should help reduce the recent pattern of downward benchmark revisions going forward.

Usually, the household survey incorporates annual population control adjustments in the January data, but this year those changes will be delayed to the February release in March.

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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg: BNZ

NZ swap rates edged higher over the course of last week, set against the backdrop of broadly stable global fixed income markets. This contrasts with the massive swings in precious and industrial metals and a broadly weaker US dollar. The trade weighted NZ dollar is at the highest level in almost six months and is nearly 4% higher than the RBNZ's flat projection from the November Monetary Policy Statement (MPS). There has been limited pullbacks for NZ rates with the data remaining consistent with the economic recovery taking hold.

The main domestic focus for NZ rates is Q4 labour market data, one of the last key economic releases ahead of the 18 February MPS. The unemployment rate is expected to remain steady at 5.3%, and with some initial signs of improvement in employment, suggests this is likely to be the cyclical peak. The Reserve Bank of Australia's (RBA) rate decision will also be closely monitored. There is a 70% chance of a 25bp hike priced and the central bank will release updated projections.

Our NAB colleagues expect a 25bp hike from the RBA and for them to leave the door open to a further adjustment while remaining data dependent. A follow up increase is expected in May. The Bank is likely to remain concerned about capacity pressures and uncertain about the extent of policy restrictiveness. NZ-AU front end spreads have traded towards the topside of recent ranges which we expect will hold for now. In our opinion, the selloff in NZ rates fully discounts the improvement in the domestic data with 50bp of RBNZ implied for this year and a cumulative 150bp by end-2027.

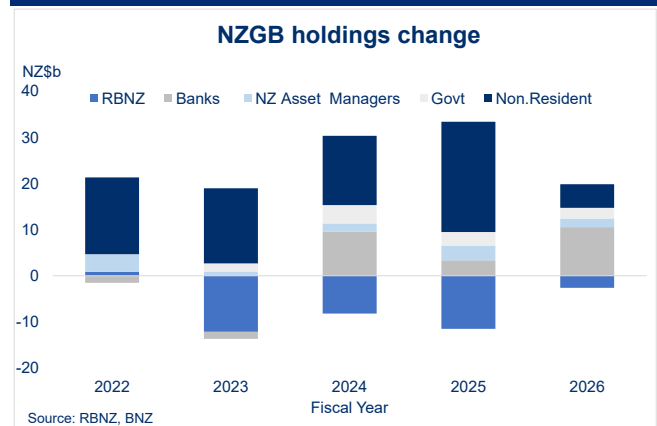
NZ-AU 1y1y spread at the top of the recent range



There has been an interesting dynamic playing out in terms of demand for NZ Government bonds through the first half of the fiscal year. Total outstanding nominal bonds increased by NZ\$19 billion during this period. In recent years non-resident investors have been key to absorbing the elevated supply. However, in H1 2025/26, this investor

category 'only' absorbed NZ\$5 billion, the smallest increase in a 6-month period in more than three years.

Banks absorb the bulk of NZGB issuance in H1 FY26



This raises the question if slower accumulation by offshore investors is temporary or reflects more durable factors. Certainly, demand in the nominal syndications, much of it from offshore investors, has remained robust with very strong book sizes. And weekly tenders continue to see good bid coverage. Cross market spreads have compressed against key comparison markets like Australia and could be a factor, but the steep NZGB curve means FX hedged yields are high relative to other developed sovereign bond markets including Australia.

Domestic banks have accumulated NZ\$11 billion of NZGBs over the same period. Total holdings have risen to a record NZ\$37 billion in absolute terms and as a proportion of total long term debt security holdings. Some of the bank demand for NZGBs may relate to the dearth of alternative NZD issuance. The Kauri market has seen limited activity given current pricing dynamics and the NZ Local Government Funding Agency is an increasingly active issuer in foreign currency debt markets.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.51	2.49 - 2.55
NZ 2yr swap (%)	3.16	2.89 - 3.16
NZ 5yr swap (%)	3.78	3.50 - 3.78
NZ 10yr swap (%)	4.25	4.02 - 4.25
2s10s swap curve (bps)	109	109 - 117
NZ 10yr swap-govt (bps)	-36	-40 - -30
NZ 10yr govt (%)	4.60	4.40 - 4.60
US 10yr govt (%)	4.24	4.12 - 4.31
NZ-US 10yr (bps)	37	23 - 38
NZ-AU 2yr swap (bps)	-102	-116 - -96
NZ-AU 10yr govt (bps)	-20	-44 - -19

*Indicative range over last 4 weeks

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Foreign Exchange Market

Reuters pg BNZFWFDS Bloomberg pg BNZ9

Last week brought a sense of déjà vu, as the USD experienced broad-based selling for a second consecutive week, while the NZD and AUD outperformed. NZD/USD climbed 1.2% to 0.6020, after reaching a fresh six-month high of 0.6093. Although NZD/AUD saw a modest increase of 0.3%, the NZD posted stronger gains of between 0.6% and 1% against other major currencies.

Currency markets delivered another eventful week. The USD was particularly volatile, ultimately suffering another week of widespread losses. The USD DXY index dropped to 95.55—its lowest level since early 2022—before staging a recovery mid-week.

At the start of the week, the market didn't like the fact that the NY Fed was involved at the end of the prior week, in a coordinated effort with Japan, to conduct price checks on dollar-yen. This prompted speculation that authorities aimed not only to curb speculative pressure on the yen but also to support a weaker USD. Selling pressure intensified following President Trump's remark that he was unconcerned about the currency's recent decline, stating, "No, I think it's great." In response, Treasury Secretary Bessent attempted to clarify the administration's position, reiterating the US's commitment to a strong dollar policy. Later in the week, Trump nominated Kevin Warsh to succeed Powell as Fed Chair starting in May. With Warsh regarded as a credible choice with orthodox views on monetary policy, the USD strengthened on the news.

At its policy update, the Fed upgraded its outlook on the economy and labour market, but kept policy unchanged following three consecutive rate cuts. This outcome was widely anticipated and did not alter market expectations that the Fed will likely remain on hold through at least the middle of the year.

Last week we published an NZD Corporate Update, highlighting the key drivers of the NZD, both domestic and global. The NZD has already reached our end-Q1 target of 0.60, and our projections indicate further appreciation to 0.63 this year. As these are central forecasts, we anticipate a trading range of around plus or minus two cents. A case for more substantial gains, beyond 0.65, would depend on a more prolonged downturn in the USD. Following strong gains over a short period, the NZD could consolidate before the next upward move. For now, we have resisted the urge to revise our projections higher. We have consistently maintained that the NZD offers good value below 0.60.

Regarding the NZD/AUD cross rate, we remain cautious about its near-term direction. Recent Australian CPI inflation data and a decline in the unemployment rate

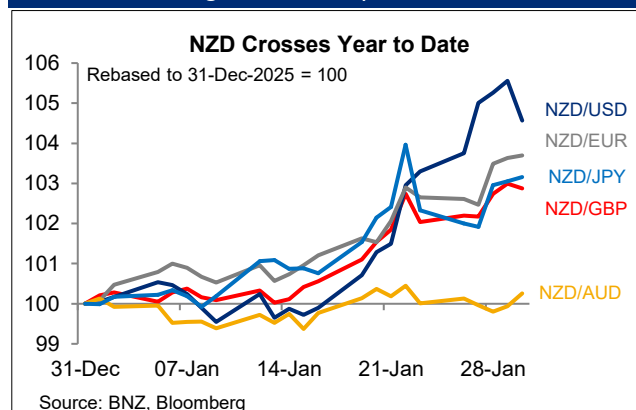
have strengthened the case for the RBA to raise its cash rate this week. While opinions differ on whether there will be just one "insurance hike" or multiple increases, we lean toward the latter, which is supportive for the AUD in the near term and slightly negative for the cross. However, this is expected to be temporary, ahead of the RBNZ's anticipated tightening cycle.

This week, the domestic focus will be on labour market data due Wednesday, the final major release before the RBNZ Monetary Policy Statement on the 18th. An increase in employment and a steady unemployment rate would signal a turning point in the labour market and reinforce market expectations that the RBNZ may need to hike rates sooner than previously indicated.

Of the upcoming policy meetings for the RBA, BoE, and ECB, the latter two are expected to pass with little market reaction, as both central banks are widely anticipated to hold policy steady. The RBA decision is less certain, with market pricing reflecting only a 70% probability of a hike.

Elsewhere, key US data releases—including the ISM manufacturing and services surveys, JOLTS, ADP private payrolls, and the official employment report—will be closely monitored.

NZD off to a strong start for the year



Cross Rates and Recent Ranges

	Last wk		
	Current	% chg	Last 3-wks range*
NZD/USD	0.6012	1.2%	0.5730 - 0.6090
NZD/AUD	0.8650	0.3%	0.8560 - 0.8680
NZD/CAD	0.8180	0.6%	0.7960 - 0.8240
NZD/GBP	0.4389	0.9%	0.4270 - 0.4420
NZD/EUR	0.5073	1.0%	0.4920 - 0.5100
NZD/JPY	93.06	0.6%	90.50 - 94.00

*Indicative range over last 3 weeks, rounded

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Technicals

NZD/USD

Outlook: Trading range
ST Resistance: 0.6100/20
ST Support: 0.5850/70

A sharp lift last week took the currency to just shy of 0.61 and below last year's high of 0.6120 so we'd put resistance around 0.61-0.6120. For support we see 0.5850/70, in reference to the December high and 200-day moving average.



NZD/AUD

Outlook: Downside risk
ST Resistance: 0.87 (ahead of 0.8950)
ST Support: 0.8550

No change, with support at 0.8550 and resistance at 0.87.

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NZ 5-year Swap Rate

Outlook: Neutral
ST Resistance: 3.87
ST Support: 2.92

5-year swap ticked back through where we believed resistance may come at 3.74% and re-established the previous range where we see firm resistance at 3.87.

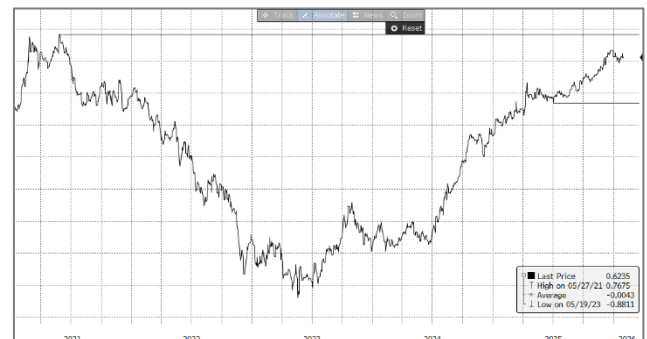


NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Higher
ST Resistance: 0.76
ST Support: 0.26

2s5s spread remained steady last week as our view remains unchanged.

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Quarterly Forecasts

Forecasts as at 2 February 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified

Forecasts

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-1.0	1.1	0.5	0.7	0.9	0.6	0.6	0.5	0.5	0.5
Retail trade (real s.a.)	0.7	1.9	0.4	1.0	0.9	0.8	0.7	0.7	0.7	0.7
Current account (ann, % GDP)	-3.7	-3.5	-3.5	-3.5	-3.6	-3.7	-3.8	-3.7	-3.6	-3.6
CPI (q/q)	0.5	1.0	0.6	0.5	0.5	0.7	0.5	0.4	0.5	0.6
Employment	-0.2	0.0	0.3	0.5	0.7	0.8	0.7	0.6	0.5	0.5
Unemployment rate %	5.2	5.3	5.3	5.3	5.1	4.9	4.8	4.7	4.7	4.7
Pr. avg hourly earnings (ann %)	4.6	4.1	3.6	4.3	3.4	3.4	3.4	3.3	3.2	3.2
Trading partner GDP (ann %)	3.3	3.2	2.5	2.7	2.7	2.8	3.0	2.9	2.8	2.8
CPI (y/y)	2.7	3.0	3.1	2.7	2.7	2.4	2.3	2.2	2.1	2.1
GDP (production s.a., y/y)	-1.1	1.3	1.7	1.3	3.2	2.8	2.8	2.7	2.3	2.2

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Government Stock				Swaps			US Rates		Spread
	Cash	90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR	US 10 yr	NZ-US
		Bank Bills						3 month		Ten year
2025 Mar	3.92	3.84	3.99	4.58	3.47	3.71	4.15	4.30	4.45	0.13
Jun	3.33	3.38	3.85	4.55	3.19	3.57	4.10	4.30	4.35	0.19
Sep	3.08	3.09	3.67	4.42	2.99	3.40	3.95	4.20	4.25	0.17
Dec	2.33	2.51	3.54	4.27	2.71	3.26	3.85	3.80	4.10	0.18
Forecasts										
2026 Mar	2.25	2.40	3.85	4.60	2.90	3.60	4.20	3.65	4.25	0.35
Jun	2.25	2.50	3.90	4.75	3.30	3.65	4.35	3.40	4.35	0.40
Sep	2.50	2.75	4.15	4.90	3.60	3.90	4.50	3.15	4.50	0.40
Dec	2.75	3.05	4.35	4.90	3.90	4.15	4.55	3.15	4.50	0.40
2027 Mar	3.00	3.55	4.40	4.90	4.05	4.25	4.60	3.15	4.50	0.40
Jun	3.50	4.00	4.40	4.90	4.10	4.30	4.65	3.15	4.50	0.40
Sep	4.00	4.15	4.35	4.90	4.10	4.30	4.70	3.15	4.50	0.40
Dec	4.00	4.15	4.35	4.90	4.10	4.35	4.75	3.15	4.50	0.40

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.60	0.70	1.19	1.37	155
Forecasts					
Mar-26	0.60	0.70	1.20	1.37	154
Jun-26	0.62	0.72	1.22	1.38	152
Sept-26	0.63	0.73	1.22	1.38	150
Dec-26	0.63	0.73	1.23	1.38	148
Mar-27	0.63	0.72	1.22	1.36	146
Jun-27	0.63	0.71	1.22	1.35	145
Sept-27	0.63	0.71	1.21	1.34	143
Dec-27	0.62	0.70	1.19	1.34	142

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.60	0.87	0.51	0.44	93.2	68.5
Forecasts						
Mar-26	0.60	0.86	0.50	0.44	92.4	67.8
Jun-26	0.62	0.86	0.51	0.45	94.2	69.4
Sept-26	0.63	0.86	0.52	0.46	94.5	70.0
Dec-26	0.63	0.87	0.52	0.46	93.8	70.1
Mar-27	0.63	0.88	0.52	0.46	92.0	69.9
Jun-27	0.63	0.89	0.52	0.47	91.4	70.4
Sept-27	0.63	0.89	0.52	0.47	90.1	70.5
Dec-27	0.62	0.89	0.52	0.46	88.0	69.8

TWI Weights

16.2% 17.8% 9.2% 4.0% 4.7%

Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 2 February 2026	March Years				December Years				
	Actuals		Forecasts		Actuals		Forecasts		
	2024	2025	2026	2027	2023	2024	2025	2026	2027
GDP - annual average % change									
Private Consumption	1.1	0.0	1.7	2.3	1.1	-0.2	1.6	2.0	2.3
Government Consumption	1.1	-1.3	2.3	0.2	0.1	-0.9	1.9	0.7	-0.4
Total Investment	-1.1	-5.0	2.4	6.4	-0.3	-4.9	0.3	6.4	4.3
Stocks - ppts cont'n to growth	-1.4	0.4	0.2	0.4	-1.2	0.4	-0.2	0.6	0.0
GNE	-0.9	-1.1	2.2	3.3	-0.7	-1.1	1.2	3.5	2.3
Exports	8.6	3.4	3.2	5.1	11.5	4.7	2.9	5.3	3.8
Imports	-1.4	1.5	5.3	5.4	-0.7	1.7	3.6	6.1	3.4
Real Expenditure GDP	1.5	-0.7	1.3	3.0	2.1	-0.3	0.8	2.8	2.3
GDP (production)	1.8	-0.9	0.8	2.9	2.2	-0.3	0.3	2.5	2.3
<i>GDP - annual % change (q/q)</i>	1.6	-0.7	1.3	2.7	1.4	-1.6	1.7	2.8	2.2
Output Gap (ann avg, % dev)	1.2	-0.7	-1.3	-0.2	1.3	-0.2	-1.2	-0.4	0.1
Nominal Expenditure GDP - \$bn	417	431	449	472	413	427	445	466	489
Prices and Employment -annual % change									
CPI	4.0	2.5	2.7	2.2	4.7	2.2	3.1	2.3	2.0
Employment	0.9	-0.9	0.6	2.8	2.7	-1.2	-0.1	2.7	2.0
Unemployment Rate %	4.4	5.1	5.3	4.7	4.0	5.1	5.3	4.8	4.7
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	4.3	3.3	6.6	4.0	3.6	3.4	3.2
Productivity (ann av %)	-0.6	0.1	1.2	0.5	-0.8	0.1	1.2	0.7	-0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.3	2.8	7.1	4.7	2.7	2.6	3.3
House Prices (stratified, mth)	2.8	-0.6	-0.7	2.9	0.7	-0.8	-0.3	2.1	3.9
External Balance									
Current Account - \$bn	-23.8	-18.3	-15.9	-17.4	-25.8	-20.0	-15.5	-17.5	-17.0
Current Account - % of GDP	-5.7	-4.2	-3.5	-3.7	-6.3	-4.7	-3.5	-3.8	-3.5
Government Accounts - June Yr, % of GDP									
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-2.1	-2.1	-3.0	-2.2					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.8	41.8	43.3	46.0					
Bond Programme - \$bn (Treasury forecasts)	39.3	42.6	35.0	34.0					
Bond Programme - % of GDP	9.4	9.9	7.8	7.2					
Financial Variables ⁽¹⁾									
NZD/USD	0.61	0.57	0.60	0.63	0.62	0.57	0.58	0.63	0.62
USD/JPY	150	149	154	146	144	154	156	148	142
EUR/USD	1.09	1.08	1.20	1.22	1.09	1.05	1.17	1.23	1.19
NZD/AUD	0.93	0.91	0.86	0.88	0.93	0.91	0.87	0.87	0.89
NZD/GBP	0.48	0.44	0.44	0.46	0.49	0.45	0.43	0.46	0.46
NZD/EUR	0.56	0.53	0.50	0.52	0.57	0.55	0.49	0.52	0.52
NZD/YEN	91.1	85.4	92.4	92.0	89.5	88.4	90.3	93.8	88.0
TWI	71.2	67.9	67.8	69.9	72.0	68.5	66.8	70.1	69.8
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.00	5.50	4.25	2.25	2.75	4.00
90-day Bank Bill Rate	5.64	3.60	2.40	3.55	5.63	4.26	2.49	3.05	4.15
5-year Govt Bond	4.60	4.00	3.85	4.40	4.50	3.90	3.90	4.35	4.35
10-year Govt Bond	4.60	4.50	4.60	4.90	4.65	4.45	4.50	4.90	4.90
2-year Swap	4.91	3.35	2.90	4.05	4.93	3.53	2.98	3.90	4.10
5-year Swap	4.40	3.65	3.60	4.25	4.43	3.63	3.61	4.15	4.35
US 10-year Bonds	4.20	4.25	4.25	4.50	4.00	4.40	4.15	4.50	4.50
NZ-US 10-year Spread	0.40	0.25	0.35	0.40	0.65	0.05	0.35	0.40	0.40
⁽¹⁾ Average for the last month in the quarter									

Source: Statistics NZ, BNZ, RBNZ, NZ Treasury

Key Upcoming Events

All times and dates NZT

	Median	Fcast	Last		Median	Fcast	Last
Monday 02 February				Thursday (continued)			
JN BOJ Summary of Opinions (Jan. MPM)				US ADP Employment Change Jan	45k		41k
CH RatingDog China PMI Mfg Jan	50		50.1	US US Treasury Quarterly Refunding Announcement			
EC HCOB EZ Manufacturing PMI Jan F	49.4		49.4	US S&P Global US Services PMI Jan F	52.5		52.5
UK S&P Global UK Manufacturing PMI Jan F	51.6		51.6	US ISM Services Index Jan	53.5		53.8
Tuesday 03 February				US Fed's Cook Speaks			
UK BOE's Breen Speaks				AU Trade Balance Dec	A\$3450m	A\$3000m	A\$2936m
US S&P Global US Manufacturing PMI Jan F	52		51.9	GE Factory Orders MoM Dec	-2.40%		5.60%
US ISM Manufacturing Jan	48.5		47.9	EC Retail Sales MoM Dec	-0.20%		0.20%
US Fed's Bostic Speaks				Friday 06 February			
US US Treasury Quarterly Borrowing Estimates				NZ Public Holiday, Waitangi Day			
NZ Building Permits MoM Dec			2.80%	UK BOE Bank Rate 5-Feb	3.75%		3.75%
AU Building Approvals MoM Dec	-6.40%	-8.00%	15.20%	EC ECB Deposit Facility Rate 5-Feb	2.00%		2.00%
AU RBA Cash Rate Target 3-Feb	3.85%	3.85%	3.60%	US Initial Jobless Claims 31-Jan	212k		209k
EC ECB Bank Lending Survey				US Continuing Claims 24-Jan	1850k		1827k
Wednesday 04 February				EC ECB's Lagarde, Cipollone & Kocher Speak			
NZ Dairy GDT Auction				US Fed's Bostic Speaks			
US Fed's Barkin & Bowman Speak				AU RBA's Bullock Speaks			
US JOLTS Job Openings Dec	7250k		7146k	JN Household Spending YoY Dec	0.10%		2.90%
NZ Unemployment Rate 4Q	5.30%	5.30%	5.30%	GE Industrial Production SA MoM Dec	-0.40%		0.80%
NZ Employment Change QoQ 4Q	0.30%	0.30%	0.00%	EC ECB Survey of Professional Forecasters			
NZ Pvt Wages Ex Overtime QoQ 4Q	0.50%	0.50%	0.50%	Saturday 07 February			
AU S&P Global Australia PMI Services Jan F			56	UK BOE's Pill Speaks			
NZ ANZ Commodity Price MoM Jan			-2.10%	US Change in Nonfarm Payrolls Jan	68k		50k
AU RBA's Jones Speaks				US Average Weekly Hours All Employees Jan	34.2		34.2
EC HCOB Eurozone Services PMI Jan F	51.9		51.9	US Unemployment Rate Jan	4.40%		4.40%
UK S&P Global UK Services PMI Jan F	54.3		54.3	US Final Benchmark Payrolls Revision 2025			
EC CPI Estimate YoY Jan P	1.70%		1.90%	US U. of Mich. Sentiment Feb P	55		56.4
EC CPI Core YoY Jan P	2.20%		2.30%	US Fed's Jefferson Speaks			
Thursday 05 February				Sunday 08 February			
NZ Cotality Home Value MoM Jan			-0.20%	UK BOE's Bailey Speaks			

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	2.25	2.25	2.25	4.25	2 years	3.16	3.12	2.95	3.36
1mth	2.42	2.41	2.41	4.15	3 years	3.43	3.39	3.22	3.41
2mth	2.47	2.45	2.46	4.02	4 years	3.63	3.59	3.43	3.50
3mth	2.51	2.50	2.52	3.89	5 years	3.78	3.75	3.59	3.60
6mth	2.60	2.58	2.56	3.69	10 years	4.25	4.22	4.14	4.03
GOVERNMENT STOCK					FOREIGN EXCHANGE				
05/28	3.34	3.33	3.15	3.71	NZD/USD	0.6014	0.5974	0.5789	0.5630
05/31	4.07	4.03	3.93	4.10	NZD/AUD	0.8644	0.8637	0.8622	0.9041
04/33	4.32	4.29	4.20	4.35	NZD/JPY	93.19	92.11	90.50	87.09
05/36	4.61	4.59	4.54	4.61	NZD/EUR	0.5076	0.5028	0.4939	0.5442
05/41	4.97	4.96	4.94	4.90	NZD/GBP	0.4391	0.4367	0.4275	0.4522
05/54	5.20	5.22	5.21	5.06	NZD/CAD	0.8184	0.8188	0.7972	0.8120
GLOBAL CREDIT INDICES (ITRXX)					TWI	68.5	67.9	66.3	67.0
Nth America 5Y	49	49	49	49					
Europe 5Y	51	50	50	55					

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