

Research Markets Outlook

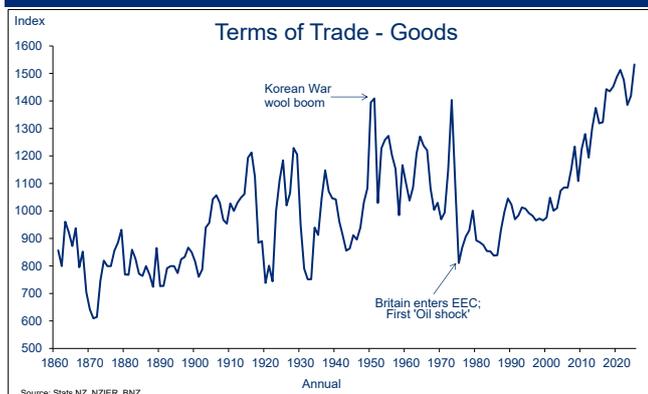
2 March 2026

Terms of trade to the rescue

- **Terms of trade bolsters spending power**
- **But gains are slowing**
- **Domestic demand needs to pick up**
- **Middle East warfare growth negative, inflation positive**
- **More news on the fiscal front**

New Zealand has been doing it tough for some time now. But what many folk do not fully realise is that the last few years would have been so much worse had the economy not been supported by our soaring terms of trade. The prices of our exports have been rising at a faster pace than the prices of our imports resulting in the average terms of trade for calendar 2025 almost certainly proving to be the highest ever in a series that dates back all the way to 1861.

Terms of trade the saviour



Strength in export prices has been a key over the last two years with the agriculture sector leading the way. Dairy prices are off their highs, though remain elevated, but beef and lamb are hitting new records. Additionally decent prices are being reported for kiwifruit.

We will get an update with the release of Q4, 2025 terms of trade data on Wednesday. And while the big picture is very promising, the level through the latter part of last year was adversely impacted by a downward correction in dairy prices and a pick up in the cost of imports. Therefore, we are actually expecting around a 1.0% decline in the terms of trade for the quarter.

It's moot where it will go from here especially given the potential for volatility in global commodity prices not the least of which is what happens to oil prices with the

current chaos in the Middle East. But we think it is safe to say that, at the margin, New Zealand's terms of trade will at best grow more slowly than it has been doing over the last few years or fall modestly. This means that the boost to spending power that has served us so well during times of difficulty will likely begin to moderate placing greater emphasis on our need for a pick up in domestic demand to ensure that the current economic recovery can be sustained.

The economic benefits of a rising terms of trade usually show up in the National Accounts via increased investment activity and household spending as the income gains tend to be redistributed across the economy. They do not directly show up in export and import volumes as the terms of trade is a relative price measure.

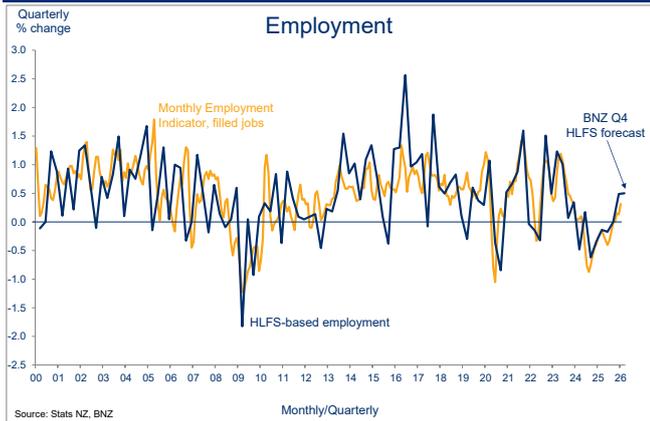
Alongside the terms of trade, Statistics New Zealand releases trade volume data. We think that total goods and services imports rose more strongly than exports during the quarter imposing downward pressure on Q4 GDP. We will be looking for supporting evidence of this in the release.

The good news is that last week's retail sales figures have already given us the confidence to push up our pick for Q4 GDP to 0.6% q/q, a smidgen above the RBNZ's 0.5% thinking.

Next week we will get a whole host of data that will enable us to finalise our estimate for the quarter but, in the interim, Thursday's Value of Building Work Put In Place release will add one more piece to the puzzle. To be consistent with our expectations for building investment we'd need to see an increase in residential activity of around 3.5% for the quarter with non-residential down around 1.0%. Tomorrow's building consents data for January will give the latest incremental guidance for building in 2026.

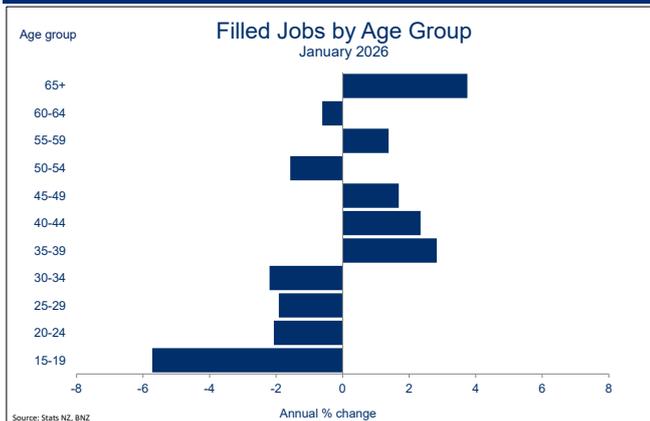
This morning, we received the monthly job indicators for January. We are currently forecasting a 0.5% increase in the Household Labour Force Survey measure of employment for Q1 which should confirm that the peak in the unemployment rate is now behind us. Today's data do nothing to change our view. Filled jobs were up 0.2% in the month which was on our expectation though revisions have lowered the recent pace of growth.

Labour market slowly improving



A breakdown of the data continues to show a sharp drop in jobs for all those aged under 34 compared to a year earlier. This would be consistent with a combination of losing younger folk to Australia and the current lack of opportunities for new job seekers.

The lost youth



Of course, aside from domestic developments all eyes will be on the Middle East. As is often the case, we can identify the risks but have no real idea of magnitude or likely duration of the conflict. For now we can only point out the obvious: the near term pressure on inflation is up, while the pressure on growth is down.

From a New Zealand perspective, the closure of the Strait of Hormuz has implications. In a direct sense note that the combined Gulf states (GCC) are our sixth largest export destination with dairy and meat dominating the flows to that region. In addition, there may be some dislocation to the transit, and cost of, other exports that pass through the Strait. Moreover, there is the chance for supply chain disruption via imports that come that way.

From an oil perspective, New Zealand ceased purchasing crude oil from the Middle East when the Marsden Point oil refinery was closed. We now import most of our refined product from Southeast Asia. This does not, of course, mean that we get off scot-free as a significant amount of the oil that is refined in Asia comes from the Middle East. Anyway, upward pressure on oil prices will spread outside the region at war.

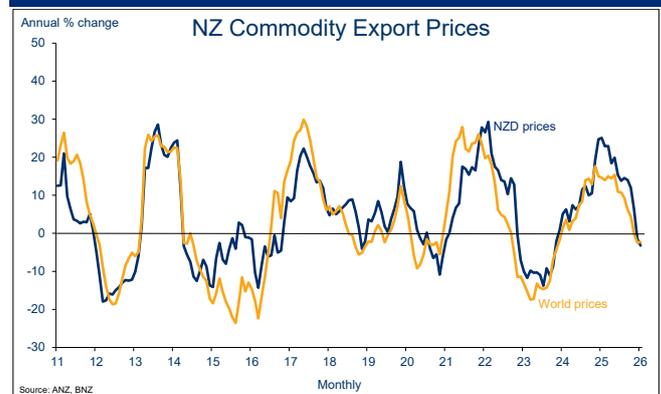
Circling back to where we started, the balance of risk is that all this will be terms of trade negative. What's not negative is the current bounce back in dairy prices. Since its December 2025 low, the GDT auction price index has jumped 20%. We're expecting a further small increase to be delivered this Wednesday to extend this run.

Dairy prices bounce



February's ANZ Commodity Price Index, also released Wednesday, will pick up on this theme with the world price of our commodities expected to lift around 4.0%. However, strength in the NZD over the period will more than halve the return to domestic producers and despite the recent resurgence, NZD prices are expected to be around 4.0% lower than year earlier levels, the largest annual decline since October 2023.

Down but not out



Rounding out the week will be Thursday's Crown Financial Statements for the seven months to January. The core government operating deficit (OBEGALX) and the cash deficit have both been tracking below expectations. We will be looking to see if this is being sustained or unwound. While the headline numbers might look okay, we caution that much of the apparent improvement may be because investment activity is not occurring as fast as anticipated rather than reflecting a sustainable economy-driven recovery in the fiscal position.

stephen_toplis@bnz.co.nz

Global Watch

- Attention on developments in the Middle East
- US payrolls, retail sales and ISM surveys due
- Euro area CPI, no change expected at 1.7% y/y
- Australia Q4 GDP seen at 0.6% q/q

Financial markets begin the week facing heightened uncertainty following US and Israeli strikes on Iran. The scale of the attacks, and Iran’s response, has exceeded expectations, pointing to further demand for safe-haven assets and upward pressure on oil prices.

In the US, retail sales for January and Payrolls for February are released Friday. The strong 130k non-farm payrolls growth in January is not expected to repeat, but focus should be on whether the unemployment rate remains at 4.3%. In addition, US Beige Book on Wednesday, and Fed speakers include NY’s Williams on Wednesday. US ISMs for February are out alongside final global PMIs.

It’s a light data week for the EZ and UK. The EZ releases preliminary February HICP Inflation on Tuesday. Consensus is for no change in the headline at 1.7% y/y and core at 2.2%. NAB think inflation will rebound closer to 2% in March thanks to energy prices. On Friday, there will also be a revised Q4 estimate of EZ GDP.

Australia Q4 GDP is due Wednesday. Our colleagues at NAB expect Q4 GDP to print at 0.6% q/q (2.2% y/y), but partials on Monday and Tuesday will refine expectations. The data will provide a complete picture of the drivers of Q4 growth. Attention will turn quickly to January nominal household spending on Thursday for an early read on momentum into Q1. Other data this week includes building approvals and the trade balance. RBA Governor Bullock speaks Tuesday. Also scheduled are Assistant Governor Hunter and Deputy Governor Hauser.

In Asia, Tuesday will provide a monthly update on both Japan’s labour market as well as a quarterly update on actual and planned Q4 business investment. China’s National People’s Congress will run for a week from Wednesday, watch for a new growth target (NAB expect 4.5-5%) and the announcement of any new policy stimulus.

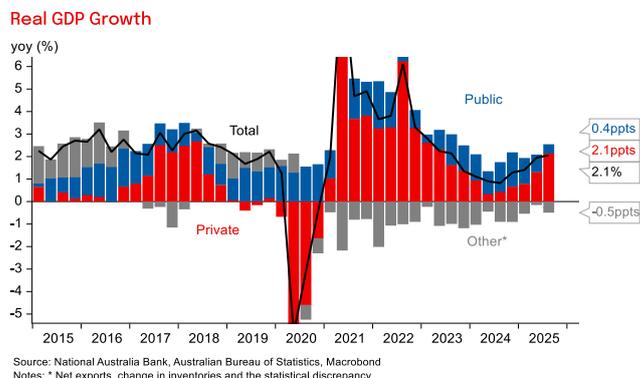
Key Event Previews

Wednesday

AU GDP (Q4)

NAB forecast GDP growth of 0.6% q/q in Q4, lifting annual growth to 2.2%. The RBA’s February SoMP forecast was 0.7% q/q (2.3% y/y). NAB expect GDP to confirm strong consumption growth to end 2025, but some of that strength may reflect shifting spending patterns around sales periods. Investment growth will slow after a surge in lumpy data-centre related activity last quarter. Additional partial data on inventories (Monday), and net exports and

public spending (Tuesday), will firm up Q4 estimates ahead of Wednesday’s release.



Thursday

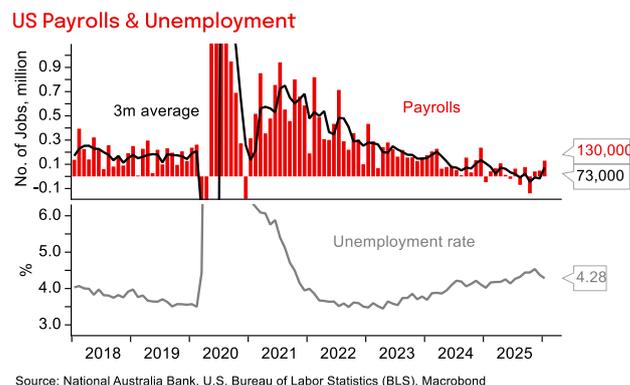
AU Household Spending (Jan)

NAB expect 0.4% m/m, a return to closer to trend growth rates after nominal spending growth averaged 0.7% m/m over Q4. Households concentrated purchases in October and November to take advantage of Black Friday sales before a fall in December showed some modest payback. January will be a good test of how much momentum sustained into 2026. NAB’s consumer spend trend showed spending rising 0.5% in January and strength evident across both personal and household goods.

Friday

US Payrolls (Feb)

Many US Fed officials have been indicating that they see the labour market as showing signs of stabilising late last year, something only reinforced by the drop in the unemployment rate to 4.3% in January. Non-farm payroll employment growth is likely to return to more modest growth following the +130k surge in January. However, labour supply remains weak in the US and focus should remain on the unemployment rate, where consensus is split between 4.3% and 4.4%.



matt_brunt@bnz.co.nz

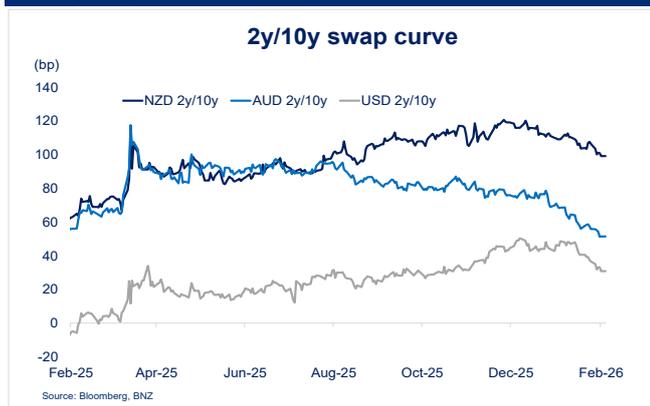
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

Curve flattening dominated NZ swap markets over the past week. Front-end yields are at the post-MPS lows, while longer-dated yields have remained sensitive to global developments and extended lower. Market pricing continues to imply around 30bp of tightening by year-end, below our forecast for two 25bp hikes. There was no material domestic data over the week to alter the near-term outlook for NZ monetary policy. The 2y/10y swap curve has flattened to around +98bp, the lowest level in almost six months and down from a recent peak near +120bp.

While the pace of flattening has been faster than we anticipated, it is broadly consistent with our view that there is limited downside for front-end rates from current levels. High-frequency indicators continue to point to a pickup in economic momentum, while inflation remains somewhat elevated. As a result, front-end rates will likely continue to price at least one RBNZ rate hike later this year. Near term, the degree of flattening 2y/10y curve appears greater than would be implied by moves in outright yield levels.

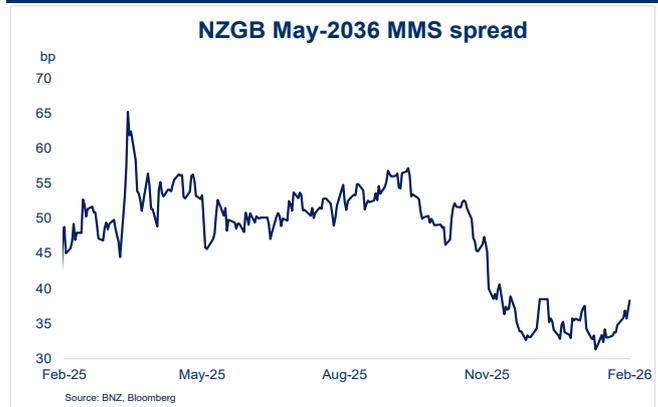
NZD 2y/10y curve with comparison markets



There are few domestic catalysts in the week ahead, with the local calendar largely confined to second-tier releases. As a result, global developments are likely to remain the dominant driver of rates. Geopolitical risks and their implications for commodity prices, alongside key US data—including the ISM manufacturing and services surveys and the February labour market report—will set the tone. US 10-year Treasury yields ended last week near the lower end of the six-month trading range. Recent geopolitical episodes continue to be interpreted primarily through an inflation lens, with Treasury yields broadly stable following the June 2025 Israel–US strikes on Iran, reflecting offsetting forces between higher oil-price-driven inflation risk and growth concerns.

NZ government bonds have underperformed swaps amid the recent decline in yields. Ten-year matched-maturity

10-year NZGBs underperform swaps



swap (MMS) spreads have widened to the top end of the +30bp to +40bp range that has prevailed in recent months. Relatively tight cross market spreads to Australian government bonds—a key comparison market—may be weighing on NZGB demand at the margin. Non-resident accumulation of NZGBs has slowed in recent months. Cross-market spreads are likely to be a contributing factor, alongside perceptions that the RBNZ could begin tightening policy later this year.

That said, supply dynamics remain supportive. New Zealand Debt Management has already issued around NZ\$27bn of the NZ\$35bn required for the current fiscal year. Financial Accounts covering the 7-months to January are released on Thursday will provide an update of how the fiscal backdrop is tracking against the HYEPU projections. We expect MMS spreads to respect the upper end of the recent range in the near term, before tightening over broader time frames. This partly reflects the expected improvement in net NZGB supply as a proportion of GDP that needs to be absorbed by private-sector investors.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.49	2.49 - 2.51
NZ 2yr swap (%)	2.94	2.90 - 3.17
NZ 5yr swap (%)	3.48	3.47 - 3.82
NZ 10yr swap (%)	3.93	3.91 - 4.31
2s10s swap curve (bps)	99	99 - 108
NZ 10yr swap-govt (bps)	-39	-39 - -33
NZ 10yr govt (%)	4.32	4.32 - 4.60
US 10yr govt (%)	3.94	3.94 - 4.30
NZ-US 10yr (bps)	38	26 - 39
NZ-AU 2yr swap (bps)	-126	-134 - -102
NZ-AU 10yr govt (bps)	-33	-40 - -18

*Indicative range over last 4 weeks

stuart_ritson@bnz.co.nz

Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ9

Last week saw subdued volatility in foreign exchange markets, with few significant drivers influencing trading. NZD/USD recorded a modest 0.3% increase to just below 0.60, closing out a largely flat February in which the NZD traded within a narrow range of only 1½ cents (0.5930–0.6075, rounded).

Movements in NZD cross rates were also limited, except for a notable 1% gain in NZD/JPY. This followed a newspaper report indicating that Japanese PM Takaichi had voiced concerns to BoJ Governor Ueda regarding expected interest rate hikes at a recent meeting, and had appointed two dovish new board members, further underscoring her preference for the BoJ to maintain its ultra-loose policy stance. Meanwhile, NZD/AUD weakened slightly, reaching a fresh low just above 0.84, a level not seen since 2013.

Persistent concerns about war in the Middle East continued to shape a cautious trading environment, contributing to a decline in Treasury yields to the lower end of their multi-month range.

The new week begins with markets digesting an escalation of tensions, following joint US-Israeli military strikes against Iran on Saturday and Iran's subsequent retaliation. Last week we noted the near-term headwinds to the NZD from possible military action, and the initial response has been a modest depreciation.

The situation remains fluid and it is still early to assess the full impact. The extent of any NZD weakness will depend on how quickly the conflict resolves and the duration of any disruption to oil shipments through the Strait of Hormuz. A major, prolonged interruption to Middle Eastern crude shipments would likely drive oil prices sharply higher and lead to further NZD weakness.

Assuming that geopolitical risks typically exert only temporary influence on currency markets, we would view any dip in the NZD as a buying opportunity. Technically, the initial support zone is between 0.5850 and the 200-day moving average at 0.5875.

Our prevailing outlook is that current policy settings favour a continuation of the global reflationary trade throughout much of 2026, an environment supportive of the NZD. While a sharp rise in oil prices could disrupt this perspective, as long as any increase does not persist for more than a month or so, we maintain that the NZD is positioned to rebound after any short-term weakness.

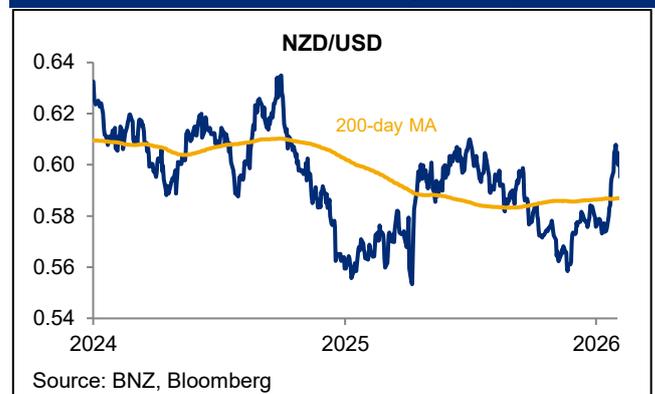
Last week also saw ongoing uncertainty surrounding US trade policy. President Trump's flat 10% global tariff (with some exemptions) came into force per the US Customs and Border Protection order. However, there remains no clarity on when, or if, the proposed 15% tariff will be implemented.

Domestically, the ANZ business outlook survey last week continued to show strong confidence in the NZ economy and in firms' own activity, alongside an inflation pulse inconsistent with the RBNZ's 2% inflation target. Although consumer confidence slipped from a four-year high, retail sales maintained a robust rebound, with volumes up 4.4% y/y in Q4. Domestic factors are likely to have a neutral or slightly negative effect on the NZD until the RBNZ adopts a more hawkish stance, which would require evidence of more persistent inflationary pressures than currently projected.

Australian monthly CPI figures for January were at the higher end of expectations, reinforcing the outlook for an additional 25bps rate hike in May and the likelihood that restrictive policy settings will remain in place for longer. While we have been noting near-term downside risk for NZD/AUD, war in the Middle East is expected to prompt a reduction in long-AUD positions as risk appetite declines, offering some immediate short-term relief to the cross rate.

Attention will remain focused on developments in the Middle East this week. The domestic economic calendar is light. In the US, markets will be watching non-farm payrolls and unemployment figures at the end of the week, with ISM manufacturing and services surveys, as well as retail sales, preceding those releases. Globally, key releases include Australian Q4 GDP, Chinese PMIs, and Euro area CPI.

NZD/USD flat in February after strong recovery



Cross Rates and Recent Ranges

	Current	Last wk % chg	Last 3-wks range*
NZD/USD	0.5954	0.3%	0.5940 - 0.6080
NZD/AUD	0.8457	-0.1%	0.8400 - 0.8560
NZD/CAD	0.8132	0.1%	0.8130 - 0.8250
NZD/GBP	0.4432	0.3%	0.4410 - 0.4460
NZD/EUR	0.5064	0.1%	0.5050 - 0.5110
NZD/JPY	92.94	1.0%	91.80 - 94.50

*Indicative range over last 3 w weeks, rounded

jason.k.wong@bnz.co.nz

Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.6100/20
 ST Support: 0.5850/75

No change. We continue to see short-term support between 0.5850 and the 200-day moving average around 0.5875. Short-term resistance is at around 0.6120.



NZD/AUD

Outlook: Downside risk
 ST Resistance: 0.87 (ahead of 0.8950)
 ST Support: 0.80

No change. The cross rate continues to trend down to fresh lows not seen since 2013, there is no obvious near-term support level ahead.

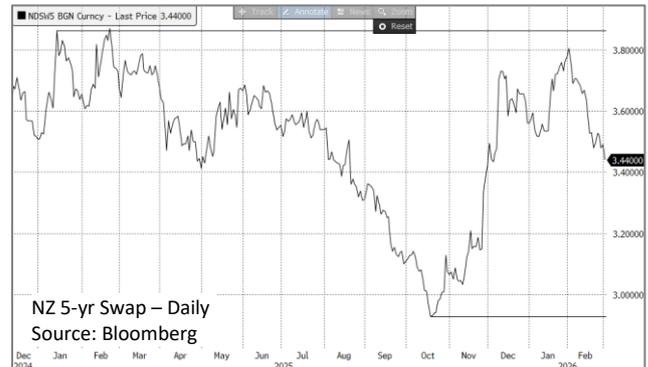
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NZ 5-year Swap Rate

Outlook: Neutral
 ST Resistance: 3.87
 ST Support: 2.92

5 year swap has opened lower this week on global geopolitical tensions. We remain neutral here and await further technical indicators.



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

Outlook: Neutral
 ST Resistance: 0.67
 ST Support: 0.26

2s5s spread remained relatively steady last week, just seeing a small flattening.

matthew.herbert@bnz.co.nz



Quarterly Forecasts

Forecasts as at 2 March 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	0.6	0.7	0.9	0.6	0.6	0.5	0.5	0.5
Retail trade (real s.a.)	0.8	1.9	0.9	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	-3.5	-3.6	-3.5	-3.4	-3.3	-3.2
CPI (q/q)	0.5	1.0	0.6	0.5	0.5	0.7	0.5	0.4	0.4	0.7
Employment	-0.2	0.0	0.5	0.5	0.7	0.8	0.7	0.6	0.5	0.5
Unemployment rate %	5.2	5.3	5.4	5.3	5.2	5.0	4.8	4.6	4.7	4.7
Pr. avg hourly earnings (ann %)	4.6	4.1	3.5	4.2	3.3	3.3	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	1.8	1.4	3.3	2.9	2.9	2.7	2.3	2.2

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Cash	Government Stock			Swaps			US Rates		Spread
		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	3.95	4.75	3.35	3.70	4.35	3.40	4.35	0.40
Sep	2.50	2.75	4.25	4.90	3.70	4.00	4.50	3.15	4.50	0.40
Dec	2.75	3.15	4.35	4.90	3.95	4.15	4.55	3.15	4.50	0.40
2027 Mar	3.25	3.65	4.45	4.90	4.10	4.30	4.60	3.15	4.50	0.40
Jun	3.75	4.05	4.45	4.90	4.15	4.35	4.65	3.15	4.50	0.40
Sep	4.00	4.15	4.35	4.90	4.05	4.30	4.70	3.15	4.50	0.40
Dec	4.00	4.15	4.25	4.90	3.95	4.25	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	0.71	1.18	1.34	156
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	0.84	0.51	0.44	92.9	67.5
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%
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Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 2 March 2026	March Years					December Years				
	Actuals		Forecasts			Actuals		Forecasts		
	2024	2025	2026	2027	2028	2023	2024	2025	2026	2027
GDP - annual average % change										
Private Consumption	1.1	0.0	1.7	2.3	2.3	1.1	-0.2	1.6	2.0	2.3
Government Consumption	1.1	-1.3	2.3	0.2	-0.5	0.1	-0.9	1.9	0.7	-0.4
Total Investment	-1.1	-5.0	2.5	6.6	3.8	-0.3	-4.9	0.3	6.6	4.3
Stocks - ppts cont'n to growth	-1.4	0.4	0.2	0.4	0.0	-1.2	0.4	-0.2	0.6	0.0
GNE	-0.9	-1.1	2.3	3.3	2.1	-0.7	-1.1	1.2	3.5	2.3
Exports	8.6	3.4	3.2	5.1	3.7	11.5	4.7	2.9	5.3	3.8
Imports	-1.4	1.5	5.3	5.4	3.0	-0.7	1.7	3.6	6.1	3.4
Real Expenditure GDP	1.5	-0.7	1.3	3.1	2.2	2.1	-0.3	0.8	2.9	2.3
GDP (production)	1.8	-0.9	0.9	2.9	2.2	2.2	-0.3	0.4	2.6	2.3
<i>GDP - annual % change (q/q)</i>	1.6	-0.7	1.4	2.7	2.3	1.4	-1.6	1.8	2.9	2.2
Output Gap (ann avg, % dev)	1.2	-0.7	-1.3	-0.2	0.2	1.3	-0.2	-1.2	-0.4	0.1
Nominal Expenditure GDP - \$bn	417	431	449	472	494	413	427	445	466	489
Prices and Employment -annual % change										
CPI	4.0	2.5	2.7	2.2	2.1	4.7	2.2	3.1	2.3	2.0
Employment	0.9	-0.9	0.8	2.8	1.9	2.7	-1.3	0.2	2.7	2.0
Unemployment Rate %	4.4	5.1	5.3	4.6	4.7	4.0	5.1	5.4	4.8	4.7
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	4.2	3.3	3.2	6.6	4.0	3.5	3.4	3.2
Productivity (ann av %)	-0.6	0.1	1.2	0.5	0.1	-0.8	0.1	1.3	0.7	-0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.7	3.2	3.2	7.1	4.7	2.8	3.1	3.3
House Prices (stratified, mth)	2.8	-0.6	-1.2	2.9	4.0	0.6	-0.8	-0.3	1.7	3.9
External Balance										
Current Account - \$bn	-23.8	-18.3	-15.9	-16.0	-14.2	-25.8	-20.0	-15.6	-16.2	-15.0
Current Account - % of GDP	-5.7	-4.2	-3.5	-3.4	-2.9	-6.3	-4.7	-3.5	-3.5	-3.1
Government Accounts - June Yr, % of GDP										
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-2.1	-2.1	-3.0	-2.2	-1.0					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.8	41.8	43.3	46.0	46.9					
Bond Programme - \$bn (Treasury forecasts)	39.3	42.6	35.0	34.0	34.0					
Bond Programme - % of GDP	9.4	9.9	7.8	7.2	6.9					
Financial Variables ⁽¹⁾										
NZD/USD	0.61	0.57	0.60	0.63	0.62	0.62	0.57	0.58	0.63	0.62
USD/JPY	150	149	154	146	140	144	154	156	148	142
EUR/USD	1.09	1.08	1.20	1.22	1.18	1.09	1.05	1.17	1.23	1.19
NZD/AUD	0.93	0.91	0.86	0.88	0.89	0.93	0.91	0.87	0.87	0.89
NZD/GBP	0.48	0.44	0.44	0.46	0.47	0.49	0.45	0.43	0.46	0.46
NZD/EUR	0.56	0.53	0.50	0.52	0.53	0.57	0.55	0.49	0.52	0.52
NZD/YEN	91.1	85.4	92.4	92.0	86.8	89.5	88.4	90.3	93.8	88.0
TWI	71.2	67.9	67.8	69.9	69.8	72.0	68.5	66.8	70.1	69.8
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.25	4.00	5.50	4.25	2.25	2.75	4.00
90-day Bank Bill Rate	5.64	3.60	2.40	3.65	4.15	5.63	4.26	2.49	3.15	4.15
5-year Govt Bond	4.60	4.00	3.85	4.45	4.15	4.50	3.90	3.90	4.35	4.25
10-year Govt Bond	4.60	4.50	4.60	4.90	4.90	4.65	4.45	4.50	4.90	4.90
2-year Swap	4.91	3.35	2.90	4.10	3.80	4.93	3.53	2.98	3.95	3.95
5-year Swap	4.40	3.65	3.60	4.30	4.15	4.43	3.63	3.61	4.15	4.25
US 10-year Bonds	4.20	4.25	4.25	4.50	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	0.40	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 March				Thursday 05 March			
AU Inventories SA QoQ 4Q	0.00%	-0.80%	-0.90%	NZ Cotality Home Value MoM Feb			-0.10%
AU ANZ-Indeed Job Advertisements MoM Feb			4.40%	EC ECB's Villeroy, Guindos & Others Speak			
Tuesday 03 March				Friday 06 March			
AU RBA's Bullock & Hunter Speak				US ADP Employment Change Feb	50k		22k
UK BOE's Taylor Speaks				US ISM Services Index Feb	53.5		53.8
EC ECB's Lagarde, Nagel & Stournaras Speak				US Fed Releases Beige Book			
US ISM Manufacturing Feb	51.5		52.6	NZ Interim Financial Statements of the Government 7m to Jan			
NZ Building Permits MoM Jan			-4.60%	NZ Volume of All Buildings SA QoQ 4Q	1.90%	2.00%	1.50%
JN Jobless Rate Jan	2.60%		2.60%	AU Trade Balance Jan	A\$3900m	A\$3500m	A\$3373m
JN Capital Spending YoY 4Q	3.00%		2.90%	AU Exports MoM Jan			1.00%
AU BoP Current Account Balance 4Q	-A\$16.5b	-A\$16.0b	-A\$16.6b	AU Imports MoM Jan			-0.80%
AU Net Exports of GDP 4Q	-0.3	-0.1	-0.1	AU Household Spending YoY Jan	5.10%		5.00%
AU Building Approvals MoM Jan	5.50%	6.00%	-14.90%	AU Household Spending MoM Jan	0.40%	0.40%	-0.40%
EC CPI Estimate YoY Feb P	1.70%		1.70%	EC Retail Sales MoM Jan	0.30%		-0.50%
EC CPI YoY Feb P	1.70%		1.70%	Saturday 07 March			
EC CPI Core YoY Feb P	2.20%		2.20%	US Challenger Job Cuts Total Feb			108435
Wednesday 04 March				US Initial Jobless Claims 28-Feb	215k		212k
NZ Dairy GDT Auction				US Continuing Claims 21-Feb	1845k		1833k
US Fed's Williams & Kashkari Speak				EC ECB's Lagarde Speaks			
EC ECB's Kocher, Muller & Others Speak				GE Factory Orders MoM Jan	-4.00%		7.80%
NZ Terms of Trade Index QoQ 4Q	-0.30%	-0.90%	-2.10%	EC GDP SA QoQ 4Q T	0.30%		0.30%
NZ ANZ Commodity Price MoM Feb			2.00%	Sunday 08 March			
AU GDP SA QoQ 4Q	0.70%	0.60%	0.40%	EC ECB's Schnabel & Cipollone Speak			
AU GDP YoY 4Q	2.20%	2.20%	2.10%	US Retail Sales Advance MoM Jan	-0.30%		0.00%
CH Manufacturing PMI Feb	49.1		49.3	US Retail Sales Control Group Jan	0.30%		-0.10%
CH Non-manufacturing PMI Feb	49.6		49.4	US Change in Nonfarm Payrolls Feb	60k		130k
CH RatingDog China PMI Mfg Feb	50.1		50.3	US Av Weekly Hours All Employees Feb	34.3		34.3
CH RatingDog China PMI Services Feb	52.3		52.3	US Unemployment Rate Feb	4.30%		4.30%
EC Unemployment Rate Jan	6.20%		6.20%	US Business Inventories Dec	0.10%		0.10%
				US Fed's Daly, Paulson & Hammack Speak			
				AU RBA's Hauser 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	3.75	2 years	2.90	2.95	3.16	3.42
1mth	2.43	2.42	2.41	3.87	3 years	3.13	3.19	3.45	3.50
2mth	2.46	2.45	2.46	3.77	4 years	3.31	3.37	3.64	3.59
3mth	2.49	2.49	2.50	3.73	5 years	3.44	3.51	3.80	3.67
6mth	2.58	2.60	2.60	3.55	10 years	3.89	3.99	4.28	4.07
GOVERNMENT STOCK					FOREIGN EXCHANGE				
05/28	3.08	3.10	3.35	3.74	NZD/USD	0.5950	0.5956	0.5999	0.5617
05/31	3.78	3.80	4.07	4.17	NZD/AUD	0.8444	0.8442	0.8635	0.9023
04/33	4.03	4.07	4.33	4.36	NZD/JPY	92.85	92.10	93.36	83.96
05/36	4.33	4.36	4.62	4.60	NZD/EUR	0.5056	0.5054	0.5088	0.5355
05/41	4.74	4.75	4.98	4.89	NZD/GBP	0.4434	0.4414	0.4390	0.4422
05/54	4.98	4.99	5.22	5.08	NZD/CAD	0.8122	0.8157	0.8207	0.8134
GLOBAL CREDIT INDICES (ITRXX)					TWI				
Nth America 5Y	56	52	49	50		67.5	67.6	68.4	67.1
Europe 5Y	56	53	51	53					

Contact Details

BNZ Research

Stephen Toplis

Head of Research

Doug Steel

Senior Economist

Matt Brunt

Economist

Jason Wong

Senior Markets Strategist

Stuart Ritson

Senior Interest Rate Strategist

Mike Jones

BNZ Chief Economist

Main Offices

Wellington

Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland

80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch

111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

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