

# Research Markets Outlook

9 March 2026

## Inflation up, growth down

- Middle East chaos weighs heavily
- Oil price increases an inflationary concern
- Especially when inflation expectations already rising
- But a big headwind for growth
- RBNZ caught in the crossfire

It's very disconcerting when you find yourselves revising up your inflation forecasts while the balance of risk is that you will soon be revising downward your growth predictions. This is the worst of all worlds' situation for the average New Zealander. It's also a poses a dilemma for our central bank. Moreover, it's unlikely to be welcomed by an incumbent government fighting what looks likely to be a very tight election.

Most of the new pressures on growth and inflation come courteous of the Middle East. As it is impossible to know how the conflict there will end up, and when, it is equally impossible for us to forecast the extent and duration of the economic pressures emanating from the region.

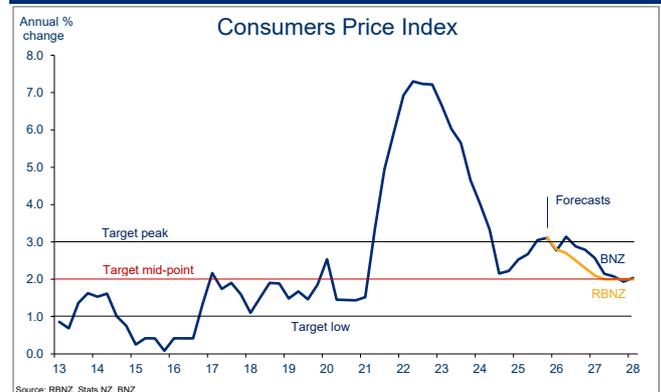
For the time being what we can say with certainty is that short term inflation is on the up as oil prices rise. The first round effects are already being felt at the pump so we have raised our short term CPI forecasts with an assumption (we stress assumption rather than forecast) that pump prices peak in the next six weeks but by the end of the June quarter are little different to where they are now. Of course, the exact path with be nothing like this. We are probably being conservative in terms of magnitudes, both up and down, but we have made our revisions to highlight the clear directional impact of the current shock.

Based on the above assumption, we think it is now highly likely annual CPI inflation will stay in the top half of the Reserve Bank's target band for the whole of 2026. A drop below 3.0% still looks likely for Q1 and could well match the RBNZ's expectation of a 2.8% annual reading. Q2 is the problem. It now looks likely that inflation will climb back above 3.0% in the June quarter and may even stay there through September and December.

Sure, the central bank can, and should, look through a supply-driven oil price shock but there will be other price

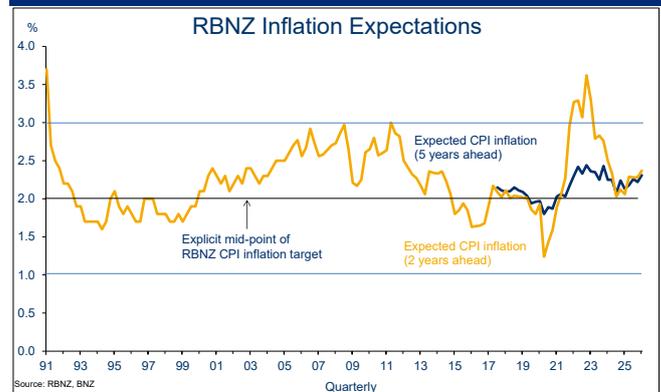
pressures emanating from the Middle Eastern conflict to contend with such as the second round effects of the oil (and gas) price increases, the upward pressure on other commodity prices (even things like dairy), increased freight costs as high-risk routes are avoided, and rising airfares.

### Inflationary pressures rise



All of this is particularly problematic for New Zealand as inflation expectations were already rising and businesses are looking to rebuild margins in the face of ongoing cost increases. If published inflation stays higher for longer then so too will inflation expectations. The Reserve Bank won't like that.

### Inflation expectations already rising



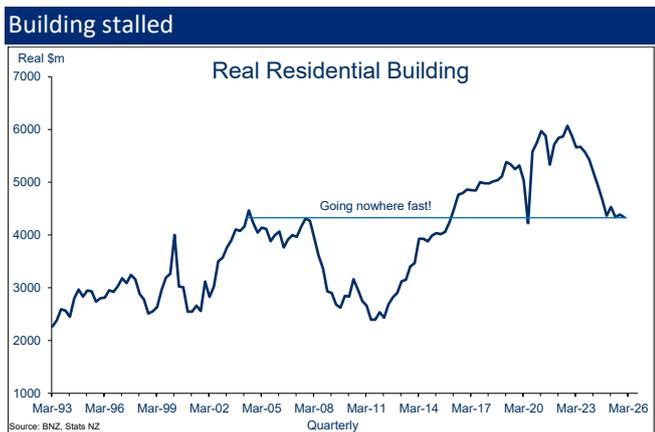
However, it is important to recognise that the unrest is negative for growth. Rising oil prices are a tax on the household sector and will erode consumer spending. They are also negative for business growth as costs rise.

Additionally, disruptions to freight are already having adverse impacts on New Zealand trade and tourism, both inbound and outbound.

And, finally, heightened uncertainty is likely to weigh on investment activity at a time when uncertainty is already posing problems.

As if all this wasn't worrying enough, we were taken aback by the weakness in last Thursday's Value of Building Work Put in Place data. We were looking for a decent jump in activity but the outturn was diametrically opposite with the total volume of building work contracting 3.1% in the December quarter of 2025.

Residential building work put in place fell 1.1% to its lowest level since December 2015 if you exclude the COVID lockdown. Indeed, residential activity was only 2.7% above the level when the economy was at the height of its lockdown. Believe it or not the level of activity is roughly the same as it was back in 2004!



Non-residential activity slumped 6.5% for the quarter to be down 11.2% for the year.

All other things being equal the slump in construction would be enough to lower our Q4 GDP pick to 0.2% from 0.6%. Before pressing the panic button, however, we'll wait for Thursday's business data which will allow us to finalise our forecast. But, if the business data do not show more momentum than we have currently assumed then there is the strong possibility that growth will be weaker than the 0.5% the RBNZ projects for the quarter. And this is before the current chaos starts to impact activity.

For government, weaker growth will tend to mean weaker revenue than would otherwise have been the case. Heightened input costs will also chew into corporate profitability driving tax receipts lower. Some of this will be offset by higher prices as it is the nominal economy which provides tax revenue not the real economy.

The other problem for government is that rising global inflation concerns coupled with a heightened risk profile

are pushing funding costs higher. This is evidenced in the yield on the New Zealand ten year bond having climbed from a recent low of 4.33% to its current 4.55% over the last few days.

But the biggest headache will be kept for the Reserve Bank. Does it adopt an easier monetary policy stance because of lower growth, or does it adopt a tighter stance because of rising inflation? This comes down to how much the Bank is willing to look through the short-term shock, what assumptions it makes as to the longevity of the shock and how much weight it places on the actual data (rising inflation) as opposed to forecasts of lower growth and lower medium term inflation.

This is a conundrum faced by central banks across the planet but New Zealand's starting point of rising inflation expectations, inflation outside the target band, and likely ongoing elevated inflation, even in the face of what looks to be weaker-than-expected growth, makes the task that much more difficult.

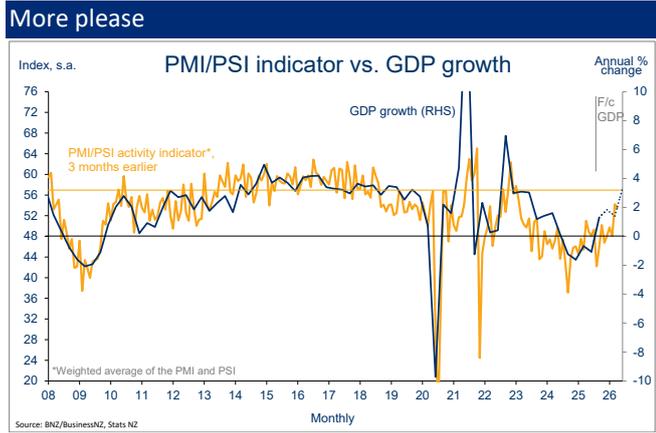
The way pricing in global financial markets has been moving, it appears that markets are more fearful of inflation than growth. In New Zealand, immediately prior to the Middle East fallout, the market was pricing a 40% chance of a rate hike in September. Now a hike is almost fully priced.

We get the sense that under Anna Breman, the RBNZ will adopt a conservative approach if it can. Barring anything even more outlandish than what we are currently witnessing (a brave assumption!) occurring between now and the April 8 Monetary Policy Review, we think the RBNZ will hold the line at that meeting. But, with the information set we have, we still think there is a greater than 50% chance that the Bank ultimately brings forward its first hike to September noting that this was our central view anyway.

Clearly the possible outcomes are many and varied. We will be assessing and reassessing on a minute-by-minute basis. There is limited certainty about anything.

As noted, Thursday's partials should give us some more information as to how the economy finished 2025. What's more interesting, however, is how it's tracking now. For further insight on that we are looking forward to receiving Friday's Performance of Manufacturing Index (PMI) update followed by the Performance of Services (PSI) on Monday March 16.

The PMI and PSI have been painting a positive picture for several months but if the combined PMI/PSI activity indicator is to climb to levels consistent with the sort of growth that we are expecting, then the PSI activity series will need to climb to at least the PMI's 56.6 January reading.



Also on Friday we get January's migration and travel data. We expect visitor arrivals to keep rising but we are not expecting net migration to show any meaningful upward momentum.

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# Global Watch

- All eyes on Middle East developments
- US CPI the main release this week
- China CPI and PPI data also due
- UK monthly GDP seen at +0.2% m/m

Conflict in the Middle East will continue to dominate market focus in the week ahead. It is impossible to say with any certainty what lies ahead, and to forecast the extent and duration of the conflict’s economic impacts. Oil prices will remain in focus, with ongoing tensions in the Middle East driving yet another leg higher in Brent crude.

In the US, price data will be a focus with February CPI and January PCE releases on Wednesday and Friday respectively. Expectations are for an elevated core PCE reading but the CPI data will guide whether this is persisting. Otherwise, January releases for the trade balance and residential construction activity on Thursday and durable goods orders on Friday will provide more colour on the composition of Q1 GDP.

Openings in delayed January JOLTs data will be in focus Friday, with 3 consecutive declines contrasting stabilisation in other labour market indicators., alongside the preliminary University of Michigan consumer sentiment measure for March. The Fed has entered its blackout period ahead of the 17-18 March meeting.

Canada labour market data for February is also Friday.

In the UK, monthly GDP for January will be the focus on Friday. The BoE will also be releasing a survey on consumer inflationary expectations the same day, but due to timing won’t capture recent movements in energy markets. In the EZ, data of note is limited apart from German industrial production on Monday. The ECB’s Simkus and Müller are speaking on Tuesday, followed by Guindos (Wednesday) and Schnabel (Thursday).

In Asia, China CPI and PPI for February are released on Monday followed by trade numbers on Tuesday. The National People’s Congress is also continuing until Thursday. In Japan, final Q4 GDP will be released on Tuesday.

In Australia, following a busy week of data and RBA speakers, the calendar is much quieter. The NAB Business Survey and consumer confidence is Tuesday in an otherwise quiet week.

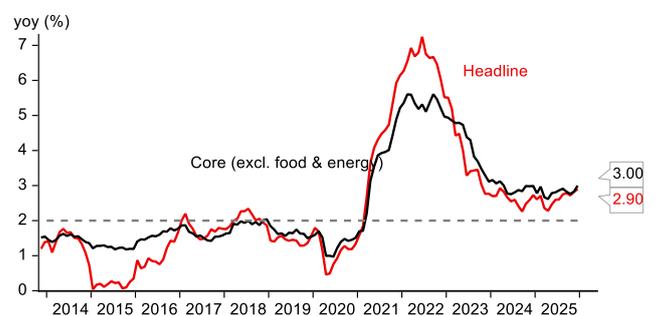
## Key Event Previews

### Wednesday

#### US CPI (Feb)

US core CPI has been running below the Fed’s preferred PCE deflator recently, a reversal of the usual dynamic. That is likely to remain the case in coming months, with a higher weight of shelter in CPI a major driver, leaving the Fed’s characterisation of inflation dynamics more cautious than a face-value reading of CPI inflation.

#### US PCE Inflation



Source: National Australia Bank, U.S. Bureau of Economic Analysis (BEA), Macrobond  
Notes: Dotted line represents the Federal Reserve’s 2% inflation target over the longer run.

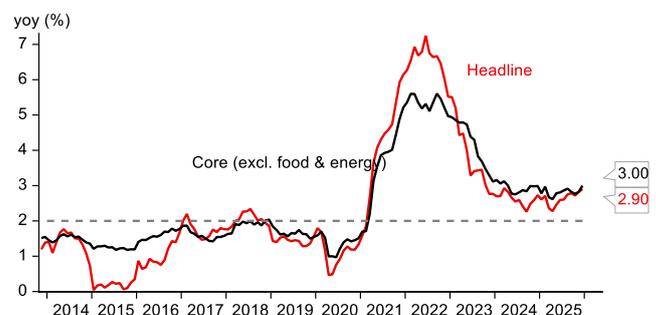
### Thursday

#### US Personal Income & Spending (Jan)

Expectations are for another month of elevated core PCE inflation, leaving the annual rate around 3%. This would add to concerns about the persistence of US inflation above the Fed’s target, reinforcing expectations the Fed is on hold for now, although February CPI the previous day will colour perceptions of the outlook.

Another month of soft consumption growth looks likely given weak indicators of auto and retail sales. The impacts of poor winter weather are likely to have also impacted growth.

#### US PCE Inflation



Source: National Australia Bank, U.S. Bureau of Economic Analysis (BEA), Macrobond  
Notes: Dotted line represents the Federal Reserve’s 2% inflation target over the longer run.

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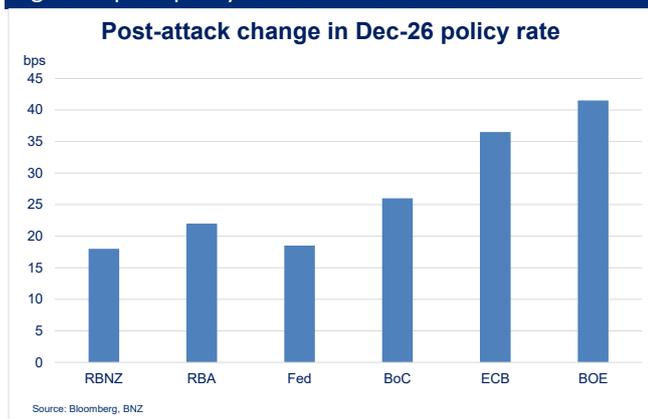
# Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

Global interest rates have pushed higher in response to the attacks on Iran, with markets interpreting the developments as an inflationary supply shock. The dominant concern is oil-driven inflation which has contributed to the market pricing more hawkish outcomes for global central banks including the RBNZ. A sustained disruption to Middle Eastern energy supply could have a material impact on the inflation outlook, not only in the near term, but potentially throughout 2026 and raise term premia across curves.

Market pricing has adjusted materially relative to pre-conflict levels. In the United States, expectations for policy easing have been deferred, while European markets have shifted toward a more restrictive stance. However, central banks are unlikely to respond immediately to the initial rise in headline inflation. Policymakers typically place less weight on energy-driven price movements, and it remains too early to assess the persistence of the shock. The key policy risk lies in second-round effects, particularly via inflation expectations, rather than the direct impact of higher oil prices.

## Higher implied policy rates on inflation concerns



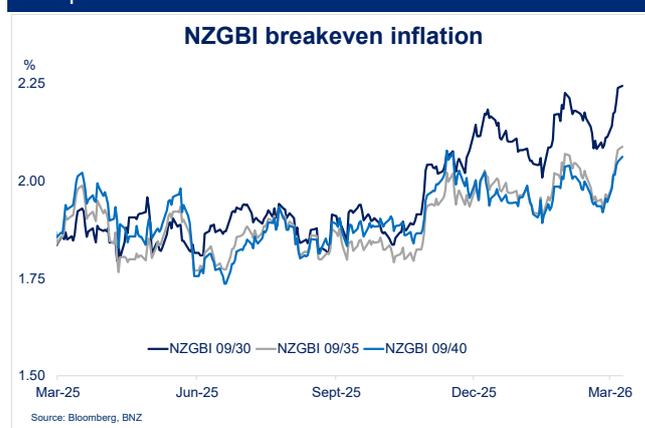
As outlined in the economics section, higher oil prices are expected to lift near-term CPI outcomes but are also likely to weigh on growth. For the RBNZ, the policy response will depend on whether the shock proves persistent and feeds into inflation expectations. The starting point is important: headline inflation is projected to remain close to the top of the target band in coming quarters, increasing sensitivity to any second-round effects and limiting tolerance for additional upside inflation surprises.

Market pricing now assigns a high probability to an earlier start to the RBNZ tightening cycle, with a September move almost fully discounted and cumulative tightening of around 45bp priced by year-end. This broadly aligns with our forecast for the Official Cash Rate. However, we see greater resistance to the pricing of additional hikes, given the risk that oil prices retrace – the oil futures curve remains heavily backwardated, as longer-dated contracts

trade well below near-term levels – and the adverse growth impulse associated with a sustained energy shock.

NZ 2-year swap rates have rebounded by around 25bp from the lower end of the 2026 trading range near 2.90%. While elevated volatility may dampen appetite for carry trades from macro-oriented investors, current levels appear to be approaching the upper end of the range, around 3.20%. Geopolitical developments and movements in offshore rates are likely to remain the dominant drivers of NZ fixed income markets in the coming week. On the domestic front, partial indicators for Q4 GDP and the February PMI will be in focus.

## Pickup in NZ breakeven inflation



Breakeven inflation rates in New Zealand have risen across the curve, with shorter-dated measures particularly sensitive to higher energy prices. If oil prices remain elevated, inflation-linked bonds are likely to continue to outperform nominals. That said, current 5-year breakeven levels near 2.25% appear to require a sustained sequence of supply-side shocks that keep inflation above the midpoint of the RBNZ’s target band for some time, once the illiquidity premia of inflation-indexed-bonds are taken into account.

## Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.48	2.48 - 2.51
NZ 2yr swap (%)	3.14	2.90 - 3.14
NZ 5yr swap (%)	3.70	3.43 - 3.71
NZ 10yr swap (%)	4.13	3.88 - 4.21
2s10s swap curve (bps)	100	99 - 108
NZ 10yr swap-govt (bps)	-38	-39 - -33
NZ 10yr govt (%)	4.51	4.35 - 4.54
US 10yr govt (%)	4.14	3.92 - 4.25
NZ-US 10yr (bps)	37	27 - 41
NZ-AU 2yr swap (bps)	-129	-137 - -112
NZ-AU 10yr govt (bps)	-34	-40 - -26

\*Indicative range over last 4 weeks

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# Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ9

Last week, escalating conflict in the Middle East significantly influenced financial markets. The US dollar strengthened broadly, while the Canadian dollar emerged as the top performer, buoyed by a 30% surge in oil prices. Although the situation could have been much worse, the NZD/USD declined by just one cent, or 1.6%, closing the week near 0.59. In contrast, NZD/CAD dropped over 2%. NZD/GBP fell around 1%, but the NZD depreciated less than ½% against the AUD and JPY, and remained largely unchanged against the EUR.

Tensions in the Middle East intensified throughout the week, following the outbreak of war between the US/Israel and Iran just over a week ago. After US and Israeli forces launched targeted airstrikes on Iranian military positions, Iran responded by expanding the conflict regionally, attacking energy and economic targets across the Gulf and mobilising proxies in Lebanon and other areas.

Initial hopes for a swift resolution faded. Over the weekend, President Trump declared that there would be no deal with Iran except for unconditional surrender. Iran, however, refused to capitulate, with an IRGC spokesman stating on state television that the country was fully prepared to continue fighting for at least six months. Betting odds now indicate only a 22% chance that a US-Iran cease-fire will be reached by the end of March.

The broad strength of the USD since the conflict began can be attributed to the unwinding of significant short-USD positions established before the attacks, a safe-haven shift towards the USD, and the fact that the US is a net energy exporter. Currency performance last week clearly reflected different countries' exposure to rising energy prices. The yen's typical safe-haven appeal was absent, given higher interest rates and Japan's status as a major net energy importer. The EUR was more affected than the GBP, owing to the euro area's greater vulnerability to increasing energy costs compared to the UK.

The weaker NZD in response to the conflict is unsurprising, and the heightened risk of war with Iran has been a prominent concern on our watchlist. At this stage, we are not adjusting FX projections due to the conflict, as it is too early to draw conclusions about its duration and impact on the global economy.

An important question is how high oil prices could rise and when, or if, shipping through the Strait of Hormuz might return to normal. Reports indicating that Saudi Arabia, Iraq, Kuwait, and the UAE have shut down oil production facilities due to insufficient storage are alarming. Restarting these facilities is a lengthy process. Each day the conflict persists and regional shipping remains stalled increases the likelihood of even higher oil prices and a greater global shock.

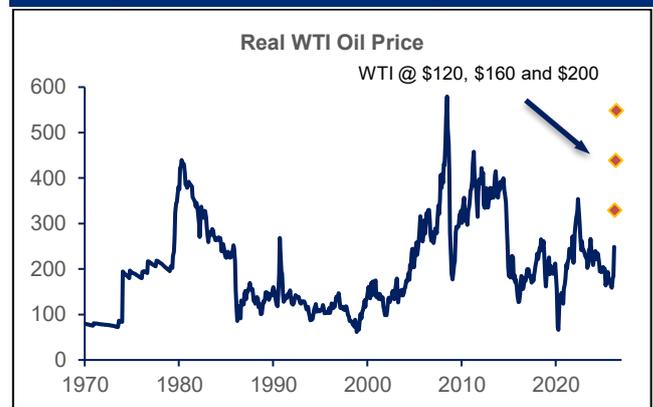
Sharp increases in the prices of oil, gas, and other energy products, along with higher shipping and fertiliser costs, have heightened concerns about renewed inflationary pressures. This limits central banks' ability to lower interest rates, especially as inflation rates are already above target in most regions.

A quick resolution of the conflict is necessary for our current FX projections to remain valid. The downside risks are evident: a prolonged conflict, with oil prices surging past USD100 per barrel and remaining elevated, would be clearly negative for the NZD. However, one mitigating factor is that sustained high oil prices might prompt the US to retreat before achieving its objectives. Still, it remains uncertain how high oil prices would need to climb before Trump decides to back down.

The situation remains fluid, and a wide range of outcomes is still possible. Investors, and we, will continue to closely monitor developments in the Middle East for the foreseeable future.

On the global economic calendar, the US CPI data for February is the main release this week, followed by the less timely January data on consumer spending and the PCE deflators at the end of the week. Domestically, we will be able to finalise our Q4 GDP estimate following data on manufacturing and business services.

## Lift in oil prices modest so far vs history and scenarios



## Cross Rates and Recent Ranges

	Current	Last wk % chg	Last 3-wks range*
NZD/USD	0.5850	-1.6%	0.5840 - 0.6050
NZD/AUD	0.8399	-0.4%	0.8350 - 0.8560
NZD/CAD	0.7960	-2.2%	0.7960 - 0.8250
NZD/GBP	0.4398	-1.1%	0.4390 - 0.4460
NZD/EUR	0.5077	0.1%	0.5050 - 0.5110
NZD/JPY	92.66	-0.5%	91.90 - 93.90

\*Indicative range over last 3 weeks, rounded

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# Technicals

## NZD/USD

Outlook: Trading range  
 ST Resistance: 0.6100/20  
 ST Support: 0.5850/75 (ahead of 0.57)

A brief fall below 0.5840 last week wasn't sustained for long, so we'll leave the short-term support zone between 0.5850 and the 200-day moving average around 0.5875. A break would open up 0.57 as the next support level.

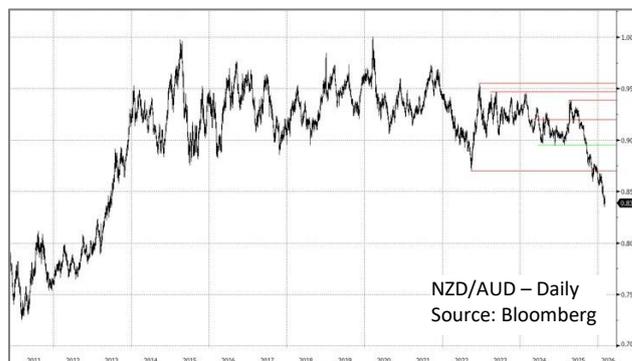


## NZD/AUD

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, and 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 bounced last week, led by global yields. Despite the volatility, the 5y looks to be forming a range. 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 curve steepened up on the back of the global moves last week. We remain neutral from a macro perspective.

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# Quarterly Forecasts

Forecasts as at 9 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	-3.4	-3.4	-3.5	-3.8	-3.9	-3.9	-3.8	-3.6
CPI (q/q)	0.5	1.0	0.6	0.6	0.9	0.7	0.5	0.4	0.5	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	2.8	3.1	2.9	2.8	2.6	2.1	2.1
GDP (production s.a., y/y)	-1.1	1.3	1.8	1.4	3.4	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 Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.59	0.70	1.15	1.33	158	0.59	0.84	0.51	0.44	92.7	67.0
Forecasts											
Mar-26	0.60	0.70	1.20	1.37	154	0.60	0.86	0.50	0.44	92.4	67.7
Jun-26	0.62	0.72	1.22	1.38	152	0.62	0.86	0.51	0.45	94.2	69.0
Sept-26	0.63	0.73	1.22	1.38	150	0.63	0.86	0.52	0.46	94.5	69.7
Dec-26	0.63	0.73	1.23	1.38	148	0.63	0.87	0.52	0.46	93.8	69.6
Mar-27	0.63	0.72	1.22	1.36	146	0.63	0.88	0.52	0.46	92.0	69.3
Jun-27	0.63	0.71	1.22	1.35	145	0.63	0.89	0.52	0.47	91.4	69.3
Sept-27	0.63	0.71	1.21	1.34	143	0.63	0.89	0.52	0.47	90.1	69.4
Dec-27	0.62	0.70	1.19	1.34	142	0.62	0.89	0.52	0.46	88.0	68.8

### 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 9 March 2026	March Years					December Years				
	Actuals		Forecasts			Actuals		Forecasts		
	2024	2025	2026	2027	2028	2023	2024	2025	2026	2027
<b>GDP - annual average % change</b>										
Private Consumption	1.1	0.0	1.6	2.2	2.3	1.1	-0.2	1.6	1.9	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	1.9	6.4	3.8	-0.3	-4.9	-0.1	6.1	4.4
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	2.1	3.2	2.1	-0.7	-1.1	1.1	3.4	2.3
Exports	8.6	3.4	2.9	4.7	3.7	11.5	4.7	2.8	4.6	3.9
Imports	-1.4	1.5	4.9	5.1	3.0	-0.7	1.7	3.4	5.6	3.4
Real Expenditure GDP	1.5	-0.7	1.2	3.0	2.2	2.1	-0.3	0.7	2.8	2.3
<b>GDP (production)</b>	<b>1.8</b>	<b>-0.9</b>	<b>0.9</b>	<b>3.0</b>	<b>2.2</b>	<b>2.2</b>	<b>-0.3</b>	<b>0.4</b>	<b>2.6</b>	<b>2.3</b>
<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
<b>Prices and Employment -annual % change</b>										
CPI	4.0	2.5	2.8	2.6	2.0	4.7	2.2	3.1	2.8	1.9
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
<b>External Balance</b>										
Current Account - \$bn	-23.8	-18.3	-15.1	-18.6	-16.0	-25.8	-20.0	-15.2	-18.3	-16.9
Current Account - % of GDP	-5.7	-4.2	-3.4	-3.9	-3.2	-6.3	-4.7	-3.4	-3.9	-3.5
<b>Government Accounts - June Yr, % of GDP</b>										
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					
<b>Financial Variables <sup>(1)</sup></b>										
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	67.7	69.3	68.9	72.0	68.5	66.8	69.6	68.8
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

<sup>(1)</sup> 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
<b>Monday 09 March</b>				<b>Friday 13 March</b>			
CH PPI YoY Feb	-1.10%		-1.40%	US Trade Balance Jan	-\$66.0b		-\$70.3b
CH CPI YoY Feb	0.90%		0.20%	US Initial Jobless Claims 7-Mar	215k		213k
GE Factory Orders MoM Jan	-4.30%		7.80%	US Continuing Claims 28-Feb	1850k		1868k
GE Industrial Production SA MoM Jan	1.00%		-1.90%	US Housing Starts Jan	1340k		1404k
EC ECB's Elderson Speaks				US Fed's Bowman Speaks			
<b>Tuesday 10 March</b>				EC ECB's Villeroy Speaks			
US NY Fed 1-Yr Inflation Expectations Feb			3.09%	NZ BusinessNZ Manufacturing PMI Feb			55.2
AU Westpac Consumer Conf Index Mar			90.5	NZ Net Migration SA Jan			2870
JN Household Spending YoY Jan	2.40%		-2.60%	UK Monthly GDP (MoM) Jan	0.20%		0.10%
JN GDP SA QoQ 4Q F	0.30%		0.10%	UK Industrial Production MoM Jan	0.30%		-0.90%
AU NAB Business Confidence Feb			3	UK Manufacturing Production MoM Jan	0.30%		-0.50%
CH Trade Balance YTD Feb	\$176.10b			UK Trade Balance GBP/Mn Jan	£3900m		£4340m
EC ECB's Simkus & Muller Speak				UK BoE/Ipsos Inflation Next 12 Mths Feb			3.50%
US NFIB Small Business Optimism Feb	99.6		99.3	EC Industrial Production SA MoM Jan	0.60%		-1.40%
<b>Wednesday 11 March</b>				<b>Saturday 14 March</b>			
US ADP Weekly Employment Change 21-Feb			12.750k	CA Unemployment Rate Feb	6.60%		6.50%
US Existing Home Sales Feb	3.88m		3.91m	US Personal Income Jan	0.50%		0.30%
EC ECB's Guindos Speaks				US Personal Spending Jan	0.30%		0.40%
UK BOE's Breeden Speaks				US Real Personal Spending Jan	0.00%		0.10%
<b>Thursday 12 March</b>				US PCE Price Index MoM Jan	0.30%		0.40%
US Fed's Bowman Speaks				US PCE Price Index YoY Jan	2.90%		2.90%
US Core CPI MoM Feb	0.20%		0.30%	US Core PCE Price Index MoM Jan	0.40%		0.40%
US Core CPI YoY Feb	2.50%		2.50%	US Core PCE Price Index YoY Jan	3.10%		3.00%
EC ECB's Schnabel Speaks				US Durable Goods Orders Jan P	1.10%		-1.40%
NZ Mfg Activity Volume QoQ 4Q			1.10%	US GDP Annualized QoQ 4Q S	1.40%		1.40%
NZ Business Financial Data 4Q				US U. of Mich. Sentiment Mar P	55.3		56.6
UK BOE's Bailey Speaks				US JOLTS Job Openings Jan	6750k		6542k

## Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
<b>CASH AND BANK BILLS</b>					<b>SWAP RATES</b>				
Call	2.25	2.25	2.25	3.75	2 years	3.15	2.95	3.10	3.43
1mth	2.43	2.43	2.41	3.87	3 years	3.39	3.19	3.36	3.53
2mth	2.46	2.46	2.45	3.75	4 years	3.58	3.37	3.56	3.63
3mth	2.49	2.48	2.49	3.70	5 years	3.72	3.51	3.71	3.73
6mth	2.61	2.58	2.59	3.54	10 years	4.15	3.97	4.19	4.16
<b>GOVERNMENT STOCK</b>					<b>FOREIGN EXCHANGE</b>				
05/28	3.24	3.09	3.28	3.78	NZD/USD	0.5877	0.5941	0.6055	0.5699
05/31	3.95	3.79	3.99	4.23	NZD/AUD	0.8414	0.8377	0.8537	0.9076
04/33	4.21	4.04	4.25	4.46	NZD/JPY	92.87	93.53	94.38	83.92
05/36	4.49	4.35	4.54	4.72	NZD/EUR	0.5083	0.5082	0.5083	0.5259
05/41	4.87	4.76	4.90	5.02	NZD/GBP	0.4404	0.4432	0.4422	0.4425
05/54	5.13	5.00	5.13	5.19	NZD/CAD	0.7996	0.8126	0.8210	0.8228
<b>GLOBAL CREDIT INDICES (ITRXX)</b>					TWI	67.1	67.6	68.2	67.9
Nth America 5Y	58	55	50	55					
Europe 5Y	62	56	51	56					

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