30 March 2026

April Monetary Policy (P)Review

- **MPR delivered two weeks early**
- **Rates on hold**
- **No guidance expected**
- **We lower our growth forecasts**
- **And raise our inflation pick, again!**

On April 8 the Reserve Bank of New Zealand will formally deliver its latest views on monetary policy. With the current turmoil one might have thought there would be great anticipation about the release of this update. But, in this case, we think the Bank has already released its views when Governor Breman delivered her speech Global shockwaves to Kiwi shores: The impact of the Iran conflict on New Zealand.

Importantly, Dr Breman stressed that the RBNZ is focussed on medium term inflation. It accepts there will be a near-term spike in prices (how could it not?!) but will only raise (or lower) rates based on how permanent that inflation shock becomes. And it will take time to establish a strong view on this, perhaps many months.

In our opinion this rules out any move in rates in April or, indeed, the provision of any clarity as to when the Bank might start moving rates. The possible exception to this is if New Zealand's diesel supply deteriorates and the RBNZ goes into panic mode.

Dr Breman was equally clear controlling inflation is the sole objective of the central bank. So, when, in due course, inflation expectations rise and there are clear signs of some permanence to inflation being outside the target band, the central bank will respond by raising interest rates even if growth is weakening and the unemployment rate rising. This, after all, is the legal obligation of the RBNZ as per its Remit.

It has been mooted that when the full Monetary Policy Committee convenes for the April meeting its views could be different than those expressed in the Governor's speech. This is not so. In the footnotes to the speech Anna Breman thanks every member of the committee for their input. This means the committee was fully informed of what she was about to say, and one can only conclude that, at least, a majority of the members agreed.

We do not expect the RBNZ to get too detailed in terms of its expectations for inflation and growth. Remember that April is a Monetary Policy Review not a Monetary Policy Statement so there will not be a suite of forecasts nor any interest rate track for us to ponder. One suspects the RBNZ will be mightily relieved about this as forecasting in the current environment is even more of a mug's game than is normally the case.

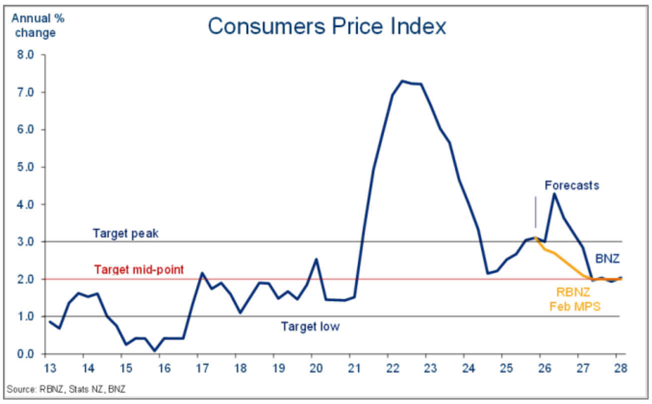
Unfortunately, we do not have the luxury of keeping our forecast specifics under cover. Given everything that is going on we have made some adjustments to our published estimates for the economy. We would strongly recommend that you pay little attention to the actual numbers but more attention to the stories they tell. With this in mind, the key messages we want to deliver are:

- growth will be weaker than previously expected;
- inflation will be higher, and for longer;
- interest rates will rise;
- the current account balance will deteriorate;
- there will be heightened pressure on the fiscal balances.

As things stand, annual CPI inflation is set to peak at around 4.3%. If oil prices head any higher, or the NZD depreciates any more, we will continue to revise our expectations upward.

Perhaps more importantly, we now believe headline inflation will stay at 3.0% or above right through to the end of 2026. It falls rapidly thereafter largely because our projected 1.8% price increase for the June quarter 2026 drops out of the annual calculation.

Oil price shock



Note that we have assumed oil prices start falling from May 1. The chances of this proving to be heroic should be considered as high. We have also been very conservative in our estimates of second round impacts. This means the risks to our inflation forecasts are to the upside. And more so if the NZD continues to fall.

Normally, accelerating growth drives rising prices. But this time around it is rising prices driving weakening growth because inflation is supply, not demand, induced.

The biggest hit to growth comes via inflation-driven declines in real disposable income. Fuel is a necessity good. When prices rise there will be some reduction in the volume of fuel bought but the bigger impact is likely to be reduced consumption of other goods and services, particularly those which are less necessary.

But that's not all that will adversely impact retail spending. You can add to this:

- a weaker labour market;
- lower tourism spending;
- less momentum from the rural sector as NZ commodity price inflation declines;
- a negative wealth effect as house price inflation remains near zero and other asset prices decline;
- higher interest rates.

In addition, falling consumer confidence, as evidenced by last week's data and a rise in generalised uncertainty will constrain spending.

This is all bad news for private consumption.

Rising uncertainty will also impact investment activity.

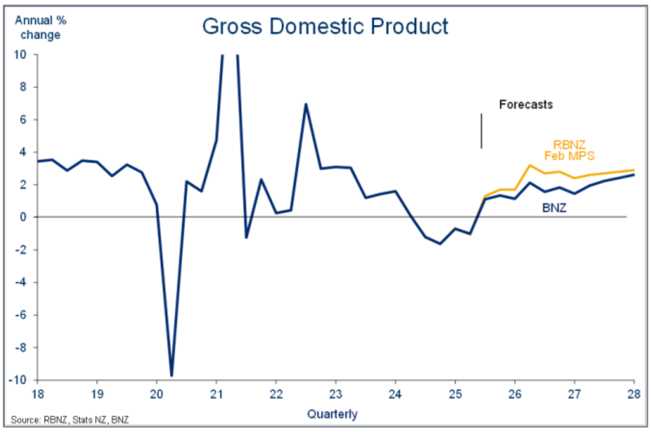
Do not underestimate the impact of the fall in confidence in all this. For the first time since pre-COVID (all the way back to 2018), forecasters, businesses and households alike were all genuinely optimistic that the economy was turning the corner. No one was expecting wonders but the relief that the worst was, at long last, behind us was massive. And then along came what can only be described as a kick in the guts courtesy of the war against Iran. This is a hugely depressing turnaround which is spreading anger and frustration through the business sector.

The same can be said for householders who had been suffering from rising cost pressures for an extended period. But it looked like inflation had peaked, interest rates had headed lower and employment prospects were starting to improve. Most of this is any longer the case. For many, the battle to make ends meet has just got that much more difficult.

External trade will also be impacted. Goods exports will be reduced to the extent that shipping availability is compromised and global demand weakens. What this means empirically in practice is anyone's guess but it is negative. Additionally, tourism inflows (and outflows) will fall due, largely, to the reduction in air services that transited in the Middle East. Rising fuel costs will further reduce flight numbers and decrease demand as those costs are passed on.

Taking all this into consideration, we have lowered our growth forecasts significantly for calendar 2026. We are now expecting growth of 1.7% down from 2.3%. There are flow on effects into 2027 too, but we have built in a decent bounce in 2028.

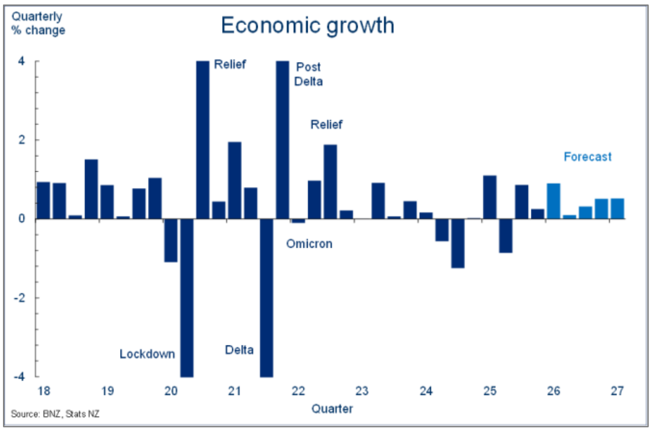
Growth downgraded



Do we have much conviction with these growth forecasts? Absolutely not! We can say with 100% certainty that they will be wrong. All bets are off if the country ran out of diesel and inflation proved to be much higher and more sustained than we are projecting. This scenario would have recession written all over it. On the flip side, a quick resolution to the crisis and a sharp drop in oil prices could see a strong relief bounce in activity albeit that it is unlikely to push growth above our original forecasts.

Ironically, we recently revised higher our expectation for Q1 GDP to 0.9%. Odds are it could go through 1.0%. That's because there is strong evidence of pre-purchasing of fuel; big increases in the sale of EVs; and the general building of inventories. This could flow through into Q2 but either Q2 or Q3 will likely be a shocker as not only spending comes under pressure but, also, because inventories run down.

More noise



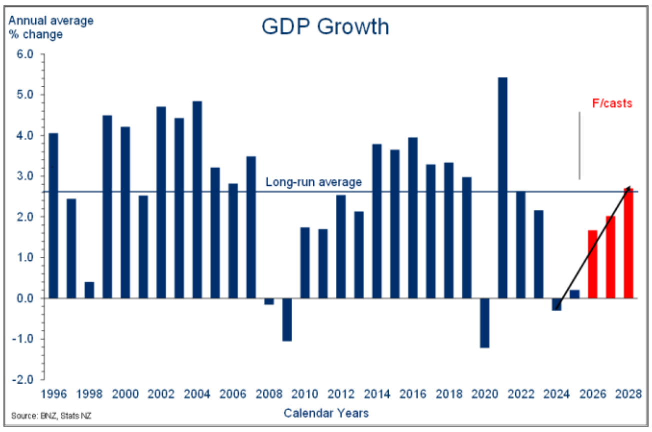
If GDP growth slows then employment growth will do likewise. We are still clinging to the hope that the unemployment rate has peaked but rather than falling steadily through 2026 it looks like it will stay very much where it is for the rest of the year. It would be worse were it not for our expectation that there will be a rise in the disillusionment of the unemployed about their job prospects which will see the participation rate ending up lower than we had previously anticipated.

Unemployment relief delayed

With growth softening it would be easy to conclude that the economy's already wide output gap will get larger. Our own models will show that. But this is a supply shock so it is very likely that potential output possibilities are falling just as fast as our downward growth projections. This risks inflation becoming more embedded even at low rates of economic expansion.

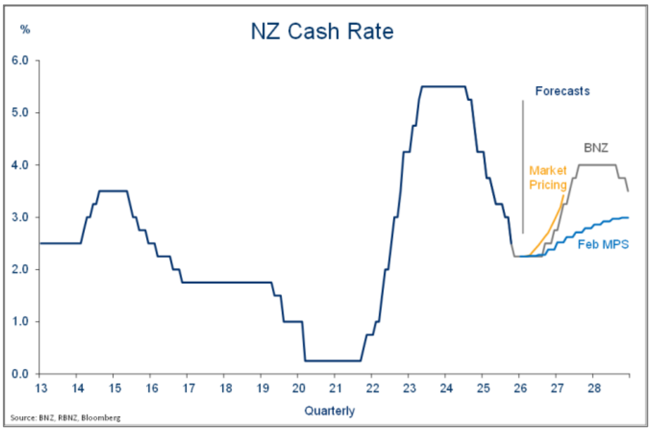
Amidst all this gloom, we should point out that we are still expecting the economy's growth track to be much better than what we have experienced in each of the two years to December 2025. Our base case also has growth accelerating through the forecast horizon. It's just that it's nowhere near as positive as we had hoped and the downside risks are elevated.

All is not lost



We're keeping our rate track unchanged. Not because we are confident in that either but rather because we still believe rising inflation will dominate the Reserve Bank's reaction function. For the record, we are currently forecasting the first rate hike at the September Monetary Policy Statement with the cash rate climbing to an eventual peak of 4.0%.

Rates headed higher



Anyone who claims to know how this mess will evolve is telling porkies. But we feel we have a duty to highlight the risks to business (and households), and while magnitudes and timing are difficult to foretell there is greater clarity as to likely direction.

In the week ahead Tuesday's ANZ Business Opinion Survey will be our first real chance to get a gauge on the shift in business sentiment. It will also be an important indicator of how rising fuel costs have impacted pricing intentions.

The other piece of information that will grab our attention is Thursday's Crown Financial Statements for the eight months to February. This will be the last reported data that the Government and Treasury has before putting together its Budget forecasts.

There are huge lags between Treasury finalising its economic forecasts and the Budget document being printed. In normal times, things can change markedly between forecast finalisation and publication. In the current climate Treasury forecasters are almost certain to be hung out to dry.

This morning we received employment data for the month of February. At first glance it looked okay with a 0.3% increase in employment reported. However, the previous month was revised down to zero from 0.2%. Consequently, it now looks like the quarterly increase in both this series and the Household Labour Force Survey will be marginally lower than we had anticipated. This supports our view that the unemployment rate will not be falling meaningfully any time soon.

Rounding out the week is the release of building consents for February, on Wednesday. In short, residential consents have been trending higher, non-residential have been moribund. We expect more of the same.

Of course, the upcoming weekend is the Easter break. NZ markets will be closed Easter Friday and Monday. We will publish our next Weekly Outlook on the Tuesday (April 7).

stephen_toplis@bnz.co.nz

Global Watch

- **Conflict in the Middle East ongoing**
- **Strait of Hormuz still shut**
- **Euro area CPI to capture impacts of war in Iran**
- **US unemployment rate seen steady at 4.4%**
- **China PMIs also due**

Oil prices have moved steadily higher, reflecting expectations of a prolonged disruption to Middle East supply routes and limited progress on the path to de-escalation. The Strait of Hormuz remains effectively shut, while the White House's decision to push back a deadline for potential strikes on Iranian energy infrastructure has extended the window of uncertainty.

This week, March readings for preliminary Eurozone (Tuesday) and Tokyo (Tuesday) CPI will be keenly watched as one of the first hard data reads that capture the conflict in Iran. Final Global PMIs could show some deterioration compared to early responses reflected in the preliminary numbers. China PMIs (Official and RatingDog) and the US ISM manufacturing survey are also released.

In the US, JOLTS, ADP and March payrolls will test whether hiring stabilises after February's disruption driven weakness. The consensus looks for the unemployment rate steady at 4.4%. Fed speakers include Chair Powell and Williams (Monday).

In Europe, German CPI is Monday ahead of the preliminary eurozone wide number on Tuesday, and there is no shortage of ECB speakers scheduled. February labour market data is due Wednesday.

In Asia, Japan's Tankan Index (Wednesday) will give an early read on how businesses are interpreting the Iranian conflict. February results for the labour market, retail sales and industrial production will also arrive.

In Australia, the RBA minutes from the February meeting will be in focus Tuesday, at which the cash rate was increased by 25bp in a close 5-4 decision. The Board judged that the labour market had tightened a little recently. February job vacancies on Thursday will therefore be closely watched for whether there is any pick-up in labour demand. Building approvals (Wed) and the trade balance (Thurs) are also released.

Good Friday is a public holiday in NZ, Australia and much of Europe. In the US, stock and bond markets are closed, but data is still published. Some Asian markets, including Hong Kong and Singapore are closed.

Key Event Preview

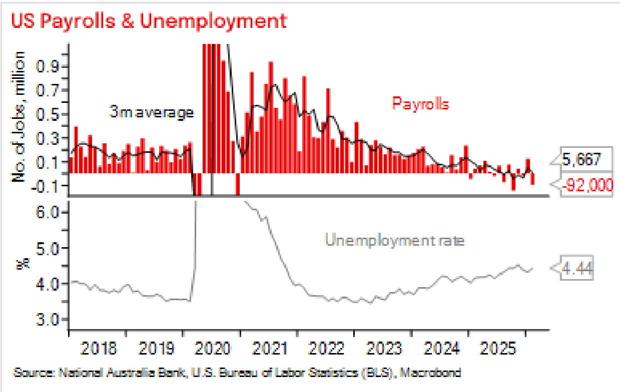
Thursday

AU Job Vacancies (Feb)
Job vacancies will help the RBA's assessment of spare capacity in the labour market. Recent RBA communication suggests concerns about a potential re-tightening, with measures of job advertisements a little higher in recent months. The rise in unemployment to 4.3% in February may temper those concerns at the margin, but employment growth remained strong. Indeed, the NAB Quarterly Business Survey showed the share of firms reporting labour as a significant constraint increased in Q1.

Friday

US Payrolls (Mar)
February's sharp drop in payrolls (-92k) was exaggerated by winter storms and a large healthcare strike, so some bounce back in the March headline is expected.

Even looking through recent volatility, the broader picture still points to a labour market that has cooled significantly. Markets will be watching for signs that federal workforce cuts and tariff uncertainty are starting to leave a more lasting mark on the labour market. The consensus is for unemployment steady at 4.4% and a 60k payroll gain.



matt_brunt@bnz.co.nz

Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ rates continue to be driven by energy prices and moves in offshore markets. The 2-year swap rate briefly peaked just below 3.70% last week before retracing, underscoring elevated day-to-day volatility. Governor Breman's speech provided some stability to the market and helped to temper near-term tightening expectations: pricing for a 25bp hike at the May Monetary Policy Statement (MPS) moved from near-fully priced to around a 50% probability.

The Governor reiterated that the OCR is likely to remain unchanged in the near term, with policy prepared to look through temporary inflation spikes but to respond should second-round pressures emerge. She characterised core inflation as contained, expectations as well anchored, and wage growth as subdued, consistent with an economy still operating below capacity. She also noted downside risks to growth, reflecting higher import costs, tighter global financial conditions, softer external demand and elevated uncertainty relative to the February MPS.

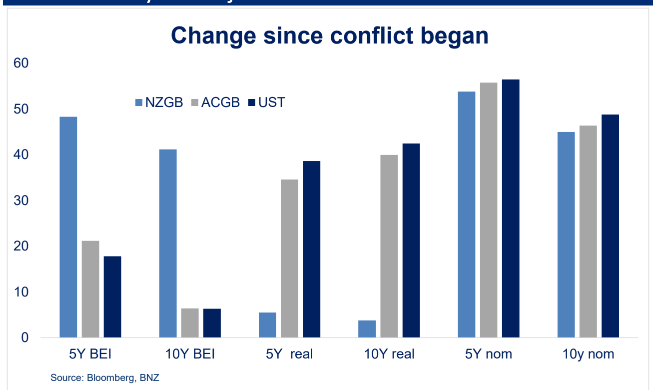
Terminal OCR pricing near 4.0%

Against this backdrop, there could be some downside risk to the market-implied OCR track, which is almost fully discounting a 25bp hike by July and a peak near 4.0%, despite the increasingly challenging growth outlook. With limited domestic data ahead of the 8 April Monetary Policy Review, offshore developments are likely to remain the primary driver of NZ rates. There was an interesting dynamic in the US front end at the end of last week. The market shifted from focussing on energy and inflation, towards the downside for growth and risk assets, and pared expectations of tightening by the Federal Reserve this year.

A further decline in risk-sensitive assets would tighten financial conditions and reduce the likelihood of a near-term central-bank pivot to tighter policy. In such an environment, fixed income may regain some defensive characteristics through a lower correlation with risk assets, after a period in which these properties have been diminished. Major global equity indices are approaching, or have entered, correction territory, declining more than 10% from recent peaks.

New Zealand inflation-indexed bonds (IIB) have outperformed since the conflict began, consistent with an energy supply shock lifting breakeven inflation and with IIBs typically exhibiting a lower beta to directional rate moves. However, the rise in 5- and 10-year NZ breakevens (BEI) appears large relative to the more modest moves in Australian and US inflation-linked markets, suggesting limited value at current levels once NZ's liquidity premia are considered.

Modest real yield adjustment for NZGB



Our view that NZ IIB valuations are relatively rich was not reflected in the Sep-2035 tender last Thursday, although the NZDM offer size was small (NZ$25m). The auction cleared at 2.35%, implying a simple breakeven near 2.30% (from 1.95% pre-conflict). By contrast, long-end BEI in ACGBs and USTs have moved little over the same period. In the US, the sell-off in nominal yields beyond five years has been predominantly real-yield-led, consistent with higher term premia rather than a material de-anchoring of long-run inflation expectations.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.54	2.48 - 2.59
NZ 2yr swap (%)	3.54	2.90 - 3.68
NZ 5yr swap (%)	4.05	3.43 - 4.21
NZ 10yr swap (%)	4.40	3.88 - 4.56
2s10s swap curve (bps)	87	86 - 102
NZ 10yr swap-govt (bps)	-37	-39 - -34
NZ 10yr govt (%)	4.77	4.35 - 4.79
US 10yr govt (%)	4.43	3.92 - 4.48
NZ-US 10yr (bps)	34	32 - 55
NZ-AU 2yr swap (bps)	-123	-137 - -106
NZ-AU 10yr govt (bps)	-33	-37 - -22

*Indicative range over last 4 weeks

stuart_ritson@bnz.co.nz

Foreign Exchange Market

Reuters pg BNZWFWDS Bloomberg pg BNZ9

Last week, the US dollar strengthened broadly, supported by the ongoing conflict in the Middle East. The NZD and AUD underperformed and, like many other major currencies, reached new lows since the onset of the Iran conflict. NZD/USD declined by nearly 1½% over the week, closing below 0.5750. On most key cross rates, the NZD lost less than 1%, while NZD/AUD rose 0.7% to 0.8360.

Throughout last week, markets remained focused on developments in the Middle East, as investors weighed the prospects for a diplomatic resolution to the Iran conflict. The US proposed a 15-point peace plan, with 12 of those points constituting demands on Iran. In response, Iran outlined its own five conditions for ending the conflict. The two sides remain far apart. After initially extending a 48-hour deadline to five days for Iran to reopen the Strait of Hormuz (SoH), President Trump granted a further 10-day extension, now lasting until 6 April. The SoH remains effectively closed, fuelling anxiety in financial markets and pushing oil prices higher.

Although the US appears to favour a swift resolution, multiple pathways for further escalation remain. Gulf nations may join offensive military action against Iran in response to ongoing attacks that have disrupted their economies; the US could deploy troops to Kharg Island, a key Iranian oil export hub, to curtail Iran's export revenues that fund the regime; and Iran could enlist support from the Houthis to close another critical strait through the Red Sea, which is currently used for increased oil shipments from Saudi Arabia.

As noted in previous reports, the ongoing conflict and continued closure of the SoH skew NZD risks to the downside. The NZD is broadly following our previously published scenario, with the weekly average declining as long as the SoH remains closed. There is also a risk of an accelerated NZD decline if investors lose hope for a speedy resolution and the negative impacts on domestic and global economies intensify.

Our earlier scenario, which anticipated the NZD gradually falling through the key 0.55 support level and stabilising around 0.52, did not account for the possibility of NZ actually running out of fuel. It appears NZ has enough fuel to last another four to six weeks; however, beyond that, the risk of shortages—and the potential for a sudden halt in the economy—remains uncomfortably high. Increasing reports indicate that some smaller Asian countries are already facing severe fuel shortages, with adverse consequences.

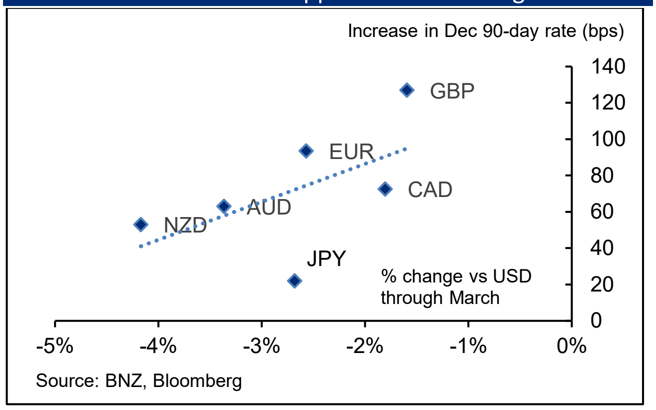
The chart below illustrates major currency movements so far in March, as well as the rise in interest rates for 90-day bills for December 2026. There is a positive correlation between foreign exchange movements and rate changes.

While NZD and AUD underperformance may reflect a decline in risk appetite in March, it also stems from the more modest rate increases compared to the Euro area, UK, and Canada. The Japanese yen is considered an outlier due to the BoJ's consistent reluctance to implement rate hikes.

Although short-term rates for NZ have increased by more than 50bps in March, as investors anticipate a more aggressive tightening cycle from the RBNZ in response to rising inflation pressures, this move is smaller than that seen in other countries (excluding Japan). This chart serves as a warning to the RBNZ: if other central banks increase rates, the RBNZ may need to follow suit to avoid further downward pressure on the NZD and the risk of a currency crisis. Considering the impacts on the NZD is vital for future RBNZ policy decisions.

Looking ahead, attention will remain focused on the Middle East. On the domestic economic calendar, the ANZ business outlook survey will give an early read of the impact of the Iran conflict, while key releases on the global calendar include China PMIs, Euro area CPI and, for the US, important labour market data, retail sales, and the ISM manufacturing survey.

Currencies with less rate support have seen larger declines



Cross Rates and Recent Ranges

	Current	Last wk %chg	Last 3-wks range*
NZD/USD	0.5762	-1.4%	0.5740 - 0.5960
NZD/AUD	0.8376	0.7%	0.8230 - 0.8420
NZD/CAD	0.7991	-0.2%	0.7920 - 0.8090
NZD/GBP	0.4343	-0.9%	0.4320 - 0.4430
NZD/EUR	0.5006	-0.9%	0.4990 - 0.5120
NZD/JPY	92.30	-0.8%	91.80 - 94.20

*Indicative range over last 3 w eeks, rounded

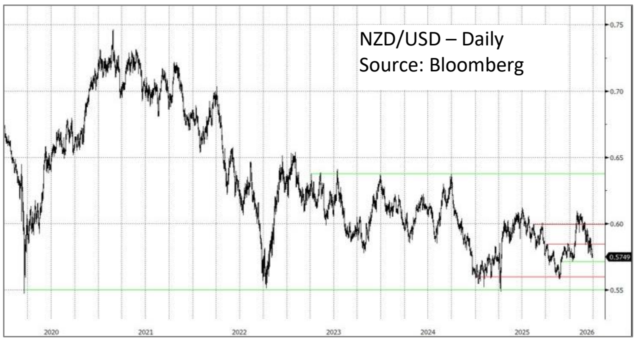
jason.k.wong@bnz.co.nz

Technicals

NZD/USD

Outlook: Downside risk
ST Resistance: 0.5860 (ahead of 60)
ST Support: 0.57 (ahead of 0.5580)

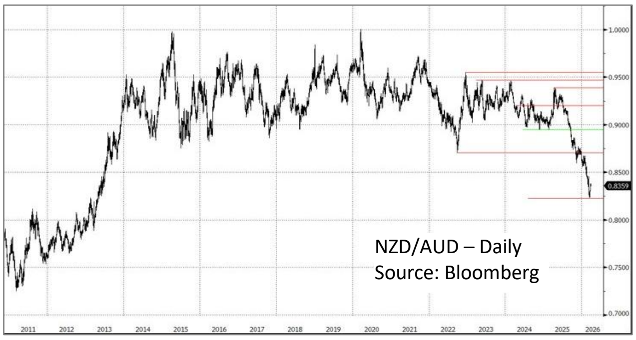
The NZD trades well below its 50-day, 100-day and 200-moving average, which isn't a great sign. We leave support at 0.57, with resistance at the 200-day moving average of 0.5860.



NZD/AUD

Outlook: Downside risk
ST Resistance: 0.87 (ahead of 0.8950)
ST Support: 0.8230 (ahead of 0.80)

Support at the recent low of 0.8230, with no obvious support level below that.



jason.k.wong@bnz.co.nz

NZ 5-year Swap Rate

Outlook: Higher

ST Resistance: 4.85

ST Support: 3.85

5y swap remained turbulent last week as markets struggled to digest the geopolitical risks at play.

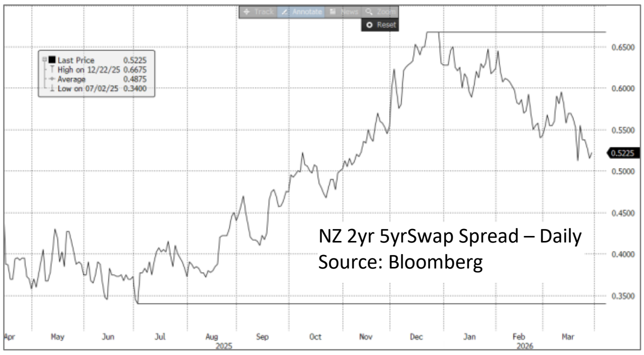
NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Neutral

ST Resistance: 0.67

ST Support: 0.26

2x5s swap spread threatened to flatten aggressively last week but ultimately held a degree of stability as the front end re-anchored.



matthew.herbert@bnz.co.nz

Quarterly Forecasts

Forecasts as at 30 March 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified — Forecasts (shaded: Mar-26 onwards)

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-0.9	0.9	0.2	0.9	0.1	0.3	0.5	0.5	0.6	0.6
Retail trade (real s.a.)	0.8	1.9	0.9	1.2	0.6	0.4	0.5	0.6	0.7	0.8
Current account (ann, % GDP)	-3.7	-3.5	-3.7	-3.7	-3.9	-4.3	-4.6	-4.7	-4.4	-4.1
CPI (q/q)	0.5	1.0	0.6	0.8	1.8	0.4	0.2	0.4	0.9	0.4
Employment	-0.2	0.0	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Unemployment rate %	5.2	5.3	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
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	3.0	4.3	3.6	3.2	2.8	2.0	2.0
GDP (production s.a., y/y)	-1.0	1.1	1.3	1.1	2.1	1.6	1.8	1.5	1.9	2.2

Interest Rates

Historical data - qtr average
Forecast data - end quarter

		Government Stock			Swaps			US Rates		Spread
	Cash	90 Day Bank Bills	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR 3 month	US 10 yr	NZ-US 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	0.57	0.69	1.15	1.32	160	0.57	0.84	0.50	0.43	91.9	66.1
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%	

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

Annual Forecasts

Forecasts as at 30 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	1.3	1.2	2.4	1.1	-0.2	1.4	0.9	2.1
Government Consumption	1.1	-1.3	3.4	1.3	-0.5	0.1	-0.9	2.4	2.3	-0.4
Total Investment	-1.1	-4.9	-0.6	4.6	3.7	-0.3	-4.9	-1.5	3.4	4.2
Stocks - ppts cont'n to growth	-1.4	0.4	0.4	0.2	-0.1	-1.2	0.4	-0.1	0.6	-0.2
GNE	-0.9	-1.1	1.7	2.1	2.1	-0.7	-1.1	0.8	2.3	2.0
Exports	8.6	3.4	2.6	4.0	3.7	11.5	4.7	2.7	4.0	3.5
Imports	-1.4	1.5	4.8	4.5	2.7	-0.7	1.7	3.4	5.1	2.8
Real Expenditure GDP	1.5	-0.7	0.8	1.8	2.3	2.1	-0.3	0.5	1.7	2.1
GDP (production)	**1.8**	**-0.9**	**0.6**	**1.7**	**2.3**	**2.2**	**-0.3**	**0.2**	**1.7**	**2.0**
GDP - annual % change (q/q)	*1.6*	*-0.7*	*1.1*	*1.5*	*2.6*	*1.4*	*-1.6*	*1.3*	*1.8*	*2.4*
Output Gap (ann avg, % dev)	1.3	-0.4	-1.0	-0.7	-0.3	1.4	0.0	-0.9	-0.7	-0.4
Nominal Expenditure GDP - $bn	417	431	449	474	497	413	427	445	468	491
Prices and Employment -annual % change										
CPI	4.0	2.5	3.0	2.8	2.0	4.7	2.2	3.1	3.2	1.9
Employment	0.9	-0.9	0.7	2.0	2.3	2.7	-1.3	0.2	1.9	2.1
Unemployment Rate %	4.4	5.1	5.4	5.4	5.3	4.0	5.1	5.4	5.4	5.4
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	1.0	0.0	0.2	-0.7	0.1	1.1	0.2	0.0
Unit Labour Costs (ann av %)	6.6	4.4	2.9	3.7	3.0	7.1	4.7	3.0	3.6	3.3
House Prices (stratified, mth)	2.8	-0.6	-0.5	0.0	4.9	0.7	-0.8	-0.3	0.0	4.5
External Balance										
Current Account - $bn	-23.8	-18.3	-16.5	-22.2	-18.2	-25.8	-20.0	-16.3	-21.5	-19.1
Current Account - % of GDP	-5.7	-4.2	-3.7	-4.7	-3.7	-6.3	-4.7	-3.7	-4.6	-3.9
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	6.8					
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	67.7	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

(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
	Monday 30 March		
UK	Mortgage Approvals Feb	60.0k	60.0k
EC	ECB's Stournaras Speaks		
EC	Economic Confidence Mar	96.7	98.3
EC	Consumer Confidence Mar F		-16.3
	Tuesday 31 March		
GE	CPI YoY Mar P	2.70%	1.90%
US	Fed's Powell & Williams Speak		
JN	Tokyo CPI YoY Mar	1.60%	1.50%
JN	Jobless Rate Feb	2.70%	2.70%
JN	Retail Sales MoM Feb	-0.90%	3.00%
JN	Industrial Production MoM Feb P	-2.00%	4.30%
NZ	ANZ Business Confidence Mar		59.2
AU	RBA Minutes of March Policy Meeting		
AU	Private Sector Credit MoM Feb	0.60%	0.50%
CH	Manufacturing PMI Mar	50.2	49
CH	Non-manufacturing PMI Mar	49.9	49.5
UK	GDP QoQ 4Q F	0.10%	0.10%
EC	ECB's Panetta, Muller & Kazimir Speak		
EC	CPI Estimate YoY Mar P	2.60%	1.90%
EC	CPI Core YoY Mar P	2.40%	2.40%
	Wednesday 01 April		
CA	GDP MoM Jan	0.00%	0.20%
EC	ECB's Cipollone & Sleijpen Speak		
US	MNI Chicago PMI Mar	54.6	57.7
US	Conf. Board Consumer Confidence Mar	88	91.2
US	JOLTS Job Openings Feb	6890k	6946k
US	Dallas Fed Services Activity Mar		-3.2
US	Fed's Goolsbee, Barr & Bowman Speak		
NZ	Building Permits MoM Feb		1.90%
JN	Tankan Large Mfg Index 1Q	16	15

		Median	Fcast	Last
AU	Building Approvals MoM Feb	6.00%		-7.20%
CH	RatingDog China PMI Mfg Mar	51.7		52.1
EC	Unemployment Rate Feb	6.10%		6.10%
	Thursday 02 April			
NZ	Cotality Home Value MoM Mar			0.20%
US	ADP Employment Change Mar	40k		63k
US	Retail Sales Advance MoM Feb	0.50%		-0.20%
US	Retail Sales Control Group Feb	0.30%		0.30%
US	Fed's Musalem & Barr Speak			
US	ISM Manufacturing Mar	52.4		52.4
CA	BoC Summary of Deliberations			
NZ	Government 8-Month Financial Statements			
AU	Trade Balance Feb	A$2575m		A$2631m
AU	Job Vacancies QoQ Feb			-0.20%
EC	ECB Publishes Economic Bulletin			
	Friday 03 April			
NZ	Holiday, Good Friday			
US	Challenger Job Cuts Total Mar			48307
US	Trade Balance Feb	-$60.0b		-$54.5b
US	Initial Jobless Claims Mar-28	212k		210k
US	Continuing Claims Mar-21	1830k		1819k
EC	ECB's Villeroy & Radev Speak			
CH	RatingDog China PMI Services Mar	53.6		56.7
	Saturday 04 April			
US	Change in Nonfarm Payrolls Mar	60k		-92k
US	Average Weekly Hours All Emp Mar	34.3		34.3
US	Unemployment Rate Mar	4.40%		4.40%
	Sunday 05 April			
NZ	Daylight Saving Ends (-1hr to +12:00 GMT)			
	Monday 06 April			
NZ	Holiday, Easter Monday			

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS				
Call	2.25	2.25	2.25	3.75
1mth	2.44	2.44	2.43	3.70
2mth	2.49	2.51	2.46	3.68
3mth	2.55	2.57	2.48	3.60
6mth	2.74	2.78	2.58	3.49
GOVERNMENT STOCK				
05/28	3.62	3.71	3.09	3.72
05/31	4.31	4.42	3.79	4.18
04/33	4.51	4.63	4.04	4.41
05/36	4.77	4.87	4.35	4.67
05/41	5.13	5.20	4.76	5.00
05/54	5.37	5.45	5.00	5.17
GLOBAL CREDIT INDICES (ITRXX)				
Nth America 5Y	67	63	55	61
Europe 5Y	73	69	56	64

	Today	Week Ago	Month Ago	Year Ago
SWAP RATES				
2 years	3.54	3.67	2.95	3.37
3 years	3.79	3.93	3.19	3.46
4 years	3.95	4.09	3.37	3.56
5 years	4.05	4.21	3.51	3.66
10 years	4.40	4.55	3.97	4.10
FOREIGN EXCHANGE				
NZD/USD	0.5748	0.5859	0.5941	0.5678
NZD/AUD	0.8371	0.8356	0.8377	0.9090
NZD/JPY	92.09	92.82	93.53	85.15
NZD/EUR	0.4997	0.5045	0.5082	0.5250
NZD/GBP	0.4334	0.4363	0.4432	0.4395
NZD/CAD	0.7980	0.8041	0.8126	0.8169
TWI	66.1	66.3	67.6	67.7

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