

Research Markets Outlook

28 April 2026

Q1 Labour Market Preview

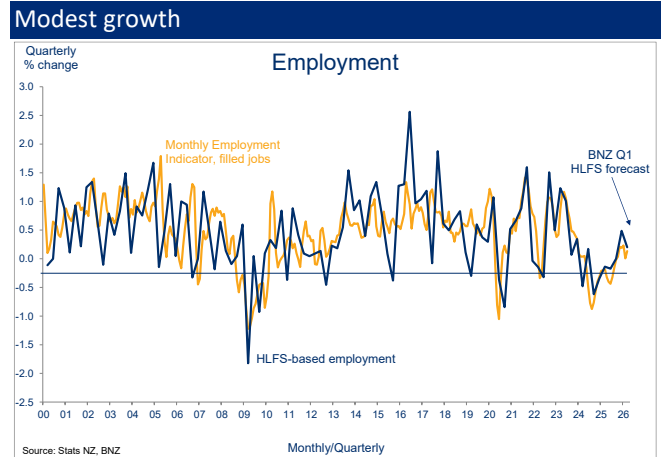
- Modest employment growth expected
- Unemployment rate to nudge up to 5.5%
- Shows state of the labour market pre-war
- Bigger question is where to from here?
- QSBO indicators deteriorate as conflict drags on

Conflict in the Middle East continues to supersede all economic data flow. Stepping back to avoid the whiplash from war-related headlines, not a lot has changed. The Strait of Hormuz is still shut, and there is no indication when US-Iran peace negotiations may occur. The longer the Strait remains closed, the bigger the hit to global economic activity. Oil and equity markets continue to price a quick resolution to the conflict, which started two months ago today.

With global oil supply constrained, fuel shortages will be the reality for many countries. Thankfully, the tail risk of New Zealand fuel supply running dry is lessening. The amount of crude oil going into key refineries in Singapore and South Korea is slightly below pre-conflict levels. This means the worst-case scenario for New Zealand will hopefully be avoided. While there is evidence that New Zealand will not run out of fuel, some supply disruption cannot be ruled out.

Economic growth has struggled for the best part of the last two years. The oil price shock is occurring just as businesses were starting to find their feet. Headline inflation is already above the RBNZ's 1 – 3% target band and expected to go much higher. Nonetheless, while any current forecast has a wide error band around it, we remain relatively confident that the NZ economy will still eke out some growth this year.

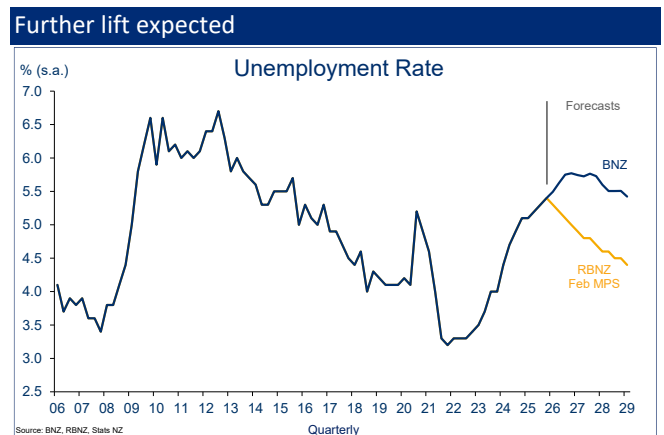
We continue to parse all data releases for early impacts from the conflict. This morning's employment indicators for March were too soon to show a meaningful slowdown. Filled jobs lifted 0.3% m/m and crept back above year earlier levels for the first time since May 2024. The previous month was revised slightly lower, as has been the case of late. We have subsequently pulled back our pick for HLFS Q1 employment growth to +0.2% q/q, albeit the measures are not one for one.



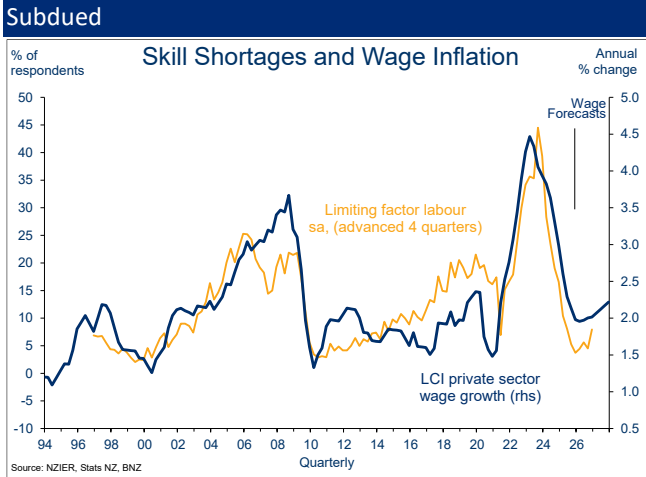
Official labour market data for Q1 is due on Wednesday 6 May. Job ads lifted in the quarter and jobseeker numbers were stable suggesting that the labour market deterioration had slowed pre-conflict. We expect:

- Modest 0.2% quarterly employment growth
- Labour force participation to lift slightly
- The unemployment rate to nudge up to 5.5%
- Annual wage growth to remain subdued

Employment lifted in Q4 2025 for the first time in over a year and we expect this continued in Q1 2026. However, our forecasts for improved labour supply would still see the unemployment rate tick up to 5.5%.

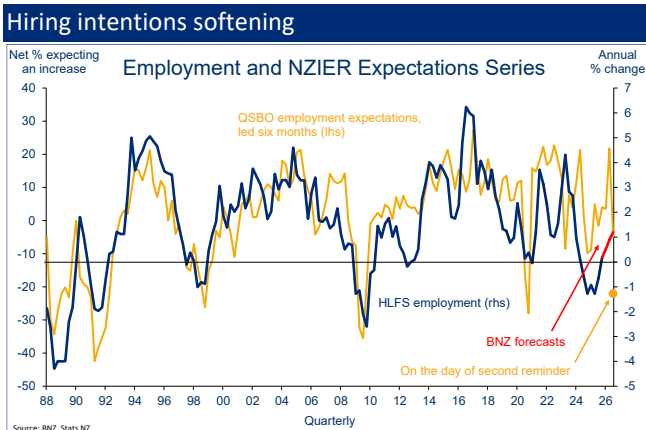


Annual growth in the private sector Labour Cost Index (LCI) was 2.0% last quarter, and we forecast more of the same in Q1. The balance of demand and supply of labour is keeping a lid on wage pressures. But we noticed a small lift in firms reporting labour as the factor most limiting activity in the Quarterly Survey of Business Opinion (QSBO).



We will monitor hours worked from the HLF5 and the QES filled jobs and paid hours data as a guide for overall economic activity in the quarter. We currently forecast quarterly GDP growth of 0.9% in Q1, and a near flat outturn in Q2 as the impacts of the war become clearer.

There is more interest in how the employment picture evolves from Q2 onwards. The latest QSBO showed some softening in hiring intentions. However, the responses deteriorated as the month progressed. The second survey reminder was sent on 30 March, when employment intentions were much weaker and consistent with net labour shedding. We are cautious to extrapolate the entire series at the latest data point. It could represent just a few stragglers, or there might be a natural downward bias for later responses. But the degree of deterioration and downward revisions in today's filled jobs numbers have led us to lower our employment growth forecasts. We now see the unemployment rate peaking around 5.8% later this year.



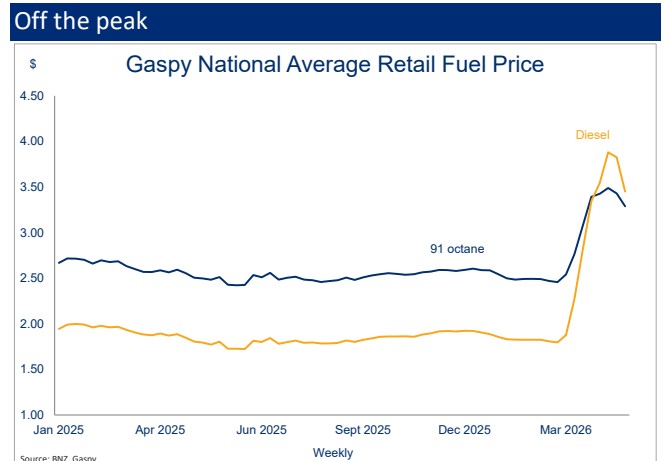
It was a similar story across many QSBO indicators as the month wore on. Business confidence and expected trading activity declined, while prices and costs lifted. It is not surprising directionally as businesses come to grips with higher energy costs and the associated softening in demand.

The key data release this week is Thursday's ANZ Business Outlook survey. It was a tale of two stories in March. There was a clear hit to confidence and activity in the late-month sample as the war in the Middle East escalated. The own activity outlook figure dropped from 52.6 to 39.3 for the full month. This was around 18 in the late month sample, which is consistent with annual economic growth of 0.5%. If those late month readings flow through to April, the survey's activity measures will be considerably weaker, and inflation expectations will rise sharply.

Rounding out this week's economic data:

- Q1 household living-costs price indexes (Wednesday) are of limited interest given they're released post-CPI.
- Another material drop is expected for ANZ consumer confidence (Friday), acting as a headwind to spending.
- March building consents (Friday) will give guidance on near term building work.
- RBNZ Governor Breman is speaking Wednesday on a Waikato Young Professionals panel and will likely convey the same policy messages, if there are any, as recent media appearances.

Like most New Zealanders, we will also be keeping a close eye on prices at the pump. Diesel prices fell around 10% last week, albeit it won't feel like relief with prices still 90% higher than pre-conflict levels. Our forecasts are more like assumptions at the moment, but we have built in further declines for retail fuel prices in the months ahead based on what we are seeing in the futures strip for crude oil. If the Strait of Hormuz is closed for an extended period, this will prove to be a heroic assumption.



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Global Watch

- Strait remains closed
- Fed seen on hold this week
- So too: BoJ, BoC, ECB, and BoE
- Very heavy international data calendar
- AU CPI to jump on fuel

The Strait of Hormuz remains closed, and the US-Iran conflict persists. Oil prices have bounced higher again, with Brent crude nearing USD110 per barrel.

Five major central banks meet — the BoJ (Tuesday), BoC and the FOMC (Wednesday), and the ECB and BoE (Thursday) — with all expected to hold. All will want to keep their options open, but we're watching whether the initial focus on inflation starts giving way to growth concerns as the Middle East conflict lengthens.

In Australia, March and Q1 CPI are due for release tomorrow. NAB expects Q1 trimmed mean inflation (pre-October 2025 basis) of 0.9% qoq and 3.5% yoy, in line with the RBA's February SoMP. NAB expects March headline to rise sharply to 4.7% yoy, with trimmed mean inflation at 0.25% mom (3.3% yoy). Additional price signals will come from the Trade Price Index (Thursday) and PPI (Friday). Private sector credit is due Thursday, alongside the final April S&P Global Manufacturing PMI on Friday.

In Asia, beyond the BoJ, Japan's March industrial production, retail sales (Thursday) and labour market data (Tuesday) provide a post-conflict activity read. Tokyo CPI for April (Friday) offers a timely inflation read. In China, official and Caixin April PMIs (Thursday) will test whether the economy's solid start is holding through the conflict.

In the US, Wednesday brings March durable goods, housing starts, the advance goods trade balance and April consumer confidence. Thursday is packed with advance Q1 GDP, March PCE and the Employment Cost Index. ISM manufacturing closes the week (Friday US time). In Canada, February GDP is Thursday.

In Europe, preliminary April HICP on Thursday is expected to see headline rise from 2.6% to 2.9% (on its way to above 3%). Core and services inflation however will ease back a touch. The EZ releases advance Q1 GDP on Thursday that is expected to see GDP rise 0.2% qoq for 0.9% yoy, from 1.2%. The risk is a 0.1% outturn. EZ and German unemployment are also due.

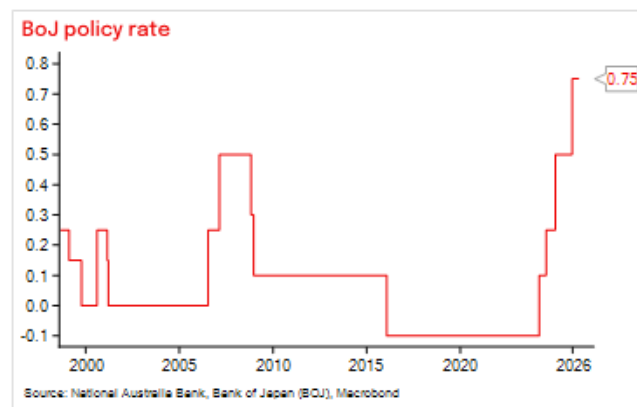
Key Event Previews

Tuesday

JP BoJ Rate Decision (Apr)

The BoJ is widely expected to leave its policy rate unchanged at 0.75%, though NAB still expects two rate hikes this year. The economy is supply constrained — the labour market is tight and scheduled cash earnings growth is at its highest since the early 1990s — making further tightening likely once the Middle East growth risks recede.

The Government is absorbing part of the energy shock by capping fuel prices at around ¥170/litre, insulating consumers but adding to fiscal pressures. Updated GDP and CPI forecasts will accompany the decision and Governor Ueda's assessment of the balance between growth and inflation risks will be key.



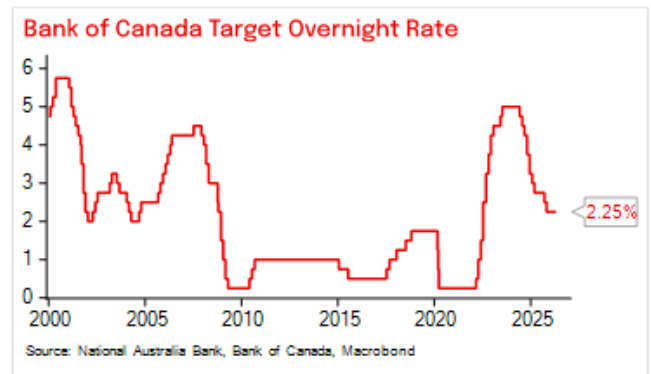
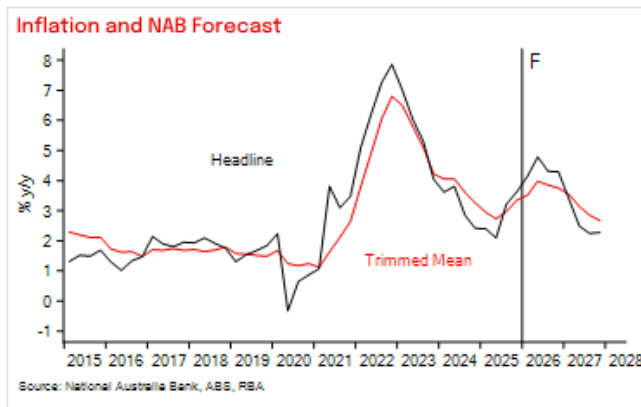
Wednesday

AU CPI (March and Q1)

NAB expects Q1 trimmed mean (pre-October 2025 basis) to print at 0.9% qoq and 3.5% yoy, in line with the RBA's February SoMP forecast, reflecting higher fuel prices in March.

In March, NAB expects headline inflation to rise sharply to 4.7% yoy (from 3.7% in February), driven by a 34% surge in fuel prices. The trimmed mean is seen at 0.25% mom (3.3% yoy).

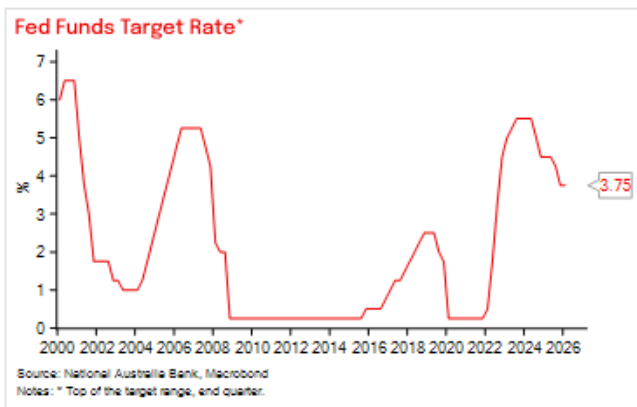
Overall, the Q1 data should confirm that inflation was too high and broad-based ahead of the Iran shock but is likely to fall short of fuelling the RBA's concern that domestic pressures were accelerating into early 2026. NAB continue to expect a 25bp rate hike in May, taking the cash rate to 4.35%.



US FOMC Rate Decision (Apr)

The Fed is expected to leave the fed funds rate unchanged at 3.50–3.75%. The committee faces elevated core PCE — two consecutive 0.4% monthly readings — and an energy shock adding to near-term price pressures, but also a labour market that has cooled and an economy that, as a net energy exporter, is better placed than most to weather the conflict.

NAB still sees rate cuts as the next likely move, though the timing has been delayed to Q4 amid the risk that inflation expectations become unanchored. Chair Powell's press conference will be the focus this week. Thursday's GDP and PCE releases provide the freshest data read the morning after the decision.



CA BoC Rate Decision (Apr)

The BoC will hold rates steady at 2.25%, with markets not pricing any probability of a hike. Latest Canadian economic data have been sufficiently soft, with economic activity and labour market data weaker.

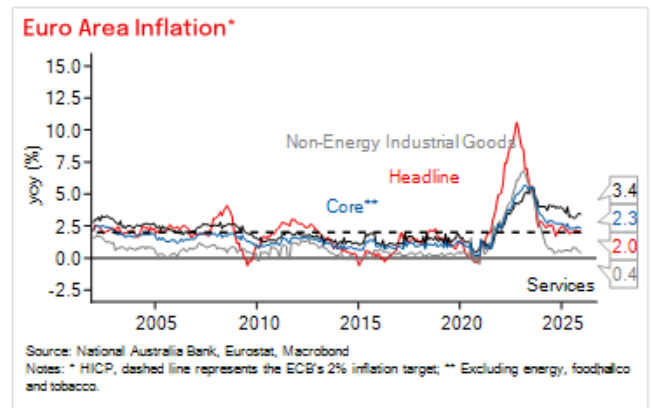
While headline inflation has risen, underlying prices have eased a little, affording the BoC time. NAB expects the BoC to underline the uncertainty and possibly some scenarios rather than guidance.

Thursday

EZ ECB Rate Decision (Apr)

The ECB has said it is 'well positioned' to navigate the Iran war-induced uncertainty and that longer-term inflation expectations are 'well anchored'. Comments from a high number of ECB officials who gathered in Washington recently portrayed a sense of the ECB having time to assess second round effects, but also not wanting to take chances with inflation expectations. Headline inflation has stepped up from 1.9% to 2.6% in March and NAB think is on course to rise above 3% in time.

The ECB Deposit Rate of 2% is at the lower end of neutral. After a robust debate at this week's meeting, NAB expects the ECB to leave rates on hold (just 2bps of hikes are priced), with the ECB hiking by 25bps in June and September to 2.5%.

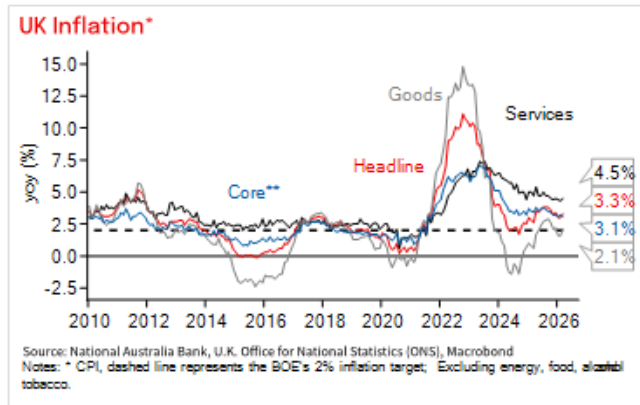


UK BoE Rate Decision (Apr)

UK headline inflation has risen from 3% to 3.3% but is expected to drop back below 3% in coming months on base effects, before moving higher again. The BoE will vote to keep interest rates unchanged at 3.75%. At its last meeting on 18 March, it surprised markets with an aggressive hawkish shift, where all nine MPC members voted to keep rates on hold, from a previously dovish 5:4 hold vote in February. Back then the BoE junked its February guidance that rates are likely to be reduced further, replacing it with a stern message that, 'all

members stand ready to act as necessary to ensure that CPI inflation remains on track to meet the 2% target.'

NAB expects the committee to vote 8-1 to hold rates, with Chief Economist Pill voting to hike, though a 9-0 outturn is also likely. NAB does not see the BoE hiking in 2026, with the BoE on pause for now and cuts in 2027. New economic growth forecasts at this meeting will be reduced for 2026/27, with headline inflation forecasts higher.



US GDP (Q1)

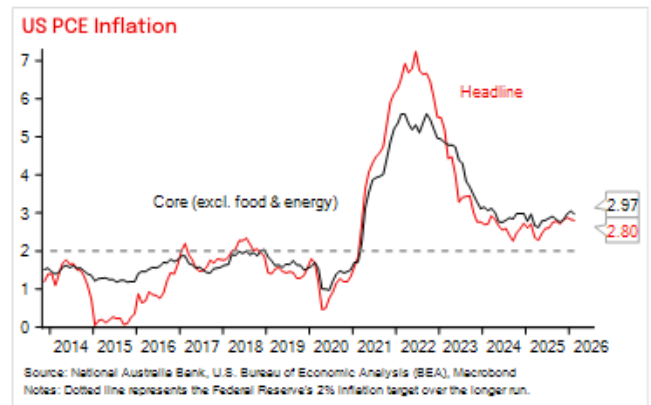
The advance estimate for Q1 GDP should show a bounce-back from the government shutdown that weighed on Q4, but the recovery is likely to be modest as the energy shock begins to bite. NAB have revised down US growth for 2026 to 2.1% (-0.2ppts) and see only modest growth in coming quarters as household budgets are squeezed by higher energy costs.

The trade balance remains a significant swing factor — net exports have been driving GDP revisions in recent quarters — and Wednesday's advance goods trade data will provide an early read. The GDP price index will also draw attention given the inflationary backdrop.



US Personal Income (Mar)

PCE is the Fed's preferred inflation gauge. March data land alongside GDP and ECI the morning after the FOMC decision. The read-through from CPI and PPI data already in hand points to another month of elevated core PCE, likely around 0.3% mom. The headline is expected to reflect the full force of the energy shock. The composition will matter — particularly for services and the extent to which energy costs are bleeding into core — with Fed staff research suggesting tariff pass-through is now effectively complete, leaving the Iran shock as the key upward pressure on prices.



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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

Global rates markets experienced upward pressure on yields last week due to the absence of a peace agreement between the US and Iran. NZ short-term rates faced additional upward pressure after stronger-than-expected NZ Q1 CPI data prompted the market to bring forward expectations for RBNZ rate hikes. The swaps curve rose and steepened, with the 2-year rate increasing by 11bps to 3.53%, while the 10-year rate climbed by just 1bp. As a result, the 2s10s curve flattened further, closing at 80bps—its flattest level in over a year. NZGB yields reflected a similar movement.

President Trump extended the US-Iran ceasefire, which was set to expire last week. However, by week's end, the Strait of Hormuz remained effectively closed, tensions persisted, and there was only a hint of potential further negotiations. Ultimately, no additional talks occurred over the weekend, as the US envoy's trip to Pakistan was cancelled. US equity markets trade at record highs, on optimism that the situation will soon be resolved, fixed interest markets do not share this outlook. Investors remain concerned that the inflationary impact of the conflict could prompt policy tightening by most major central banks this year, with the US Fed being a notable exception.

NZ's Q1 CPI report exceeded consensus expectations, with annual inflation holding steady at 3.1% instead of declining. Inflation was broad-based, with 9 out of 11 CPI groups showing annual inflation above 2%, and 6 groups recording inflation above 3%. Seasonally adjusted quarterly figures provide the clearest picture of recent inflation trends, indicating that annualised inflation has consistently hovered near 3% over the past eighteen months (with quarterly readings between 0.7-0.9%), despite a sluggish NZ economy. The 10-year running average of annual inflation ticked up to 3.1%, which poses a challenge for a central bank aiming to anchor inflation expectations at its 2% midpoint target.

Clearly, this is an unfavourable situation ahead of a potential further surge in inflation, given the backdrop of the Iran conflict. The market responded by bringing forward expectations for rate hikes. Currently, the market sees a 25bps hike next month as slightly more likely than not (13bps priced in), while a July hike is more than fully priced at +33bps. More than three rate hikes are anticipated through the end of the year, with a total of +90bps priced in.

BNZ has maintained its projected rate hike path, expecting +25bps in September and a total of 50bps this year. There are risks on both sides of this outlook. If the Strait of Hormuz remains closed and there is a significant hit to global and domestic growth, especially with widespread

fuel shortages, this would not support any rate hikes. Conversely, a swift resolution of the conflict would likely lead to an accelerated pace of rate hikes, similar to what the market has already priced in. Until the situation is clarified, we are not inclined to take a definitive position or recommend speculative trading based on current market pricing.

In other domestic news, Moody's reaffirmed NZ's triple-A sovereign rating but downgraded its outlook from stable to negative. Recall that Fitch Ratings also downgraded its outlook to negative last month. Moody's cited persistent inflationary pressures and delays in returning to a budget surplus, noting that recent shocks have increased NZ's debt burden.

The upcoming Budget next month is being prepared against the backdrop of the US-Iran conflict, which is expected to drive NZ's inflation higher and weaken growth. Achieving a budget surplus remains an aspirational target, the timeline continues to be pushed out year after year. Treasury's economic and fiscal outlook is likely to be downgraded compared to the December half-year update, maintaining pressure on the bond tender programme. However, many countries worldwide are facing similar fiscal pressures, so NZ does not stand out in this regard, and we do not anticipate any deterioration in investor demand for NZ bonds.

In the week ahead, fixed interest markets will be focused not only on the situation in the Middle East but also on policy meetings by the Fed, ECB, BoE, Bank of Canada, and Bank of Japan. None of these central banks are expected to change policy, as all are adopting a wait-and-see approach in response to developments in the Middle East before considering any changes.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.59	2.00 - 3.00
NZ 2yr sw ap (%)	3.53	3.32 - 3.59
NZ 5yr sw ap (%)	3.96	3.83 - 4.05
NZ 10yr sw ap (%)	4.33	4.23 - 4.41
2s10s sw ap curve (bps)	80	80 - 93
NZ 10yr sw ap-govt (bps)	-38	-39 - -36
NZ 10yr govt (%)	4.71	4.59 - 4.78
US 10yr govt (%)	4.34	4.22 - 4.38
NZ-US 10yr (bps)	37	29 - 44
NZ-AU 2yr sw ap (bps)	-117	-130 - -109
NZ-AU 10yr govt (bps)	-27	-35 - -21
*Indicative range over last 4 weeks		

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Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ9

Last week currency movements were modest. NZD/USD showed little net movement after closing the week at 0.5880. While the NZD rose following stronger than expected CPI data earlier in the week, including on the key crosses, the move had faded by the end of the week. The new week has begun with the NZD pushing back over 0.59.

Currency markets appear to be in a holding pattern until there is a significant change in developments in the Middle East. The US-Iran conflict remains at a standstill with neither side seemingly willing to change their position. The Strait of Hormuz remains effectively closed, with Iranian forces blockading one side and the US navy blocking the other. Tensions in the Strait remain high, with both parties willing to use force to maintain the blockade. The only positive development is that a ceasefire regarding missile and drone strikes beyond the Strait seems to be holding up well and President Trump extended the ceasefire indefinitely.

On the negative side, there have been no further negotiations to end the conflict. There was hope at the end of last week that the two parties might be able to restart their negotiations in Pakistan during the weekend, but the US ended up cancelling the trip of its envoy.

We reiterate that each week the Strait of Hormuz remains closed, the deeper the economic hit to the global and domestic economy. Oil buffers that were in place before the conflict, and supported by the release of strategic reserves, are quickly fading. Higher prices for petroleum products have resulted in some demand destruction, but there will soon need to be more demand destruction to meet reduced supply. Fuel rationing has been in place in many Asian countries for some time and, should the Strait of Hormuz remain closed for another few weeks, then fuel rationing could well spread to Australia and NZ and then westward across Europe.

We are at a critical juncture and fair to say that equities, bond and currency markets are not currently priced for the more dire economic scenarios. Our projections for the NZD consolidating near term, ahead of a notable recovery later this year, assume that the Strait of Hormuz reopens relatively soon. If that is not the case, then we would have to reconsider the chance of the NZD revisiting the recent low around 0.5680 and consider how low the NZD might fall. Needless to say, risks remain skewed to the downside. In the meantime, recent price action suggests some notable resistance forming between 0.5920-0.5930.

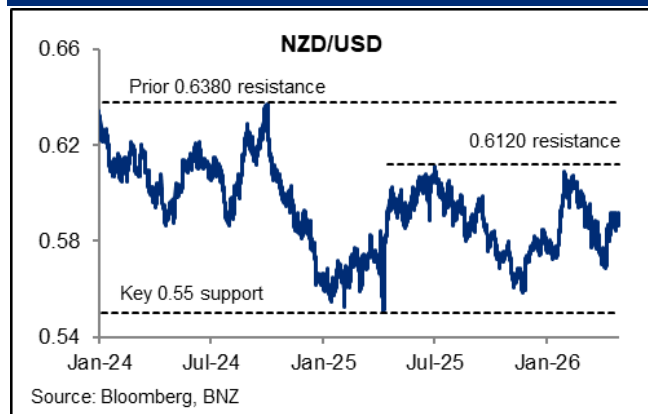
On the domestic front, NZ's stronger than expected CPI report for Q1 triggered broad support for the NZD, but the move ultimately faded. While the market brought forward

RBNZ rate hike expectations and now prices 90bps of hikes this year, we see the policy outlook heavily influenced by developments in the Middle East. It doesn't make a lot of sense for rate hikes in an economy where there is significant fuel rationing that would impede activity. But there is plenty of scope for tighter policy should the Strait of Hormuz reopens quickly.

Current RBNZ policy, whereby the cash rate is set well below that of the US, UK and Australia, remains a headwind for the NZD. We see scope for NZ monetary policy to tighten much more relative to other countries, should the US-Iran conflict end. In that case, RBNZ rate hikes would support a more positive NZD trajectory.

The economic calendar in the week ahead is full, including policy meetings by the Fed, ECB, BoE, Bank of Canada, and Bank of Japan. None of these central banks are expected to change policy, as all are adopting a wait-and-see approach in response to developments in the Middle East before considering any changes. Top tier economic releases include Australian Q1 CPI, China PMIs, and Euro area Q1 GDP and Q1 CPI. In the US, Q1 GDP, ISM manufacturing, the employment cost index and PCE deflators are released. Domestically, NZ business and consumer confidence will show further impact of the US-Iran conflict.

NZD consolidating between 0.5840-0.5930 for last 2 weeks



Cross Rates and Recent Ranges

	Current	Last 3-weeks range*
NZD/USD	0.5909	0.5720 - 0.5930
NZD/AUD	0.8222	0.8190 - 0.8350
NZD/GBP	0.4366	0.4300 - 0.4380
NZD/EUR	0.5040	0.4930 - 0.5050
NZD/JPY	94.19	91.20 - 94.30

*Indicative range over last 3 weeks, rounded figures

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Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.5920/30 (ahead of 60)
 ST Support: 0.5680 (ahead of 0.5580)

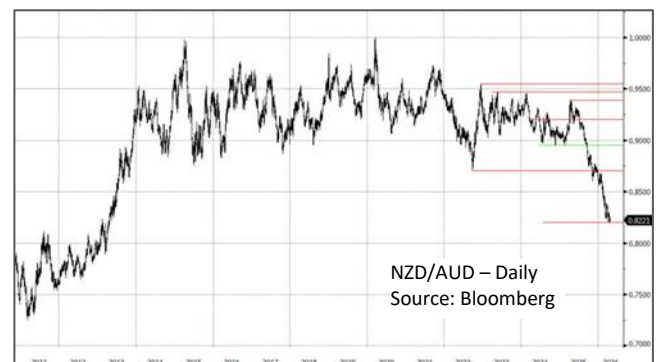
Price action over the past week signals some near-term resistance around 0.5920-0.5930. A break of this would open up 0.60. We leave support at the recent low near 0.5680.



NZD/AUD

Outlook: Downside risk
 ST Resistance: 0.87 (ahead of 0.8950)
 ST Support: 0.82

We continue to see tentative support around the 0.82 mark but no obvious support level below that.

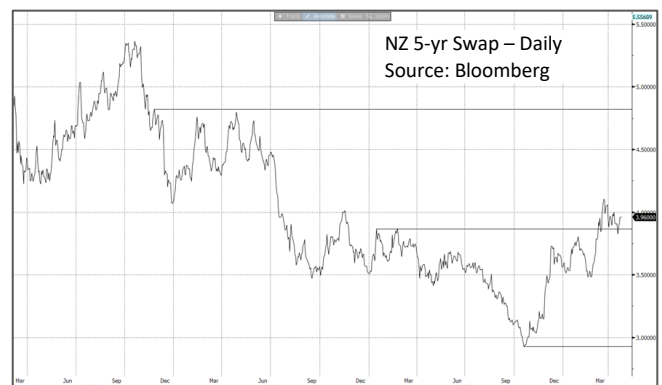


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NZ 5-year Swap Rate

Outlook: Higher
 ST Resistance: 4.85
 ST Support: 3.85

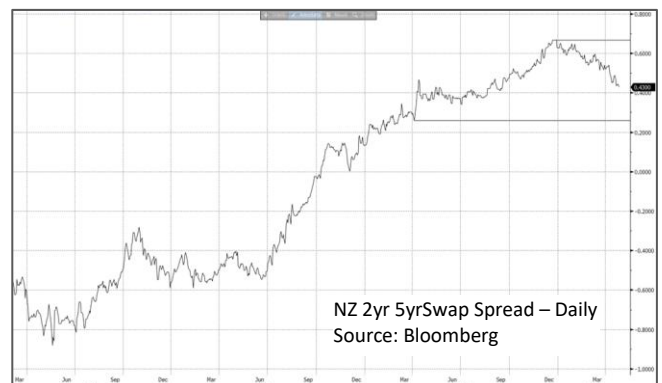
5 year swap tried to rally through our short term support level but was promptly rejected so we retain our outlook for a higher rate.



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

Outlook: Neutral
 ST Resistance: 0.67
 ST Support: 0.26

2s5s curve continued to flatten last week. We await a sustained break in either direction before shifting our outlook.



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Quarterly Forecasts

Forecasts as at 28 April 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.)	-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	-4.5	-4.8	-4.8	-4.5	-4.2
CPI (q/q)	0.5	1.0	0.6	0.9	1.9	0.5	0.3	0.4	0.9	0.4
Employment	-0.2	0.0	0.5	0.2	0.2	0.3	0.5	0.5	0.5	0.5
Unemployment rate %	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.7	5.7	5.8
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	3.1	4.5	4.0	3.7	3.1	2.1	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

	Cash	Government Stock			Swaps			US Rates		Spread
		90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR 3 month	US 10 yr	NZ-US Ten year
Bank Bills										
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
2026 Mar	2.25	2.50	3.96	4.52	3.12	3.71	4.15	3.65	4.20	0.33
Forecasts										
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	0.72	1.17	1.35	159	0.59	0.82	0.50	0.44	94.3	66.9
Forecasts											
Jun-26	0.59	0.71	1.18	1.33	156	0.59	0.83	0.50	0.44	92.0	66.7
Sept-26	0.61	0.72	1.19	1.34	153	0.61	0.85	0.51	0.46	93.3	68.4
Dec-26	0.63	0.73	1.20	1.33	152	0.63	0.86	0.52	0.47	95.4	69.8
Mar-27	0.64	0.74	1.21	1.36	150	0.64	0.87	0.53	0.47	96.2	70.7
Jun-27	0.63	0.73	1.20	1.35	149	0.63	0.87	0.53	0.47	94.2	69.7
Sept-27	0.63	0.72	1.20	1.35	146	0.63	0.88	0.53	0.47	92.0	69.6
Dec-27	0.63	0.72	1.19	1.35	144	0.63	0.88	0.53	0.47	90.7	69.7

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 28 April 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	-0.4	5.2	3.7	-0.3	-4.9	-1.5	4.2	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	2.3	2.1	-0.7	-1.1	0.8	2.5	2.0
Exports	8.6	3.4	2.6	3.8	3.7	11.5	4.7	2.7	3.9	3.4
Imports	-1.4	1.5	4.9	4.9	2.7	-0.7	1.7	3.4	5.8	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
<i>GDP - annual % change (q/q)</i>	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	496	413	427	445	468	491
Prices and Employment -annual % change										
CPI	4.0	2.5	3.1	3.1	2.0	4.7	2.2	3.1	3.7	1.8
Employment	0.9	-0.9	0.5	1.5	2.3	2.7	-1.3	0.2	1.2	2.1
Unemployment Rate %	4.4	5.1	5.5	5.7	5.6	4.0	5.1	5.4	5.8	5.7
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	1.1	0.6	0.3	-0.7	0.1	1.1	0.7	0.2
Unit Labour Costs (ann av %)	6.6	4.4	2.8	3.1	3.0	7.1	4.7	3.0	3.0	3.1
House Prices (stratified, mth)	2.7	-0.6	0.2	-0.5	5.4	0.7	-0.8	-0.3	0.0	4.5
External Balance										
Current Account - \$bn	-23.8	-18.3	-16.6	-23.0	-18.7	-25.8	-20.0	-16.3	-22.4	-19.5
Current Account - % of GDP	-5.7	-4.2	-3.7	-4.8	-3.8	-6.3	-4.7	-3.7	-4.8	-4.0
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	0.58	0.64	0.63	0.62	0.57	0.58	0.63	0.63
USD/JPY	150	149	159	150	142	144	154	156	152	144
EUR/USD	1.09	1.08	1.16	1.21	1.18	1.09	1.05	1.17	1.20	1.19
NZD/AUD	0.93	0.91	0.83	0.87	0.88	0.93	0.91	0.87	0.86	0.88
NZD/GBP	0.48	0.44	0.44	0.47	0.46	0.49	0.45	0.43	0.47	0.47
NZD/EUR	0.56	0.53	0.51	0.53	0.53	0.57	0.55	0.49	0.52	0.53
NZD/YEN	91.1	85.4	92.8	96.2	89.5	89.5	88.4	90.3	95.4	90.7
TWI	71.2	67.9	66.8	70.7	69.8	72.0	68.5	66.8	69.8	69.7
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	2.50	3.65	4.15	5.63	4.26	2.49	3.15	4.15
5-year Govt Bond	4.60	4.00	4.10	4.45	4.15	4.50	3.90	3.90	4.35	4.25
10-year Govt Bond	4.60	4.50	4.65	4.90	4.90	4.65	4.45	4.50	4.90	4.90
2-year Swap	4.91	3.35	3.32	4.10	3.80	4.93	3.53	2.98	3.95	3.95
5-year Swap	4.40	3.65	3.87	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	0.40	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
Tuesday 28 April				AU Private Sector Credit MoM Mar	0.60%		0.60%
EC ECB Bank Lending Survey				CH RatingDog China PMI Mfg Apr	51		50.8
EC ECB 1 Year CPI Expectations Mar	2.80%		2.50%	GE Unemployment Claims Rate SA Apr	6.30%		6.30%
EC ECB 3 Year CPI Expectations Mar	2.60%		2.50%	GE GDP SA QoQ 1Q P	0.10%		0.30%
JN BOJ Target Rate April-28	0.75%	0.75%	0.75%	EC GDP SA QoQ 1Q A	0.20%		0.20%
Wednesday 29 April				EC CPI Estimate YoY Apr P	3.00%		2.60%
US ADP Weekly Employment Change April-11			54.750k	EC CPI YoY Apr P	3.00%		2.60%
US S&P Cotality CS US HPI YoY NSA Feb			0.91%	EC CPI Core YoY Apr P	2.20%		2.30%
US Richmond Fed Manufact. Index Apr	1		0	EC Unemployment Rate Mar	6.20%		6.20%
US Conf. Board Consumer Confidence Apr	89		91.8	UK Bank of England Bank Rate April-30	3.75%	3.75%	3.75%
US Dallas Fed Services Activity Apr			-13.3	Friday 01 May			
NZ RBNZ's Bremar speaks on panel				NZ Cotality Home Value MoM Apr			0.20%
AU CPI MoM Mar			0.00%	EC ECB Deposit Facility Rate April-30	2.00%	2.00%	2.00%
AU CPI YoY Mar	4.80%	4.70%	3.70%	US Personal Income Mar	0.30%		-0.10%
AU CPI Trimmed Mean YoY Mar	3.30%	3.30%	3.30%	US Personal Spending Mar	0.90%		0.50%
AU CPI Trimmed Mean QoQ 1Q	0.90%	0.90%	0.90%	US PCE Price Index MoM Mar	0.70%		0.40%
AU CPI QoQ 1Q	1.40%		0.60%	US Real Personal Spending Mar	0.20%		0.10%
EC Economic Confidence Apr	95.1		96.6	US PCE Price Index YoY Mar	3.50%		2.80%
EC Consumer Confidence Apr F			-20.6	US Core PCE Price Index MoM Mar	0.30%		0.40%
Thursday 30 April				US Core PCE Price Index YoY Mar	3.20%		3.00%
GE CPI YoY Apr P	2.90%		2.70%	US Initial Jobless Claims April-25	212k		214k
US Advance Goods Imports MoM SA Mar	-1.00%		5.10%	US Continuing Claims April-18	1815k		1821k
US Advance Goods Exports MoM SA Mar	-1.40%		5.90%	US GDP Annualized QoQ 1Q A	2.20%		0.50%
US Housing Starts Mar	1385k			US MNI Chicago PMI Apr	55.2		52.8
US Durable Goods Orders Mar P	0.50%		-1.30%	NZ ANZ Consumer Confidence Index Apr			91.3
CA Bank of Canada Rate Decision April-29	2.25%		2.25%	NZ Building Permits MoM Mar			2.70%
US FOMC Rate Decision (Upper Bound) April-29	3.75%	3.75%	3.75%	AU S&P Global Australia PMI Mfg Apr F			51
UK Lloyds Own Price Expectations Apr			55	AU PPI QoQ 1Q			0.80%
JN Retail Sales MoM Mar	0.60%		-2.00%	UK S&P Global UK Manufacturing PMI Apr F	53.3		53.6
JN Industrial Production MoM Mar P	1.10%		-2.00%	UK BOE's Pill speaks			
NZ ANZ Business Confidence Apr			32.5	Saturday 02 May			
CH Manufacturing PMI Apr	50.1		50.4	US S&P Global US Manufacturing PMI Apr F	54		54
CH Non-manufacturing PMI Apr	49.9		50.1	US ISM Manufacturing Apr	53.2		52.7

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	3.50	2 years	3.53	3.43	3.47	3.08
1mth	2.40	2.39	2.46	3.62	3 years	3.72	3.62	3.73	3.19
2mth	2.51	2.47	2.50	3.49	4 years	3.86	3.76	3.89	3.32
3mth	2.62	2.54	2.54	3.42	5 years	3.96	3.86	4.00	3.45
6mth	2.82	2.71	2.73	3.25	10 years	4.33	4.24	4.36	3.97
GOVERNMENT STOCK					FOREIGN EXCHANGE				
05/28	3.60	3.51	3.55	3.46	NZD/USD	0.5909	0.5894	0.5747	0.5931
05/31	4.19	4.12	4.25	4.00	NZD/AUD	0.8222	0.8241	0.8329	0.9291
04/33	4.43	4.36	4.46	4.27	NZD/JPY	94.21	93.90	91.19	84.40
05/36	4.69	4.62	4.73	4.58	NZD/EUR	0.5041	0.5019	0.4974	0.5209
05/41	5.03	4.97	5.10	4.94	NZD/GBP	0.4366	0.4363	0.4345	0.4423
05/54	5.27	5.21	5.34	5.17	NZD/CAD	0.8051	0.8053	0.7995	0.8203
GLOBAL CREDIT INDICES (ITRXX)					TWI				
Nth America 5Y	54	54	63	67		66.9	66.9	65.8	69.6
Europe 5Y	59	58	71	67					

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