

Research Markets Outlook

25 May 2026

Bank and Budget Week

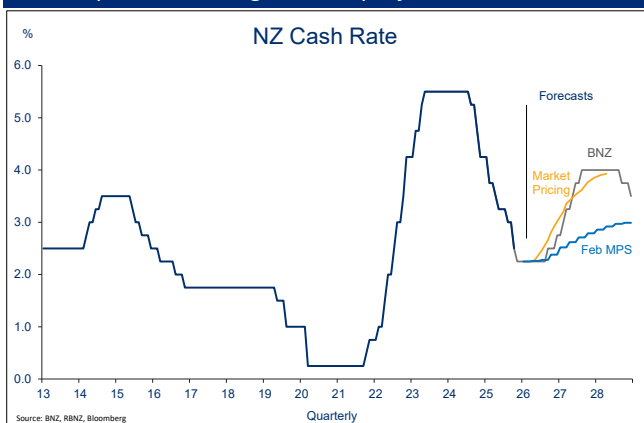
- **RBNZ expected to hold OCR at 2.25%**
- **Bring forward projected rate hikes**
- **Near term inflation up, growth signals softer**
- **Budget due Thursday**
- **Confidence still dire in May?**

The RBNZ's Monetary Policy Statement (Wednesday) and the Government's Budget (Thursday) are the domestic headline events this week. We previewed these releases last week and while there has been subsequent information we have seen nothing to materially alter our views.

In summary for the RBNZ, we expect the Bank to hold its cash rate at 2.25%. With much uncertainty swirling around the future path for the economy, there seems more subjectivity than usual attached to decision making at this juncture. We believe the RBNZ will want to buy itself more time before raising rates.

In the February MPS the published interest rate track intimated the first rate hike would most likely be at the December meeting. Given the buildup of inflation pressure in the interim we think the published track will show a slightly earlier increase with potentially a higher end point. We also think the Bank will repeat its April Review comment that "The Committee is vigilant to any generalised inflationary pressure and stands ready to act to return inflation to its medium-term target."

RBNZ expected to bring forward projected hikes



Market polls show unanimous expectation of an on-hold decision, while market pricing shows a residual chance of a

hike at this meeting. The NZIER Shadow Board survey released this morning shows the majority favour keeping the OCR at its current position, with three participants favouring it higher.

The MPS is due for release at 2pm Wednesday, the press conference is from 3pm that day, and RBNZ testifies to a Parliament Select Committee the following day from 8.10am.

The past week's data have supported our broad economic views. On the growth front, the data affirmed our thinking that GDP will be robust in Q1 before slowing sharply in Q2. A solid 0.9% increase in first quarter retail sales volumes points to decent economic growth for the period, although we anticipate not as strong as the RBNZ had projected back in February.

Indicators into the second quarter look softer. Electronic card transactions fell sharply in April as expected and in line with our own internal card data. Vehicle registrations eased in the month.

SEEK job ads also eased on a seasonally adjusted basis for the second consecutive month in April. The recent uptrend is at risk of faltering. It may be too early for a softer tone to show up in the first release of April's filled jobs figures, due Thursday, but we will be comparing them, along with any (recently downward) revisions, to our forecasts of subdued near-term employment growth and upward pressure on the unemployment rate.

Illustrative of softening economic indicators, the RBNZ's KiwiGDP nowcast shows next to zero growth for Q2. The somewhat less weak PSI positive influence was more than offset by more weakness elsewhere. The near-flat Q2 growth estimate matches our own view, although the balance of risk around that forecast continues to feel more downward than upward.

On the inflation front, RBNZ surveys of businesses and households' inflation expectations last week revealed similar messages to the more closely followed professional and business survey the week before that.

Short term inflation expectations are rising sharply. This is to be expected and the RBNZ has already said it expected this to happen. The Bank will be far more interested in

medium to longer term inflation expectations which fell in the business survey.

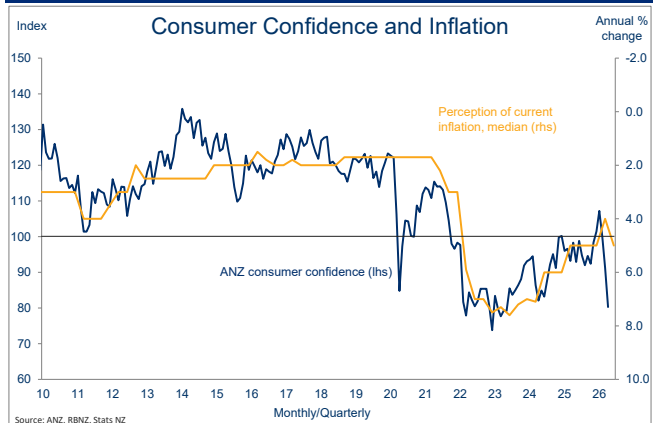
Household inflation expectations rose. This may well lead to greater wage demands to compensate. However, employers are facing significant cost pressures of their own and will be reluctant, or simply unable, to pay for large wage increases. Real wages and profitability are both under pressure. Nominal wage growth is consistent with the RBNZ achieving its inflation target.

Overall, the RBNZ is unlikely to be surprised nor alarmed by movements across the suite of inflation expectations surveys.

Changes in households' perception of current inflation were mixed. The mean measure from the RBNZ survey edged lower for the third consecutive quarter, albeit still high. The median measure rose to 5.0% from 4.0%. It is somewhat surprising the latter did not lift more.

There is no doubt inflation is weighing on consumer confidence. However, confidence has fallen by far more recently than the lift in the median measure of households' perception of inflation would ordinarily imply. As well as lags, it suggests other factors are also in play. Like a jump in uncertainty, weak house prices, rising mortgage rates, and signs of labour market softening.

Confidence lower than inflation perceptions would imply



Many of those factors do not argue for monetary tightening to be aggressively brought forward. Equally, however, it seems clear that consumer confidence is more likely to return and be sustained when inflation is tamed.

May's RM-ANZ consumer confidence index is due for release on Friday. It was a dismal 80.3 in April. Some easing in fuel prices from their extreme highs over recent weeks may help sentiment a touch, but there seems plenty else to keep consumers concerned and downbeat.

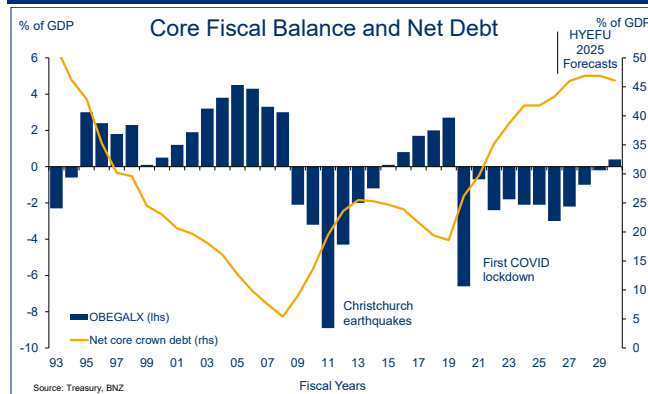
Government pre-Budget announcements continue to come thick and fast covering proposed public sector job cuts out to 2029, social housing policy, health, defence,

and biosecurity. As far as we can tell, they give effect to the broad fiscal parameters already outlined.

In summary on the Budget, given the Government's repeated commitment to future fiscal balance, it is highly likely the Government's OBEGALx track is similar to that presented at the Half Year Fiscal Update back in December. Regards funding requirements, there are many influences. These include: a \$2.2b increase in the capital spending allowance, likely softer economic projections lifting cyclical costs and lowering tax revenues, higher interest rates pushing up government funding costs, a \$0.3b reduction in the operating allowance, the Chorus debt sale that could reduce funding needs, and a recent deficit run rate narrower than forecast.

You can't help but think all this will roughly balance out leaving the bond programme little changed though we still have residual concerns there is upside risk. The Budget will be handed down at 2pm Thursday.

Budget forecasts to be compared to HYEFU



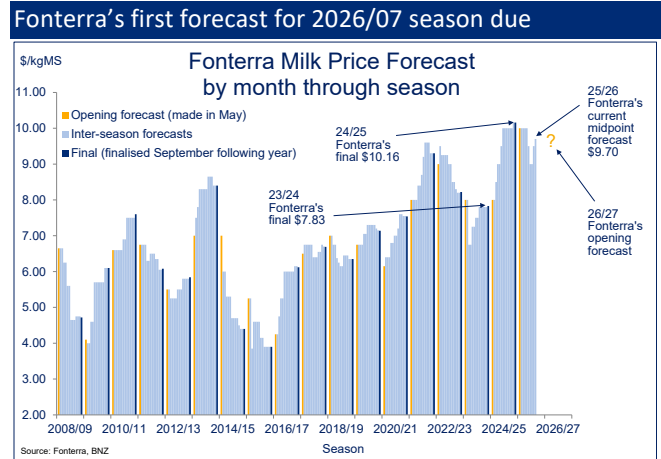
There isn't much data out this week and most of it is due after the RBNZ and Budget main events. May's ANZ Business survey is to be released on Friday. It did not make pretty reading in April. Monthly readings of confidence, activity outlook, and profit expectations were lower than March outcomes. Amid the abject gloom, there was a smidge of solace that April's outcomes were not as weak as the late March results.

May's figures will help judge if business angst has stabilised. Like for consumers, some paring of the surge in fuel prices may help sentiment a touch. But any business support from that source would have to offset seasonal influences that tend to become more negative as winter approaches. Inflation expectations are likely to be elevated; the survey's measure is short-term in nature and rose to 3.81% in April.

April's credit and deposit aggregates on Friday will be worth a glance given the Middle East shock and other developments. The agriculture figures will be of interest given the Lactalis sale proceeds distribution during the

month and ongoing strong revenue to many in the sector as evidenced by last week's export data.

Finally, Fonterra is due to announce its opening milk price forecast for the 2026/27 season this week. Maintenance of recent GDT auction results and currency levels suggest a midpoint number similar to 2025/26. The latter currently sits at \$9.70. Whatever the new season forecast it is sure to come with a wide forecast range given prevailing uncertainties.



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Global Watch

- **To and fro of potential Middle East deal continues**
- **Conferences promise lots of central bank speak**
- **April's PCE the US data highlight**
- **China PMIs due Sunday**
- **AU CPI headline expected to ease, trim risk higher**

Over the weekend when markets were closed, President Trump said a peace deal with Iran had been “largely negotiated” and that an agreement to reopen the Strait of Hormuz would be announced shortly. Iran also said talks with the US were progressing, although key differences remain around its nuclear programme and sanctions relief. If sustained, these developments should support risk-sensitive assets and weigh on oil prices. We have yet to see the details of any agreement and negotiations could still fall apart. This is morning Iran expressed no optimism toward US for an agreement. The ebb and flow of news around the Middle East conflict continues.

The BoJ-IMES Conference in Tokyo (Wed-Thu) draws BoJ's Ueda, RBA's Hauser and Fed's Logan and Kashkari on Wednesday, and ECB's Lane, Fed's Jefferson and BoE's Lombardelli on Thursday. The Reykjavik Economic Conference draws BoE's Bailey, Fed's Williams and Bowman Thursday-Friday. BoE's Breeden also speaks Friday.

In the US, markets are closed Monday for Memorial Day. April PCE (Thursday) is the key inflation read for the Fed. The Q1 GDP second estimate and Durable Goods preliminary also land Thursday. Consumer Confidence (Conf. Board) opens Tuesday. In Canada, Q1 GDP (Friday) alongside March monthly GDP, with BoC's Macklem and Rogers holding a press conference Thursday.

In Australia, April CPI (Wednesday) headlines the week. NAB expects 4.4% for headline and 3.4% for trimmed mean. Ahead of this, RBA MPB member Hewson speaks at 6pm Tuesday at Adelaide University. Also due are Q1 investment partials, with construction work done (Wednesday) and private capital expenditure (Thursday) ahead of the 3 June Q1 GDP data. Household spending is due on Thursday, with private sector credit to follow on Friday.

In Asia, Japan has a busy Friday with Tokyo CPI (May), Industrial Production (April preliminary), the unemployment rate, and retail sales. Machine Tool Orders (April final) land Monday. China PMIs are set for release on Sunday.

In the UK there are no key data releases. In Europe economic confidence data for May is released (Wed), while key member states release preliminary CPI data for May on the 29th (Fri) ahead of EZ inflation on the 2nd of June. On the latter, NAB expects the headline to rise from 3% to 3.2%, with larger gains in core and services measures.

Key Event Previews

Tuesday

AU April CPI

NAB forecasts headline inflation to fall to 4.4% from 4.6%. The decline will be driven by lower fuel prices due to the 32c/l reduction in fuel excise (in place for 3 months from April). That will add to headline inflation in July when the excise cut unwinds. The path of headline inflation will remain highly sensitive to the evolution of retail fuel prices.

For trimmed mean NAB has pencilled in 0.35% mom and 3.4% yoy with the risk skewed to a 3.5% print. The extent and speed of passthrough is a key uncertainty, but NAB expects some acceleration across goods and grocery prices to be evident in the April data.

AU Construction Work Done (Q1)

Construction work done for Q1 is the first partial indicator for investment ahead of the national accounts. The residential and non-residential work done tracks through to GDP more directly than the engineering component. NAB expects little change in building work relative to Q4, consistent with little contribution to GDP in the quarter. Engineering work done is also expected to be broadly flat as major volatility from an LNG project in the middle of 2025 has flowed out of the data.

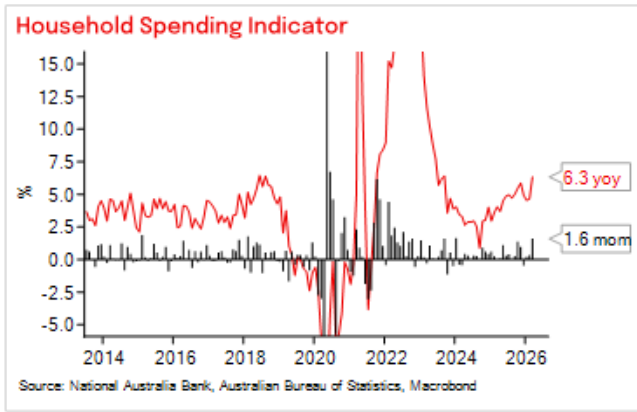
Wednesday

AU Private Capital Expenditure (Q1)

NAB expects little change in new capital expenditure in Q1. Despite strong growth expected in Information, media & telecommunications and other data centre related sectors, NAB sees this being offset by broader weakness across other sectors. However, there is potential upside risk to the Equipment, Part and Machinery component after a surge of ADP imports was seen in March. There will also be updated estimates for business' investment intentions over the next 18-months. These estimates were surveyed after the start the Middle East conflict.

AU Household spending (April)

NAB expects household spending to fall by 0.5% mom in April, partly reversing the strong 1.6% increase in March. The decline reflects a pullback in fuel spending, driven by lower prices following the halving of the fuel excise, as well as some unwinding of earlier food stockpiling behaviour.

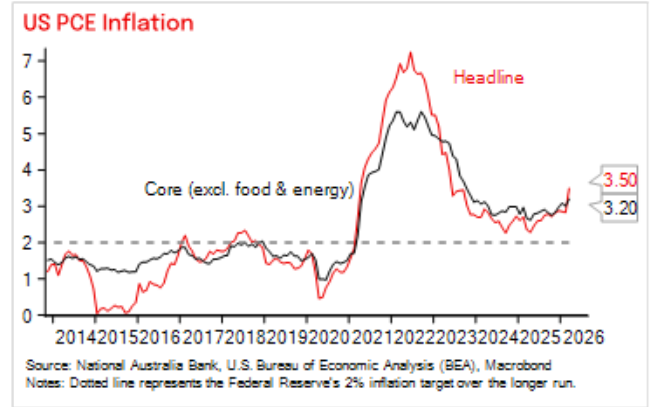


Thursday

US PCE (April)

PCE for April (Thursday) includes the Fed's preferred inflation gauge and is the week's standout US data point. Headline and core PCE will test whether the energy-driven impulse from the Middle East supply disruption is broadening into underlying services inflation (prior: 3.5% headline, 3.2% core yoy).

With inflation well above target but the growth impact of the disruption still uncertain, the Fed faces genuine two-sided risk. NAB sees that uncertainty as the argument for holding through end-2027, where a firming services core would sharpen the case for higher-for-longer and a sharp moderation would shift attention to the emerging growth headwinds. Neither outcome is likely to unlock movement near-term.



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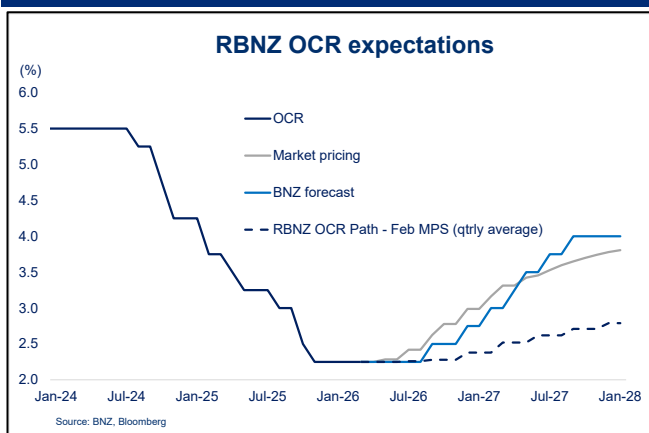
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

The week ahead is a significant one for New Zealand fixed income markets, with both the RBNZ Monetary Policy Statement and the Budget due for release. Current market pricing implies around a 15% chance of a 25bp hike at the meeting, down from a peak of nearly 50% ahead of the RBNZ’s inflation expectations data. Economists are unanimous in expecting the Official Cash Rate (OCR) to remain unchanged at 2.25%, leaving the Bank’s messaging as the key driver of rates market performance. The projected OCR path is likely to be revised higher and to signal a higher terminal rate, although the peak is still expected to remain well below market pricing.

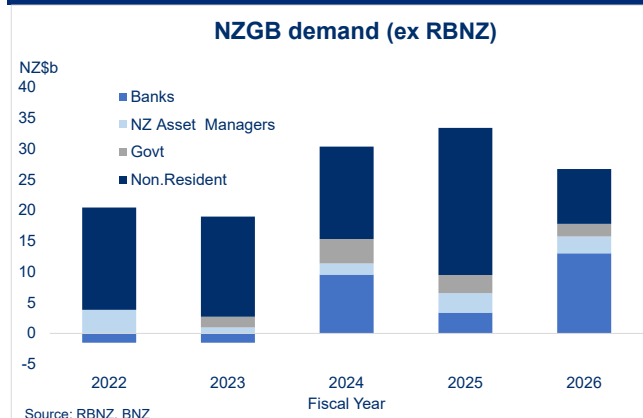
A cumulative 18bp of tightening is priced by the July Policy Review. With key releases such as Q2 CPI and the Quarterly Survey of Business Opinion not due until after the July meeting, geopolitics, Q1 GDP, monthly activity indicators, and inflation partials will be the main focus for markets in the interim. NZ rates markets have retraced from recent highs, reflecting offshore developments and the domestic data flow. The multi-month flattening in the 2y/10y swap curve has stalled near +75bp, and we see scope for some near-term re-steepening. The curve appears too flat relative to the level of front-end rates and versus offshore markets.

RBNZ projected OCR path expected to be revised higher



Non-resident demand for NZGBs remained firm in April, with nominal holdings increasing by NZ\$2.1 billion to NZ\$115 billion. Although month-end coincided with the removal of the Apr-2027 bond from the FTSE Russell World Government Bond Index, there was little evidence of a material index-related outflow, with offshore-domiciled investors selling just NZ\$400 million. Buying was concentrated in the May-2030 and May-2031 lines, reinforcing the strength of offshore demand in this part of the curve. This sector continues to offer attractive carry and roll, while also standing to benefit if the market pares back pricing for the peak OCR, currently near 4.0%.

Banks have absorbed the bulk of NZGB issuance in FY26



Although non-resident investors absorbed much of NZGB issuance in April, the NZ\$9 billion increase in holdings so far this fiscal year has fallen short of recent annual increases. While the steep NZ yield curve means FX-hedged yields remain attractive relative to developed market alternatives for international investors, cross-market spreads versus key comparators such as Australia and the US are historically tight, which may be limiting demand. Banks’ holdings have increased by NZ\$13 billion since June, supported by regulatory requirements to hold high-quality liquid assets.

Bonds have underperformed swaps at the margin over the past week, reflecting in part the relationship with yield levels and some risk premium ahead of the Budget, where government funding requirements are expected to increase. We would not read too much into the tepid demand at Thursday’s tender given the sharp offshore-driven rally, which extended after weak Australian labour market data. Ten-year MMS are near the midpoint of the well-established +30bp to +40bp range that has held for several months. The weekly tender has been pushed back to Friday this week due to the Budget on Thursday.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.63	2.55 - 2.77
NZ 2yr swap (%)	3.54	3.49 - 3.71
NZ 5yr swap (%)	3.95	3.88 - 4.13
NZ 10yr swap (%)	4.31	4.23 - 4.50
2s10s swap curve (bps)	77	74 - 82
NZ 10yr swap-govt (bps)	-36	-37 - -33
NZ 10yr govt (%)	4.67	4.65 - 4.76
US 10yr govt (%)	4.56	4.30 - 4.69
NZ-US 10yr (bps)	11	11 - 39
NZ-AU 2yr swap (bps)	-107	-120 - -103
NZ-AU 10yr govt (bps)	-26	-34 - -23
*Indicative range over last 4 weeks		

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Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ

The NZD traded in a tight range of less than three-quarters of a cent last week, for an insignificant 0.2% gain in NZD/USD to 0.5850. Key NZD crosses were up about ½%, apart from a ½% fall against GBP as the UK political risk premium faded.

Risk appetite was supported last week by positive developments in the Middle East which drove down oil prices. Brent crude fell 5% for the week to around USD104 per barrel. President Trump said the US is in the “final stages” with Iran, while Iran had said the latest proposal from the US partly bridged the gap between the two sides. In developments over the weekend, Trump said a peace deal with Iran has been “largely negotiated”, subject to finalisation.

We have yet to see the details of any agreement and negotiations could still fall apart. Even a preliminary deal could be on shaky ground, with chatter that both sides would continue to negotiate over the following 30-60 days to nail down the more difficult issues regarding Iran’s nuclear programme. However, the most important aspect for markets will be the reopening of the Strait of Hormuz, which would extinguish much of the overhanging tail risk regarding the global economic outlook.

Markets have been optimistically anticipating a reopening of the Strait of Hormuz because the alternative scenario of a prolonged closure is unthinkable. Our prevailing projections make the same re-opening assumption so there is no immediate urge to change forecasts, but an imminent reopening does change the risk assessment. Prevailing downside risk overhanging the near-term path of the NZD significantly falls on a reopening scenario.

For now, the NZD remains trapped in a trading range of approximately 0.58-0.60, a range in place since the early-April ceasefire. Last week’s NZD gyrations broadly matched the oscillation in oil prices, highlighting the significance of Middle East developments for the path of the currency.

Our projections continue to show the range trading backdrop to prevail through the end of the current quarter. Our NZD projections thereafter show a stronger currency linked to two key assumption – normalisation of shipping traffic through the Strait of Hormuz and the RBNZ embarking on a tightening cycle.

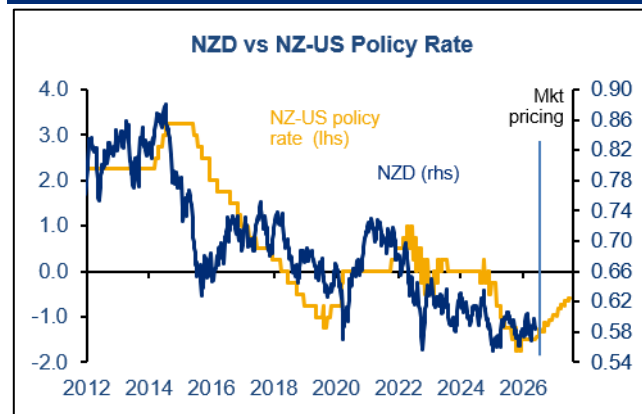
Early last week, NZD/AUD dabbled with a fresh 13-year low, but that wasn’t sustained for long and weaker Australian labour market data later in the week saw a paring of RBA rate hike expectations. We continue to view the cross rate as being near a turning point, with a modestly positive trend developing over coming months.

In the week ahead, the domestic focus will be on the RBNZ’s Monetary Policy Statement. Given NZ’s historical and projected inflation backdrop, we see a strong case for monetary policy to tighten significantly over the next 12-18 months. But we don’t think the RBNZ is ready to act. Inflation and interest rate projections will be revised higher, but the latter are unlikely to meet anywhere near current market expectations.

An RBNZ update that brushes off inflation risks or shows little intent to tighten future policy would be NZD-negative. The historically low NZ OCR against history and against peer-group central banks has been a dampening force on the NZD for some time. Our projections later in the year are consistent with this headwind fading but RBNZ rate hikes are essential for this to play out.

The NZ Budget is also released, and it typically results in little NZD reaction. ANZ releases its business outlook and consumer confidence surveys. Key global economic indicators include Australian CPI data for April, Canada Q1 GDP, and Germany CPI for May. In the US PCE deflators for April and consumer spending data for April are released.

NZD can recover if RBNZ delivers rate hikes next 12 months



Cross Rates and Recent Ranges

	Last wk		
	Current	% chg	Last 3-wks range*
NZD/USD	0.5878	0.2%	0.5820 - 0.5990
NZD/AUD	0.8212	0.5%	0.8160 - 0.8260
NZD/CAD	0.8118	0.7%	0.7980 - 0.8180
NZD/GBP	0.4367	-0.6%	0.4330 - 0.4420
NZD/EUR	0.5049	0.4%	0.5020 - 0.5090
NZD/JPY	93.35	0.5%	92.10 - 94.00

*Indicative range over last 3 weeks, rounded

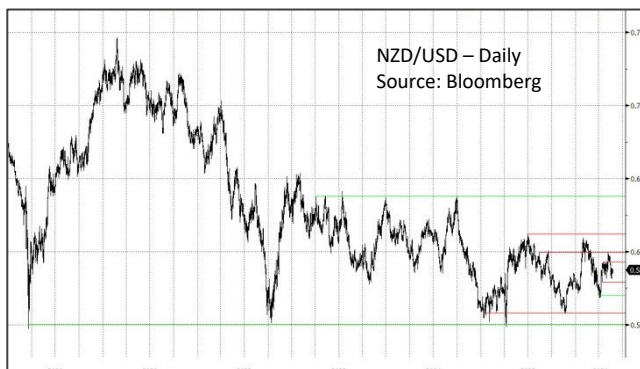
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Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.60 (ahead of 61)
 ST Support: 0.5790 (ahead of 0.5680)

No change, with the NZD stuck in a range of about 0.58-0.60 over the past five weeks.

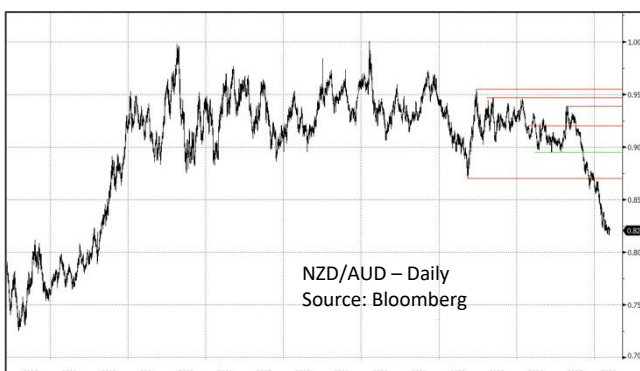


NZD/AUD

Outlook: Downside risk
 ST Resistance: 0.87 (ahead of 0.8950)
 ST Support: none

No change. With the cross rate continuing to drift down to fresh 13-year lows, there is no obvious support level.

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NZ 5-year Swap Rate

Outlook: Higher
 ST Resistance: 4.10
 ST Support: 3.85

5-year swap moved back lower last week as 4.10% proved to provide some resistance again. We look to have a tight range here to watch in the short term.

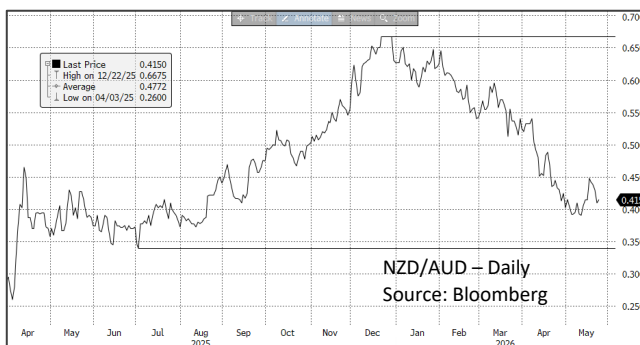


NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Neutral
 ST Resistance: 0.67
 ST Support: 0.26

2x5 swap spread flattened back last week. We retain a neutral bias at these levels

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Quarterly Forecasts

Forecasts as at 25 May 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.)	0.7	2.0	0.9	0.9	0.6	0.4	0.5	0.6	0.7	0.8
Current account (ann, % GDP)	-3.7	-3.5	-3.7	-3.7	-3.8	-4.2	-4.4	-4.3	-4.0	-3.6
CPI (q/q)	0.5	1.0	0.6	0.9	1.4	0.6	0.3	0.6	0.7	0.5
Employment	-0.2	-0.1	0.5	0.1	0.2	0.3	0.5	0.5	0.5	0.5
Unemployment rate %	5.2	5.3	5.4	5.3	5.4	5.5	5.6	5.7	5.7	5.7
Pr. avg hourly earnings (ann %)	4.6	4.1	3.5	3.5	2.6	2.6	2.7	3.3	3.2	3.2
Trading partner GDP (ann %)	3.4	3.3	3.3	3.4	3.1	2.9	2.7	2.8	2.8	2.8
CPI (y/y)	2.7	3.0	3.1	3.1	4.0	3.6	3.2	2.9	2.2	2.1
GDP (production s.a., y/y)	-1.0	1.1	1.3	1.1	2.1	1.6	1.8	1.5	2.0	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
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	3.65	4.35	0.40
Sep	2.50	2.75	4.25	4.90	3.70	4.00	4.50	3.65	4.50	0.40
Dec	2.75	3.15	4.35	4.90	3.95	4.15	4.55	3.40	4.50	0.40
2027 Mar	3.25	3.65	4.45	4.90	4.10	4.30	4.60	3.15	4.50	0.40
Jun	3.75	4.05	4.45	4.90	4.15	4.35	4.65	3.15	4.50	0.40
Sep	4.00	4.15	4.35	4.90	4.05	4.30	4.70	3.15	4.50	0.40
Dec	4.00	4.15	4.25	4.90	3.95	4.25	4.75	3.15	4.50	0.40

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.59	0.72	1.16	1.35	159
Forecasts					
Jun-26	0.59	0.71	1.18	1.33	156
Sept-26	0.61	0.72	1.19	1.34	153
Dec-26	0.63	0.73	1.20	1.33	152
Mar-27	0.64	0.74	1.21	1.36	150
Jun-27	0.63	0.73	1.20	1.35	149
Sept-27	0.63	0.72	1.20	1.35	146
Dec-27	0.63	0.72	1.19	1.35	144

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.59	0.82	0.50	0.44	93.4	66.7
Forecasts						
Jun-26	0.59	0.83	0.50	0.44	92.0	66.7
Sept-26	0.61	0.85	0.51	0.46	93.3	68.4
Dec-26	0.63	0.86	0.52	0.47	95.4	69.8
Mar-27	0.64	0.87	0.53	0.47	96.2	70.7
Jun-27	0.63	0.87	0.53	0.47	94.2	69.6
Sept-27	0.63	0.88	0.53	0.47	92.0	69.6
Dec-27	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 25 May 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	-0.3	5.5	3.7	-0.3	-4.9	-1.5	4.5	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	1.8	2.3	2.1	-0.7	-1.1	0.8	2.6	1.9
Exports	8.6	3.4	2.7	4.8	3.6	11.5	4.7	2.7	4.8	3.6
Imports	-1.4	1.5	5.1	5.9	2.6	-0.7	1.7	3.4	6.8	2.9
Real Expenditure GDP	1.5	-0.7	0.8	1.7	2.3	2.1	-0.3	0.5	1.7	2.0
GDP (production)	1.8	-0.9	0.6	1.8	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	2.9	2.0	4.7	2.2	3.1	3.2	2.0
Employment	0.9	-0.9	0.4	1.5	2.3	2.6	-1.3	0.2	1.1	2.1
Unemployment Rate %	4.4	5.1	5.3	5.7	5.6	4.0	5.1	5.4	5.6	5.7
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	3.5	3.3	3.2	6.6	4.0	3.5	2.7	3.2
Productivity (ann av %)	-0.6	0.1	1.1	0.6	0.3	-0.8	0.1	1.1	0.7	0.2
Unit Labour Costs (ann av %)	6.6	4.4	2.6	2.6	3.0	7.1	4.7	3.0	2.3	3.1
House Prices (stratified, mth)	2.7	-0.7	0.3	-0.5	5.4	0.7	-0.8	-0.3	0.0	4.5
External Balance										
Current Account - \$bn	-23.8	-18.3	-16.8	-20.3	-15.8	-25.8	-20.0	-16.3	-20.4	-16.6
Current Account - % of GDP	-5.7	-4.2	-3.7	-4.3	-3.2	-6.3	-4.7	-3.7	-4.4	-3.4
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
Monday 25 May							
US				US	0.10%		0.20%
				US	0.50%		0.70%
US				US	3.80%		3.50%
Tuesday 26 May							
UK	-50		-68	US	0.30%		0.30%
Wednesday 27 May							
US			42.250k	US	3.30%		3.20%
US	0		-0.2	US	212k		209k
US			-16.5	US			202.50k
EC				US	1780k		1782k
US			0.67%	US	3.90%		0.80%
US	92		92.8	US	2.00%		2.00%
US				US			
AU			-0.09%	CA			
AU	0.60%		1.10%	US	660k		682k
AU	4.40%	4.40%	4.60%	US			
CH			15.80%	EC			
AU	0.30%	0.35%	0.30%	NZ			80.3
AU	3.40%	3.40%	3.30%	UK			53
AU	0.80%		-0.10%	JN	2.70%		2.70%
NZ	2.25%	2.25%	2.25%	JN	0.40%		1.30%
EC				JN			-0.40%
Thursday 28 May							
US	4		3	NZ			-10.6
NZ				AU	0.60%		0.70%
NZ			0.30%	US			
US				US	6.40%		6.40%
AU	1.00%		0.40%	GE			
AU	-0.40%	-0.50%	1.60%	EC			
NZ				IC			
UK				Saturday 30 May			
EC				GE	3.00%		2.90%
EC				US			
EC	92.6		93	US			
EC			-19	EC			
EC				US	50.5		49.2
EC				UK			
Friday 29 May							
US	0.40%		0.60%	Sunday 31 May			
US	0.50%		0.90%	EC			
				CH			50.3
				CH			49.4

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	3.54	3.68	3.53	3.18
1mth	2.46	2.47	2.40	3.38	3 years	3.72	3.88	3.72	3.31
2mth	2.55	2.57	2.50	3.33	4 years	3.85	4.02	3.86	3.45
3mth	2.63	2.66	2.59	3.27	5 years	3.95	4.12	3.96	3.59
6mth	2.81	2.85	2.82	3.22	10 years	4.31	4.49	4.33	4.13
GOVERNMENT STOCK					FOREIGN EXCHANGE				
05/28	3.61	3.73	3.60	3.53	NZD/USD	0.5878	0.5875	0.5908	0.5999
05/31	4.19	4.32	4.19	4.12	NZD/AUD	0.8207	0.8196	0.8221	0.9250
04/33	4.42	4.56	4.43	4.41	NZD/JPY	93.33	93.31	94.18	85.70
05/36	4.69	4.82	4.69	4.73	NZD/EUR	0.5046	0.5041	0.5041	0.5269
05/41	5.04	5.17	5.03	5.14	NZD/GBP	0.4358	0.4374	0.4365	0.4423
05/54	5.24	5.39	5.27	5.38	NZD/CAD	0.8108	0.8072	0.8050	0.8241
GLOBAL CREDIT INDICES (ITRXX)					TWI	66.7	66.6	66.9	69.4
Nth America 5Y	52	54	54	60					
Europe 5Y	55	58	59	61					

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