Research

Markets Outlook

20 July 2026

More than oil to inflation and trade

- **Annual inflation to jump well above RBNZ target band**
- **Fuel prices the main culprit**
- **Core inflation likely above target midpoint**
- **Bird flu detection represents another supply side risk**
- **More than oil driving merchandise imports**

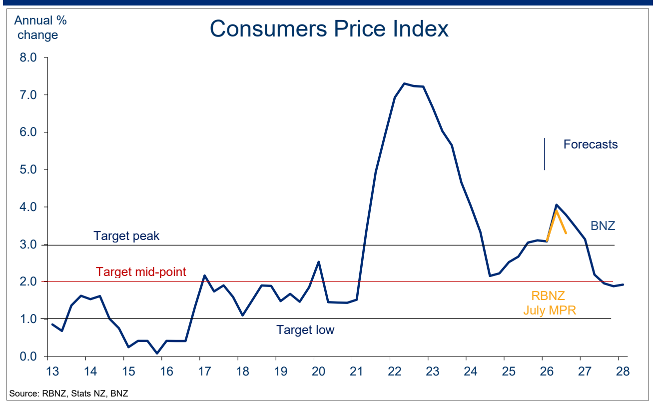
About a month ago we said that Q2 CPI inflation, due for release tomorrow, looks no higher than RBNZ forecasts. Today we think it will be no lower than RBNZ forecasts.

This is not because we have changed our forecasts. To the contrary, our forecast for Q2 annual CPI inflation remains unchanged at 4.1%. Rather it is because the RBNZ changed its view. In the July MPR the RBNZ revised its forecast down to 3.9% from the 4.2% it published in the May MPS.

Market expectations for Q2 CPI inflation have settled at 1.4% q/q and 4.0% y/y.

Whatever the precise outcome for Q2 annual inflation, two things look certain. It will be materially higher than Q1's 3.1% outcome. And, in being so, it will be well outside the RBNZ's policy target range.

Inflation expected to be well outside target band in Q2



Our 4.1% annual inflation forecast follows from our expectation of a 1.5% lift in prices in the quarter. Sharply higher fuel prices will be a feature, as will another chunky lift in household energy costs. Some offset is expected from lower passenger transport service prices, with both domestic and international airfares falling in Q2. Food prices rose around 0.4% in the quarter, while rents looked flat.

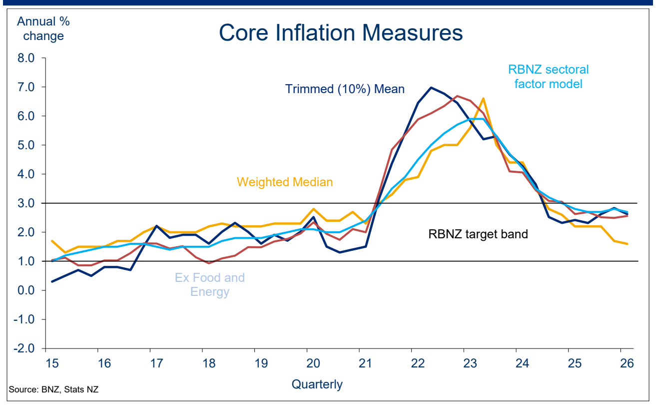
On a seasonally adjusted basis, our forecasts suggest the CPI will lift at around double the pace of Q1's 0.8%. Fuel prices will drive the outsized gain. This will be the seventh consecutive quarter where this metric has been tracking above the RBNZ's target pace.

Q2 CPI printing above RBNZ expectations would support the Bank's case for lifting the OCR further, at least at face value.

The details and core measures of inflation will be important for policy considerations. These include those provided by Stats NZ as well as the likes of the Sectoral Factor Model (SFM) derived by the RBNZ. All will be published tomorrow, the former at 10.45am and the latter at about 3pm. The SFM was 2.7% y/y in Q1.

Our forecasts suggest the balance of core annual inflation measures is likely to remain above the midpoint of the RBNZ's target range, albeit with a likely flavour of flat-to-a-touch-lower than last quarter's reading. This includes CPI ex food and energy, which was 2.6% in Q1.

Eyes on core measures



Fuel prices will drive a substantial lift in tradeable inflation. We forecast it to lift to 2.5% q/q, punching its annual inflation rate up to 4.7%. We forecast non-tradeable inflation of 0.6% q/q, which would see its annual inflation rate edge a tick lower to 3.4%. All these are close to market consensus.

While rapid and large changes in fuel prices will influence near term inflation, questions remain around the timing and extent of passthrough from fuel costs to other goods and services. Our forecasts continue to implicitly include limited passthrough effects while last week's QSBO warned of significant cost pressure on business and firm's intentions to lift prices.

We also remain conscious of many current and developing supply side risks. These stem from:

- Escalation of tension in the Middle East with direct influence on prices for many products including fuel and associated products.
- Computer memory putting upward pressure on a range of technological goods.
- Detection of H5N1 bird flu for the first time in New Zealand. While only two birds have been detected with the disease to date, experts warn it is probable to become endemic like elsewhere in the world. H5N1 has not yet been detected in NZ poultry. The sector will be on high alert and is taking protective measures. The added cost itself will pressure supply. The bigger concern is if bird flu hits poultry and its potential to substantially restrict chicken and egg production.
- The current El Nino weather pattern and its high likelihood of being strong through New Zealand's spring and summer. It could dent local primary production in the growing season ahead. El Nino also brings the risk of higher global food prices.

These are all worth monitoring, not only for their influence on inflation but also for their influence on economic growth and trade.

Besides tomorrow's Q2 CPI, the only other local release of note this week was June's merchandise trade which were published this morning. The annual merchandise trade balance stood at $3.7b in June.

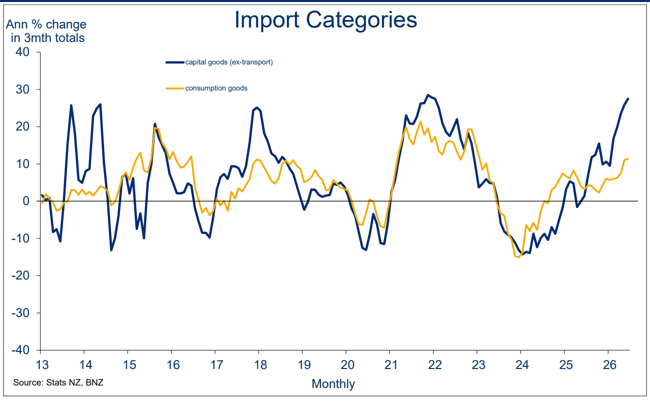
Today's data revealed familiar themes of very strong primary-sector-driven export growth and buoyant imports. Export values in the June quarter were up 15.3% y/y, while import values rose 18.7% y/y.

Petroleum products unsurprisingly featured on the import side, up 65.8% y/y in the June quarter and about double a year earlier in the June month. Higher prices are a key component of that. In June, diesel imports rose 160% y/y potentially including the first shipment of additional diesel to be stored at Marsden Point as part of the government's oil shock response.

There has been more to strong import growth than petroleum products and large one-off items. Imports excluding those goods rose 13.8% y/y in the June quarter.

Consumption and capital goods ex transport imports in the June quarter were up 11.3% and 27.5% respectively on the same period a year earlier. These are strong gains. Either they reflect higher prices or strong volume gains. Most likely it is a bit of both, but we won't know the split between price and volume influences until we get more detailed trade data in September.

Import growth broader than oil



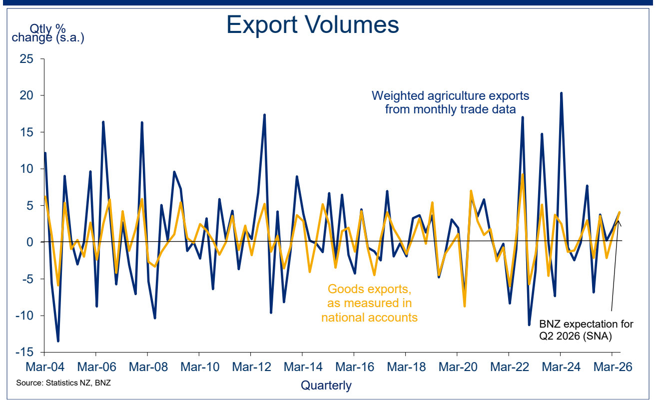
Strong Q2 import volumes, as we think was the case, would fit with the notion of improving domestic demand or at least importers' expectations that domestic demand will improve.

While production indicators suggest GDP growth struggled in Q2, in line with our view, the strength in imports raise the possibility that domestic demand is a bit stronger than many might think.

On the export side, today's quarterly volume indicators support our take that goods exports will make a strong positive contribution to Q2 growth.

Signs of export and import expansion squares with other indicators showing growth in transport and storage. It also aligns with the message of underlying economic recovery in last week's Quarterly Survey of Business Opinion (QSBO).

Goods exports a support to Q2 GDP



Early Wednesday morning brings the latest Global Dairy Trade auction. The balance of indicators suggests a near flat result which would consolidate the sizeable 4.9% drop at the previous full auction. Somewhat softer dairy prices are expected to take the edge of recent export strength as the new dairy season ramps up properly over the coming months.

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Global Watch

- **Australian unemployment rate unchanged at 4.4%**
- **Japanese CPI inflation may accelerate**
- **US temporary tariffs set to expire**
- **UK inflation easing**
- **ECB to hold its deposit rate**

After a lull Australian data starts to get more interesting with the release of June labour force data on Thursday. Our colleagues at NAB expect the unemployment rate to hold at 4.4%, with employment growth of just 15k, in line with recent softening in some labour demand indicators. NAB's view is in line with consensus.

Australia's flash PMI for July is due Friday alongside the equivalents for Japan, Eurozone, UK and US.

In Asia, Japan's June CPI (Friday) will be watched closely after Tokyo's reading accelerated for the first time in eight months. And trade data (Wednesday) should show exports holding up on strong tech demand.

It is quiet in China this week, with only Loan Prime Rates on Monday. Focus will the turn to the Politburo meeting later this month for signs of follow through on stimulus measures after Q2 GDP showed soft domestic demand.

In the US, data releases are second tier, with June new home sales (Friday) and the Conference Board Leading Index (Monday).

Note that the temporary 10% Section 122 global import tariffs are set to expire Friday unless Congress extends. It's not obvious what comes next but it goes without saying that officials will be looking to find other measures to offset the associated revenue losses.

In Canada, June CPI (Monday) and retail sales (Thursday) are the key releases.

The ECB comes into focus Thursday. The market and NAB expect the ECB to hold its Deposit Rate at 2.25%.

Across the channel, UK labour market data (Tuesday) should show further stabilisation, though private wages may ease modestly. Annual CPI (Wednesday) inflation is expected to ease to 2.6% from 2.8% on lower oil, food and airfare prices. Services and core inflation is also expected to moderate. Retail sales (Friday) round out the UK data picture. And on Monday Andy Burnham is sworn in as yet another UK Prime Minister.

Key Event Previews

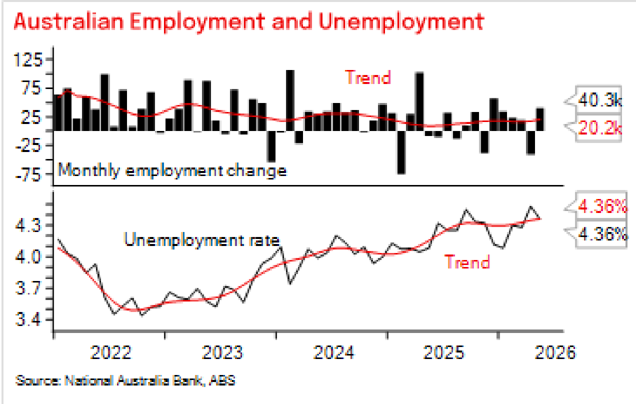
Thursday

AU Labour force (June)

NAB expects the unemployment rate to be unchanged at 4.4% in June on an employment gain of 15k. The last couple of months have been volatile, likely driven by Easter timing. NAB's June forecast is consistent with a gradually cooling trend.

The underemployment rate was revised higher in April and May. We will be watching to see if the uptick in the broader measure of underutilisation extends.

Unemployment over Q2 is tracking above the RBA's May SoMP forecast of 4.2%.

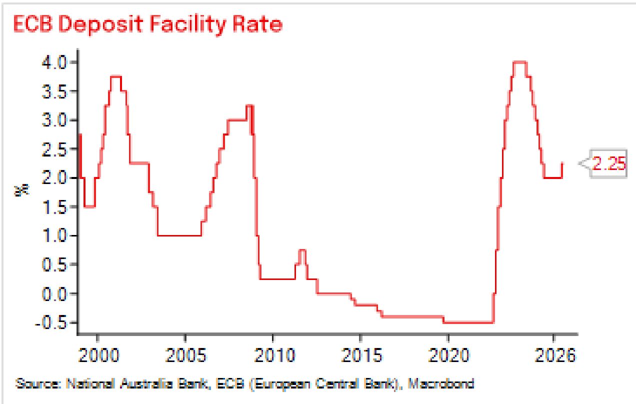


Friday

ECB Decision

The ECB meets Thursday with markets and NAB expecting rates to remain on hold with the key Deposit Rate at 2.25%. Lower than expected June inflation data remove the need to carry out back-to-back hikes despite the rise in Middle East tensions which will undoubtedly leave the ECB on edge.

NAB retains its forecast for a second hike in September to 2.5%. However, much will depend on energy prices and their second-round effects.



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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg: BNZ

Key forces affecting rates markets last week included ongoing repositioning after the RBNZ's early-July rate hike, reinforced by fresh NZ data, much weaker-than-expected US inflation data, and much higher oil prices as military action in the Middle East intensified. The net result was higher NZ rates and wider NZ-global rate spreads.

Short-end swaps faced upside pressure last week as spillover from the RBNZ's rate hike continued. The move was reinforced by data releases that vindicated the RBNZ's decision. PMI, PSI and QSBO data supported the narrative that the NZ economic recovery had resumed after the pothole caused by the US-Iran conflict. The pricing indicators in the QSBO highlighted rising inflationary pressure. Less than a week after the RBNZ's policy update, Chief Economist Conway noted upside risks to inflation, with higher oil prices re-emerging, and said the Bank "will respond" should inflation pressure prove more persistent.

The 2-year swap rate peaked at 3.72%, some 35bps above the level just ahead of the RBNZ's July MPR, before higher rates began to attract receiving interest. The 2-year rate closed the week up 10bps at 3.62%. The market prices 54bps of hikes over the final three meetings of the year, while the terminal rate sits around 3.65%. While these figures are below the BNZ Economics view, rates won't move in a straight line. We see a period of market consolidation ahead, perhaps around 3.5–3.7%.

Q2 CPI data due tomorrow will set the tone for the week. We, alongside the market, see upside potential relative to the RBNZ's estimate of 3.9% y/y, but the core figures will be just as important.

Much weaker-than-expected US CPI and PPI data provided relief to the US bond market, driving US Treasury yields lower, led by the short end, as market pricing for Fed rate hikes faded. Surging oil prices, following an escalation in tensions between the US and Iran in the Middle East, were an offsetting factor, but the weaker data won that battle.

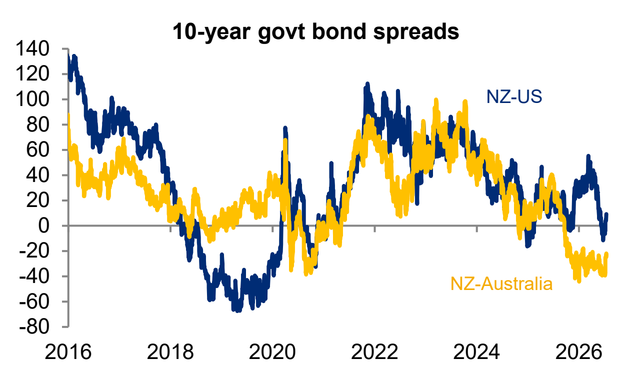
Further escalation in US-Iran tensions, including the bombing of infrastructure in the Gulf region and the death of US military personnel, is a near-term risk for the rates market this week. Higher oil prices put upward pressure on rates and add to the case for central bank policy tightening this year. As we saw earlier in the year, higher global rates from this source would likely spill over into the NZ market.

While the US 10-year rate closed the week little changed, NZ longer-term rates were higher, resulting in a widening of NZ-US rate spreads. After recently trading in negative territory, the NZ-US 10-year spread is now about +12bps. NZ-Australia rate spreads have also increased, becoming less negative, as investors recognise the beginning of the RBNZ's tightening cycle and the improvement in NZ's economic outlook relative to Australia. We don't have a strong near-term view, but as the NZ tightening cycle progresses, against our expectations that the RBA and Fed will remain on hold, the path of least resistance over coming quarters is for NZ-global rate spreads to increase further.

There was strong bidding interest in NZDM's new nominal 2038 issue. NZDM issued the maximum amount sought, at $7b, and the bond was priced at the tight end of the range, 6bps over the 2037 bond.

For the week ahead, developments in the Middle East and tomorrow's NZ CPI report look to be the key drivers. There are only second-tier US data releases, while Australian labour market data later in the week are expected to show a steady unemployment rate. An ECB on hold shouldn't move the needle, with the next tightening expected at the following meeting in September.

NZ-global rate spreads apt to increase over quarters ahead



Source: BNZ., Bloomberg

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.88	2.69 - 2.88
NZ 2yr swap (%)	3.62	3.28 - 3.72
NZ 5yr swap (%)	3.97	3.62 - 4.04
NZ 10yr swap (%)	4.35	3.98 - 4.38
2s10s swap curve (bps)	73	66 - 77
NZ 10yr swap-govt (bps)	-32	-37 - -30
NZ 10yr govt (%)	4.67	4.32 - 4.69
US 10yr govt (%)	4.55	4.36 - 4.63
NZ-US 10yr (bps)	12	-12 - 12
NZ-AU 2yr swap (bps)	-92	-112 - -80
NZ-AU 10yr govt (bps)	-23	-40 - -22

*Indicative range over last 4 weeks

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Foreign Exchange Market

Reuters pg BNZWFWDS Bloomberg pg BNZ

Last week, the USD was broadly weaker after CPI and PPI inflation reports came in much softer than expected. The NZD outperformed, supported by positive spillover from the previous week's RBNZ rate hike and higher NZ-global rate spreads. The escalation of US-Iran tensions in the Middle East provided an offsetting influence. NZD/USD rose to its highest level in a month and closed the week up 1.4% at 0.5840. While NZD/CAD gained a modest 0.4%, the NZD was 1.0–1.8% higher on the other key crosses, reflecting some idiosyncratic NZD strength.

The NZD has shown a decent recovery this month after its poor performance through June. Sentiment has clearly turned positive, triggered by the RBNZ's rate hike earlier this month and reinforced by stronger data. Recent ANZ monthly confidence surveys, the PMI, PSI and QSBO all point to New Zealand's economic recovery getting back on track after the temporary setback caused by the Middle East conflict. The QSBO also showed rising inflationary pressure, while less than a week after the RBNZ's update, Chief Economist Conway alluded to upside risks to its inflation forecasts against the backdrop of the rebound in oil prices.

The NZD's recovery has been amplified by significant short positioning, as we noted in last week's report. Higher NZ rates and more positive dataflow have unsettled those holding short NZD positions, and the closing of some of these positions has no doubt contributed to the NZD's outperformance.

For that reason, we are not overplaying the recovery in the NZD. A bounce-back has been long overdue, but to the extent that repositioning has been a factor in recent moves, the path to the 0.60-plus level embedded in our medium-term projections is unlikely to be a straight line. There will be ups and downs along the way.

The OIS market is already pricing in a significant tightening cycle in New Zealand. Even if the RBNZ hikes another three times over the next six months, as priced by the market, New Zealand's policy rate would remain below those of the US, UK and Australia. As long as NZ rates remain below peer countries, the temptation for trades that short the NZD and pick up positive carry is likely to return. This potentially ongoing dynamic remains a headwind for the NZD recovery outlook.

Furthermore, the significant escalation of tensions between the US and Iran is a reminder that the conflict is far from over. We are again closely monitoring day-to-day events in the Middle East, oil prices and oil inventories. Price action over recent months has suggested only modest currency-market impacts from the war, but the directional bias has clearly been NZD-negative. As the new week gets underway, the NZD has opened a little softer.

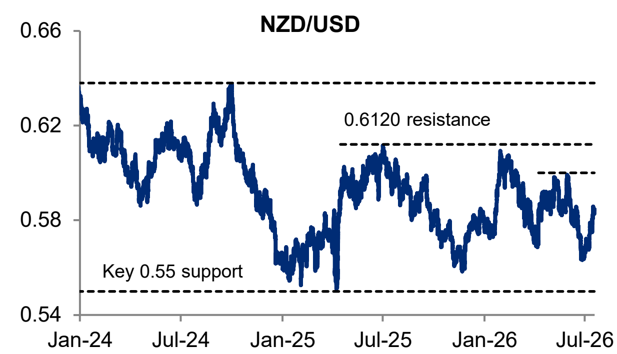
Given the sharp recovery in the NZD since the end of June, 0.5750 could be seen as a new near-term technical support level, while resistance remains close to 0.60.

On the NZD crosses, the same narrative applies: the start of the New Zealand tightening cycle and the economic recovery are positive for the crosses, but the upside is limited by the still relatively low level of NZ interest rates.

The key domestic focus for the week ahead will be tomorrow's Q2 CPI print. Most forecasters, including BNZ, see upside potential relative to the RBNZ's estimate of 3.9% y/y, but the core figures will be just as important.

On the policy front, the ECB meets and is widely expected to keep policy on hold following last month's rate hike, with the market seeing the September meeting as the likely date for the next tightening. Key global economic releases include Australian labour market data, CPI reports for Canada, Japan and the UK, and UK labour market data. Flash global PMIs for July will also be released. The market will also be keeping a close eye on Middle East developments.

Nice bounceback in the NZD through July, after June mishap



Source: Bloomberg, BNZ

Cross Rates and Recent Ranges

	Current	Last wk %chg	Last 3-wks range*
NZD/USD	0.5830	1.4%	0.5630 - 0.5860
NZD/AUD	0.8370	1.0%	0.8170 - 0.8370
NZD/CAD	0.8172	0.4%	0.7990 - 0.8230
NZD/GBP	0.4339	1.0%	0.4250 - 0.4350
NZD/EUR	0.5102	1.2%	0.4940 - 0.5110
NZD/JPY	94.72	1.8%	91.10 - 95.10

*Indicative range over last 3 w eeks, rounded

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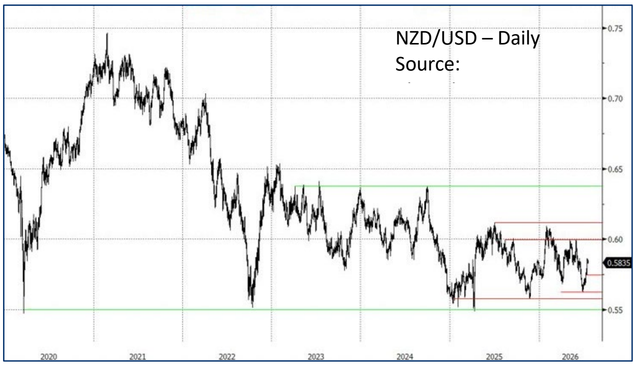
Technicals

NZD/USD

Outlook:	Trading range
ST Resistance:	0.60 (ahead of 0.6120)
ST Support:	0.5750 (ahead of 0.5625)

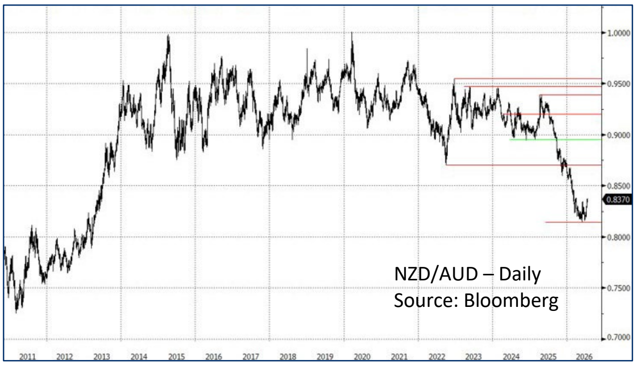
Following the recent rebound, we lift short term support to 0.5750, while the next resistance level is around 0.60.



NZD/AUD

Outlook:	Trading range
ST Resistance:	0.87 (ahead of 0.8950)
ST Support:	0.8140

Following the sharp recovery, downside risk has faded, although we leave short-term support at 0.8140. Resistance is still far away at 0.87.



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NZ 5-year Swap Rate

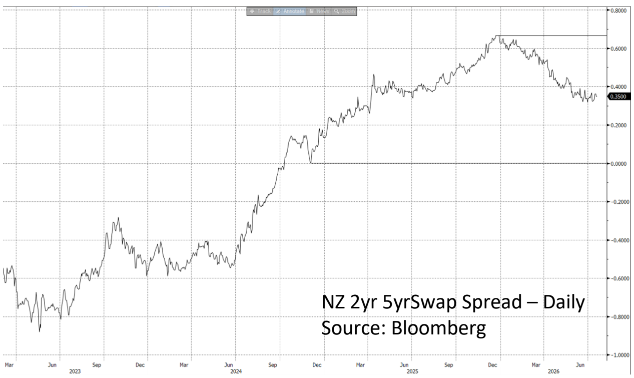
Outlook:	Higher
MT Resistance:	4.095
MT Support:	3.82

5-year swap continued its move higher last week and has settled in the middle of the range. We retain a higher outlook on momentum.

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

Outlook:	Neutral
MT Resistance:	0.67
MT Support:	0

2s5s curve has oscillated around a level we thought was resistance but appears to be nothing. We widen our range and shift outlook to neutral.



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Quarterly Forecasts

Forecasts as at 20 July 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified — Forecasts: Jun-26 to Sept-27

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-0.7	0.9	0.5	0.8	-0.2	0.3	0.6	0.6	0.7	0.7
Retail trade (real s.a.)	0.7	2.0	0.9	0.9	0.4	0.6	0.5	0.6	0.7	0.8
Current account (ann, % GDP)	-3.7	-3.5	-3.6	-3.6	-3.6	-4.2	-4.7	-4.6	-4.5	-4.1
CPI (q/q)	0.5	1.0	0.6	0.9	1.5	0.7	0.3	0.6	0.6	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	3.2	3.3	3.6	3.1	2.8	2.6	2.8	2.8	2.9
CPI (y/y)	2.7	3.0	3.1	3.1	4.1	3.8	3.5	3.1	2.2	2.0
GDP (production s.a., y/y)	-0.9	1.1	1.5	1.5	1.9	1.4	1.5	1.2	2.1	2.6

Interest Rates

Historical data - qtr average			Government Stock			Swaps			US Rates		Spread
Forecast data - end quarter		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	**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
	Jun	2.25	2.68	3.96	4.47	3.40	3.75	4.15	3.70	4.45	0.00
Forecasts											
	Sep	2.75	3.25	4.25	4.70	3.80	4.00	4.30	3.65	4.50	0.20
	Dec	3.25	3.65	4.35	4.75	4.00	4.15	4.40	3.40	4.50	0.25
2027	**Mar**	3.75	4.05	4.35	4.80	4.00	4.20	4.50	3.15	4.50	0.30
	Jun	4.00	4.15	4.30	4.85	4.00	4.20	4.60	3.15	4.50	0.35
	Sep	4.00	4.15	4.25	4.90	3.95	4.20	4.70	3.15	4.50	0.40
	Dec	4.00	4.15	4.15	4.90	3.85	4.15	4.75	3.15	4.50	0.40
2028	**Mar**	4.00	4.15	4.10	4.90	3.75	4.10	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	0.58	0.70	1.14	1.34	163
Forecasts					
Sept-26	0.57	0.69	1.14	1.32	163
Dec-26	0.59	0.70	1.15	1.32	161
Mar-27	0.60	0.70	1.16	1.33	158
Jun-27	0.61	0.69	1.15	1.32	155
Sept-27	0.61	0.68	1.15	1.31	153
Dec-27	0.61	0.67	1.15	1.32	151
Mar-28	0.61	0.67	1.15	1.32	151

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.58	0.84	0.51	0.43	94.8	66.9
Forecasts						
Sept-26	0.57	0.83	0.50	0.43	92.6	65.4
Dec-26	0.59	0.84	0.51	0.45	94.7	67.1
Mar-27	0.60	0.86	0.52	0.45	94.5	67.9
Jun-27	0.61	0.88	0.53	0.46	94.6	69.0
Sept-27	0.61	0.90	0.53	0.46	93.0	69.2
Dec-27	0.61	0.90	0.53	0.46	91.4	68.9
Mar-28	0.61	0.90	0.53	0.46	91.4	68.9
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 20 July 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	1.4	1.3	2.4	1.1	-0.2	1.4	1.1	2.1
Government Consumption	1.1	-1.3	3.8	1.2	1.0	0.1	-0.9	2.5	2.9	0.4
Total Investment	-1.1	-4.9	-0.2	4.2	3.7	-0.3	-4.8	-1.3	3.2	4.1
Stocks - ppts cont'n to growth	-1.4	0.4	0.3	0.2	-0.1	-1.2	0.4	-0.1	0.5	-0.1
GNE	-0.9	-1.0	1.8	2.3	2.4	-0.7	-1.1	0.9	2.6	2.2
Exports	8.6	3.4	3.3	6.5	3.4	11.5	4.7	2.8	6.9	3.5
Imports	-1.4	1.5	5.4	7.9	2.6	-0.7	1.6	3.3	8.9	3.1
Real Expenditure GDP	1.5	-0.7	1.3	1.9	2.5	2.1	-0.3	0.7	2.2	2.2
GDP (production)	**1.8**	**-0.9**	**0.8**	**1.5**	**2.6**	**2.2**	**-0.3**	**0.3**	**1.6**	**2.2**
GDP - annual % change (q/q)	*1.5*	*-0.8*	*1.5*	*1.2*	*3.0*	*1.5*	*-1.6*	*1.5*	*1.5*	*2.8*
Output Gap (ann avg, % dev)	1.3	-0.4	-0.8	-0.8	-0.2	1.4	0.0	-0.9	-0.7	-0.4
Nominal Expenditure GDP - $bn	417	432	451	473	496	413	427	445	468	490
Prices and Employment -annual % change										
CPI	4.0	2.5	3.1	3.1	1.9	4.7	2.2	3.1	3.5	1.9
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	1.2	0.3	0.6	-0.8	0.1	1.2	0.6	0.3
Unit Labour Costs (ann av %)	6.6	4.4	2.5	2.8	2.6	7.1	4.7	2.9	2.4	2.9
House Prices (stratified, mth)	2.7	-0.7	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	-16.3	-21.9	-17.7	-25.8	-20.0	-16.0	-21.8	-18.5
Current Account - % of GDP	-5.7	-4.2	-3.6	-4.6	-3.6	-6.3	-4.7	-3.6	-4.7	-3.8
Government Accounts - June Yr, % of GDP										
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-3.1	-3.2	-2.6	-2.4	-0.8					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.7	41.9	42.4	45.6	46.1					
Bond Programme - $bn (Treasury forecasts)	39.3	42.6	35.0	34.0	32.0					
Bond Programme - % of GDP	9.4	9.9	7.8	7.2	6.5					
Financial Variables (1)										
NZD/USD	0.61	0.57	0.58	0.60	0.61	0.62	0.57	0.58	0.59	0.61
USD/JPY	150	149	159	158	150	144	154	156	161	151
EUR/USD	1.09	1.08	1.16	1.16	1.14	1.09	1.05	1.17	1.15	1.15
NZD/AUD	0.93	0.91	0.83	0.86	0.90	0.93	0.91	0.87	0.84	0.90
NZD/GBP	0.48	0.44	0.44	0.45	0.47	0.49	0.45	0.43	0.45	0.46
NZD/EUR	0.56	0.53	0.51	0.52	0.54	0.57	0.55	0.49	0.51	0.53
NZD/YEN	91.1	85.4	92.8	94.5	91.5	89.5	88.4	90.3	94.7	91.4
TWI	71.2	67.9	66.8	67.9	69.4	72.0	68.5	66.8	67.1	68.9
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.75	4.00	5.50	4.25	2.25	3.25	4.00
90-day Bank Bill Rate	5.64	3.60	2.50	4.05	4.15	5.63	4.26	2.49	3.65	4.15
5-year Govt Bond	4.60	4.00	4.10	4.35	4.10	4.50	3.90	3.90	4.35	4.15
10-year Govt Bond	4.60	4.50	4.65	4.80	4.90	4.65	4.45	4.50	4.75	4.90
2-year Swap	4.91	3.35	3.32	4.00	3.75	4.93	3.53	2.98	4.00	3.85
5-year Swap	4.40	3.65	3.87	4.20	4.10	4.43	3.63	3.61	4.15	4.15
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	0.30	0.40	0.65	0.05	0.35	0.25	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 20 July			
UK	Rightmove House Prices YoY Jul			-0.50%
GE	PPI YoY Jun	1.80%		2.20%
	Tuesday 21 July			
NZ	CPI YoY 2Q	4.00%	4.10%	3.10%
NZ	CPI Tradeable QoQ 2Q	2.50%	2.50%	0.70%
NZ	CPI Non Tradeable QoQ 2Q	0.60%	0.60%	1.10%
UK	Private Earnings ex Bonus 3M/YoY May	2.90%		2.90%
UK	ILO Unemployment Rate 3Mths May	4.90%		4.90%
UK	Payrolled Employees Monthly Change Jun	-6k		2k
GE	ZEW Survey Expectations Jul	16		10.5
	Wednesday 22 July			
US	ADP Weekly Employment Change July - 4			19.750k
JN	Trade Balance Jun	-¥119.9b		-¥378.6b
AU	Westpac Leading Index MoM Jun			-0.04%
UK	CPI YoY Jun	2.70%		2.80%
UK	CPI Services YoY Jun	3.50%		3.70%
	Thursday 23 July			
AU	Employment Change Jun	15.0k	15.0k	40.3k
AU	Unemployment Rate Jun	4.40%	4.40%	4.40%
UK	CBI Trends Total Orders Jul	-40		-45
UK	CBI Trends Selling Prices Jul			22
	Friday 24 July			
EC	ECB Deposit Facility Rate July - 23	2.25%	2.25%	2.25%
EC	ECB Main Refinancing Rate July - 23	2.40%		2.40%
EC	ECB Marginal Lending Facility July - 23	2.65%		2.65%

		Median	Fcast	Last
US	Initial Jobless Claims July - 18	211k		208k
US	Initial Claims 4-Wk Moving Avg July - 18			214.25k
US	Continuing Claims July - 11	1808k		1805k
US	Chicago Fed Nat Activity Index Jun			-0.1
EC	Consumer Confidence Jul P	-17		-17.7
AU	S&P Global Australia PMI Mfg Jul P			51.5
AU	S&P Global Australia PMI Services Jul P			50.5
UK	GfK Consumer Confidence Jul	-21		-23
JN	Natl CPI YoY Jun	1.70%		1.50%
GE	GfK Consumer Confidence Aug	-28.5		-29.2
UK	Retail Sales Inc Auto Fuel MoM Jun	-0.10%		1.20%
GE	S&P Global Germany Services PMI Jul P	49		48.6
EC	S&P Global Eurozone Manufacturing PMI Jul P	51.5		51.4
EC	S&P Global Eurozone Services PMI Jul P	49.9		49.4
EC	ECB 1 Year CPI Expectations Jun	3.30%		3.50%
EC	ECB 3 Year CPI Expectations Jun	2.80%		2.90%
UK	S&P Global UK Manufacturing PMI Jul P	52		52.5
UK	S&P Global UK Services PMI Jul P	49.4		48.8
UK	DMP 3M Output Price Expectations Jul	4.00%		4.10%
UK	DMP 1 Year CPI Expectations Jul	3.20%		3.30%
	Saturday 25 July			
US	S&P Global US Manufacturing PMI Jul P	54.4		53.9
US	S&P Global US Services PMI Jul P	51.5		51.2
US	New Home Sales Jun	605k		580k
US	Kansas City Fed Services Activity Jul			5
EC	ECB's Lane speaks			

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS				
Call	2.50	2.50	2.25	3.25
1mth	2.70	2.70	2.51	3.35
2mth	2.79	2.77	2.61	3.28
3mth	2.87	2.85	2.71	3.24
6mth	3.06	3.04	2.93	3.22
GOVERNMENT STOCK				
05/28	3.58	3.56	3.39	3.46
05/31	4.12	4.08	3.91	4.06
04/33	4.37	4.33	4.15	4.35
05/36	4.65	4.61	4.45	4.68
05/41	5.04	5.00	4.81	5.06
05/54	5.27	5.26	5.07	5.28
GLOBAL CREDIT INDICES (ITRXX)				
Nth America 5Y	52	52	50	51
Europe 5Y	53	53	51	54

	Today	Week Ago	Month Ago	Year Ago
SWAP RATES				
2 years	3.62	3.61	3.38	3.14
3 years	3.76	3.73	3.51	3.27
4 years	3.88	3.83	3.62	3.41
5 years	3.97	3.93	3.71	3.56
10 years	4.35	4.27	4.09	4.12
FOREIGN EXCHANGE				
NZD/USD	0.5835	0.5750	0.5714	0.5968
NZD/AUD	0.8368	0.8312	0.8161	0.9145
NZD/JPY	94.81	93.39	92.30	87.95
NZD/EUR	0.5106	0.5052	0.5000	0.5103
NZD/GBP	0.4340	0.4308	0.4312	0.4423
NZD/CAD	0.8182	0.8138	0.8089	0.8165
TWI	67.0	66.4	65.7	68.9

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