# Research
# Markets Outlook

7 September 2026

## Sizing Up Q2 GDP

- **Q2 GDP still looks subdued**
- **Building, trade data offer support**
- **Upside risk to our current -0.2% q/q pick**
- **We wait for tomorrow's data to have their say**
- **Revisions may alter GDP track**

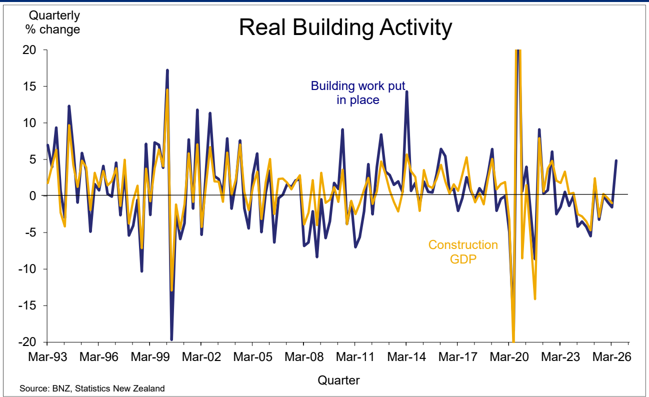
We have long thought Q2 GDP growth would be near flat before underlying expansion resumed in Q3. That remains the case as the quarter's partial indicators have rolled in, noise and all.

A couple of weeks ago, retail sales were weaker than expected although understandable as the full force of the oil shock sapped consumers' disposable income.

Last week's building and international trade data offset the retail surprise and even added a bit of upside risk to our Q2 expectations.

Building activity bounced big after a very odd-looking drop in Q1. The volume of building work put in place rose a hefty 4.8% in the second quarter. Building activity is coming off a low base, but the quarter's outcome was enough to turn its annual growth positive for the first time in three years. It is a strong signal that construction activity will make a sizable positive contribution to Q2 growth.

Building up

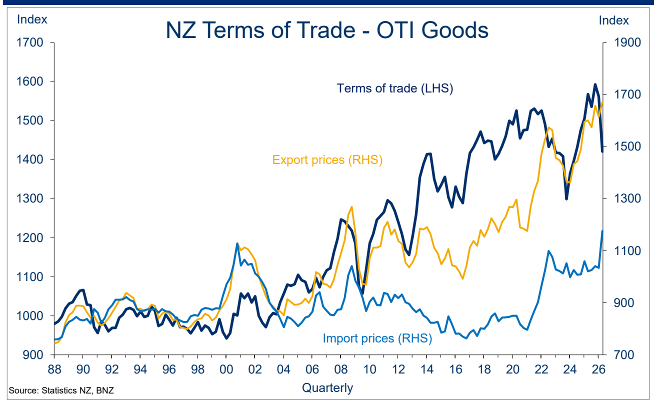



International trade volumes continue to look net positive for growth. Export volumes rose firmly in the quarter, driven by a very chunky 6.4% q/q gain in goods, while import volumes eased.

The clear negative aspect of the trade data was the 9.0% plunge in the merchandise terms of trade, as the fuel-driven surge in import prices came through. Being a price move, that doesn't directly count towards real GDP, but it represents a material loss of purchasing power and a substantial headwind to domestic demand. It is one reason we think private consumption growth will be weak in the quarter. We have pencilled in 0.1% q/q.

The trade data also reminded us of the strong inflationary pulse coming from offshore with import prices up 13.8% q/q and export prices up 3.5% q/q.

Ouch!



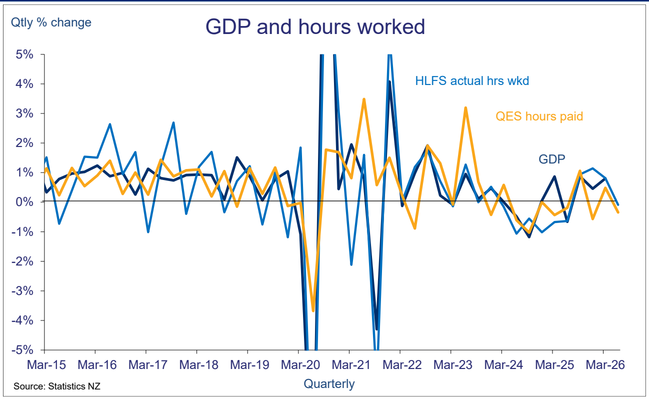

The sum of partial indicators to date tilts the balance of risk around our current -0.2% q/q Q2 GDP forecast to the upside. As it is, our expenditure-based measure remains modestly positive, but we will wait for the last of the major partial indicators tomorrow before finalising our forecast. Q2 GDP is due for release next Thursday, 17 September.

We will be looking for tomorrow's data to imply modest growth contributions from manufacturing and wholesale trade, amid a broadly flat services sector.

Top-down indicators support our view that growth was subdued in Q2. In the labour market, employment rose a decent 0.5% q/q, but HLFS hours worked fell 0.1% q/q and QES hours paid dropped 0.3%. QSBO activity indicators were positive, while the PMI/PSI activity indicators were mixed during the quarter (before improving into Q3).

It is notable that, barring material revisions, even a dip as we currently forecast for GDP in the quarter would see annual growth at a reasonable looking 1.9%. That would be its strongest pace in three years.

### Subdued




There is often a tendency to dismiss GDP data because it is published well after the period in question. However, it still sets the starting position and, this time around, will give a guide to the initial impact of the oil shock and how much it dented the previous momentum.

Moreover, it may well be more relevant to policy at the current juncture as the central bank suddenly became more sensitive to growth outcomes in its recent Monetary Policy Statement (MPS). A message that was reiterated by subsequent commentary from various policy decision makers.

A pause in GDP growth in the second quarter may well see a pause in the monetary tightening cycle at one of the last two meetings for this calendar year, as signalled by the RBNZ last week.

Last week in the wake of the RBNZ we changed our cash rate forecast by removing one of the previously expected hikes later this year. Given the Bank’s signalling, we opted for a pause in October and a hike in December. It could easily be the other way around, depending on data outcomes and broader information flows in coming weeks.

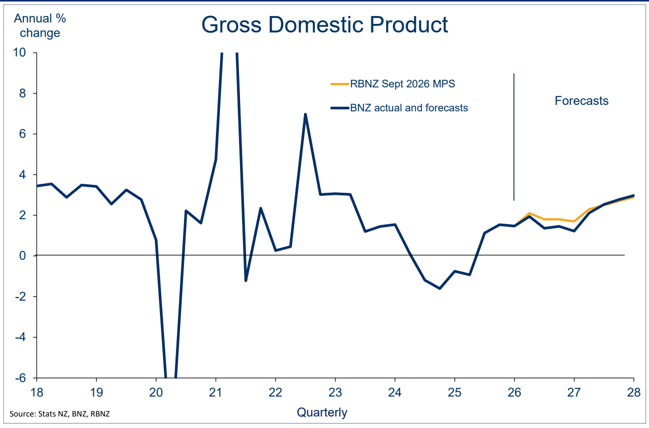
For corporates, the main message is that we see one more hike this year taking the cash rate to 3% by years’ end and see the OCR continuing to push higher next year.

The RBNZ expected Q2 GDP growth to be flat in its September MPS. Markets will no doubt line up next week’s outcome against that view.

However, we suggest the policy implications of the GDP result may not be immediately obvious given a host of expected revisions as part of the usual process at this time of year.

Annual GDP growth will incorporate the latest quarter’s outcome as well as the influence of the expected revisions. We suggest this will provide better insight into recent developments than by just looking at the quarterly outcome alone. The RBNZ forecast annual growth at 2.1%.

### Annual growth nearing 2%




We already know there were significant revisions in last week’s building work put in place and trade data.

The previously published, and strange-looking, large drop in Q1 building work is now much smaller in the recently released figures.

It is not just the previous GDP quarter that could be revised. Some of the trade data revisions date all the way back to March 2014 as Stats NZ has introduced a new method to estimate tourist expenditure. The agency says this will improve measurement of seasonal patterns. The changes will also alter the level and growth rates of tourist expenditure over this period.

There are a bunch of other revisions relating to the trade data, the most meaningful of which looks to be a reduction in estimates of low value imported goods.

It is not clear how all these changes will precisely influence historical and recent estimates of GDP or, more importantly for policy, measures of the output gap. But the revisions are a reason to be a little wary of drawing immediate conclusions from just looking at the quarterly GDP number next Thursday.

The trade revisions are also likely to narrow the external deficit over the past few quarters (after widening it in some earlier periods). That is worth thinking about for the Q2 Balance of Payments release due next Wednesday.

We expect the annual current account deficit to be around 3.6% of GDP in the year ended June 2026. That would mean no shift from the initially published deficit for the year to March 2026. However, downward revisions to last quarter’s deficit could deliver a modest widening in the deficit.

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# Global Watch

- **ECB expected to hike 25 basis points**
- **Final data before the Fed's September decision**
- **US CPI and PPI in the limelight**

RBA Deputy Governor Hauser and Assistant Governor Hunter are both scheduled to speak on Tuesday. However, with markets already fully pricing a hike by November, communication is expected to remain hawkish but largely in line with prior public comments. On the data front, ANZ-Indeed Job Ads are released on Monday, followed by Westpac Consumer Confidence and the July NAB Business Survey on Tuesday.

Japan's Q2 GDP final estimate released on Tuesday will follow the preliminary 1.1% qoq annualised read, while July wage data (also Tuesday) will provide further indication on labour market tightness. In China, the likely strength of Tuesday's trade data will reinforce the divide between its domestic and external sectors before August CPI, PPI arrive on Wednesday followed by credit data.

In the US, Friday's August CPI data is the last major release before the September 15-16 FOMC decision. Recent comments from Fed's Waller and Williams this week have indicated this decision is more dependent on the CPI result than Warsh's hawkish Jackson Hole address implied. PPI (Thursday) and UMich consumer sentiment (Friday) arrive, alongside the NFIB small business survey (Tuesday). US and Canadian markets are closed Monday for Labour Day.

In Europe, Thursday's ECB policy decision is the main event where a 25bp hike to 2.5% is expected. NAB expect the ECB to keep the door open to further tightening but not pre-commit. The third reading of Q2 GDP on Monday is expected to confirm a stronger 0.4% q/q outturn. In the UK, monthly GDP data for July is due Friday, with the consensus looking for a deterioration to -0.1% mom after 0.3% in June, with weakness in services and broader industrial production.

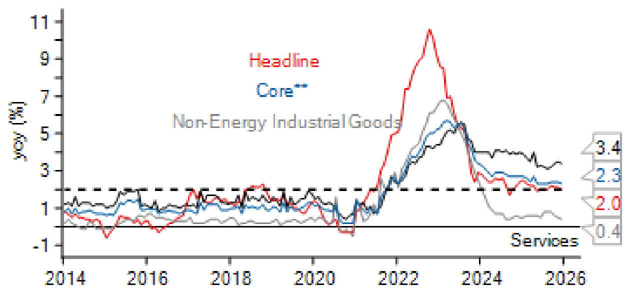
## Key Event Previews

### Thursday

#### EU ECB Rate Decision

The ECB policy meeting (Thursday) is expected to result in a 25bp hike taking the Deposit Rate to 2.5%. Such an outturn is fully priced by markets and expected by all economists in a Bloomberg survey. At 2.5%, policy is at the upper end of neutral. NAB expect the ECB to keep the door open to a further hike in December but maintain its communication policy of not pre-committing and following a data-dependent, meeting-by-meeting approach. At 84% priced for December (assuming a September hike), market pricing already looks quite rich, and we expect the ECB to continue to say it is not yet seeing second-round effects of the Middle East conflict. However, the longer the Middle East conflict continues, the higher the risk of a further hike.

**Euro Area Inflation***




Source: National Australia Bank, Eurostat, Macrobond
Notes: * HICP, dashed line represents the ECB's 2% inflation target; ** Excluding energy, food, alco and tobacco.

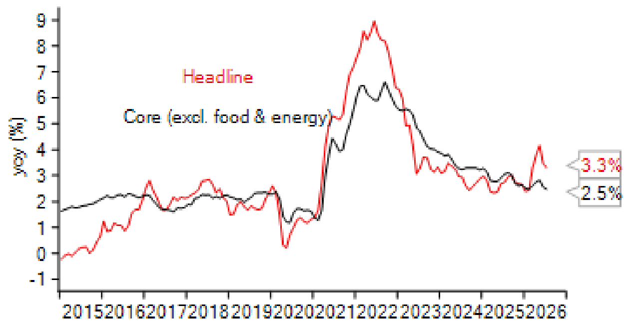
### Friday

#### US CPI

August's CPI print is a high-stakes release as the last major piece of economic data ahead of the Fed's September decision. After two benign prints over their summer, market pricing has been whipsawed by Kevin Warsh's Jackson Hole comments signalling policy is not currently restrictive and recent prints have not given confidence the underlying inflation trend is improving. For many those comments implied that a monthly core-reading below 0.2% would be needed to keep policy steady.

This bumped September hike odds to around 70% earlier in the week. Subsequent comments from Governors Waller and Williams have challenged this, suggesting a 0.2% core reading could be consistent with holding at the current level but 0.3% or above would bring the September decision back into active play. This has prompted some retracement in market expectations to around 50% for September, but uncertainty abounds. The Fed targets PCE inflation, for which the PPI release (also Friday) is informative, so the PPI and CPI releases will need to be considered together.

**US CPI inflation**




Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), Macrobond

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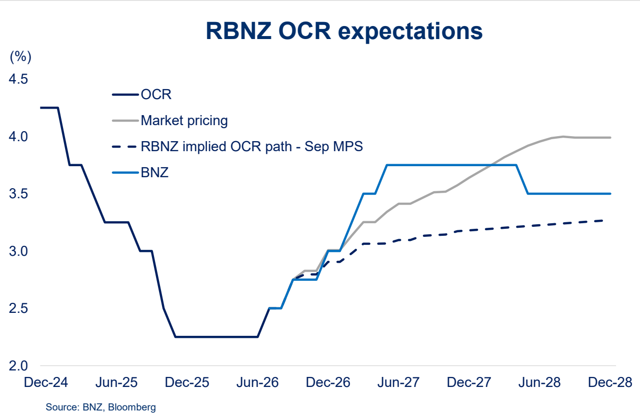
# Fixed Interest Market

**Reuters: BNZL, BNZM Bloomberg:BNZ**

NZ rates markets were little changed last week, with an initial move higher reversing after the RBNZ delivered a 25bp hike alongside guidance for a further "gradual removal of monetary stimulus". The Bank retained a clear data-dependent tightening bias, judging that gradually removing stimulus remains the best way to return inflation sustainably to the 2% target while reducing the risk of a larger OCR increase later. The updated modelled OCR track was little changed from May, implying one 25bp hike across the remaining two meetings this year, likely in December, with the endpoint broadly unchanged at 3.28%.

Overnight index swap pricing implies around 7bp of tightening by October and close to 25bp cumulatively by December, broadly consistent with the RBNZ's modelled track. Pricing for the October RBNZ meeting was stable after Assistant Governor Silk said in a Bloomberg interview that a December hike was more likely than October, noting the Bank's modelled OCR track. Although market pricing implies a higher probability for a December hike, October is a live meeting and dependent on the RBNZ's assessment of the incoming data.

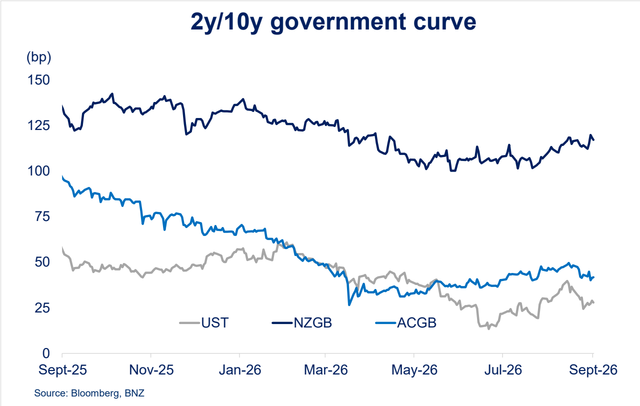
**Further "gradual" tightening ahead**




The RBNZ's updated projections provide the baseline for assessing incoming data ahead of the 28 October Review. Q2 GDP, due next week, will provide an important check on the Bank's activity assumptions, while the monthly PMI and PSI releases will offer timelier indications of economic momentum. The main inputs ahead of the Review will be the Quarterly Survey of Business Opinion on 6 October and Q3 CPI on 22 October. Importantly, the RBNZ's growth and inflation forecasts sit above our current estimates.

We have trimmed the peak in our OCR path to 3.75%, reached in May next year, lowering our short-end rates forecasts. We now see the 2-year swap rate peaking at 3.95% by year-end, broadly in line with forward pricing. While our OCR profile remains above the RBNZ's projected track, the balance of risks around our short-end forecasts is skewed lower, given uncertainty around the recovery and the Bank's assessment that the economy still has significant spare capacity. From a strategy perspective, we continue to see attractive risk-reward in fading 1y1y rates near current levels above 4.0%.

**2y/10y NZGB curve steepening on long end pressure**




The global bond selloff — with average US, German and Japanese 10-year sovereign yields only 5bp below multi-decade highs — has kept upward pressure on the long end of the NZ curve. The 2y/10y NZGB curve reached +120bp last week, its steepest level in several months, and looks too steep relative to front-end yields and comparable offshore curves. Higher long-end yields have pushed 10-year NZGBs back towards the 4.80%–4.90% area, a zone that has consistently capped selloffs over the past year. This suggests long-end valuations are approaching more attractive levels, although persistent global term-premium pressure warrants some caution.

There is limited domestic data likely to move rates in the week ahead. The US August CPI report will be key to whether the Fed hikes in September. With payrolls growth improving and unemployment still low, further inflation progress is needed to keep the Fed on hold. Around 30bp of tightening is priced by December and 60bp by the end of next year. A softer CPI print would likely ease global long-end pressure and support the view that the recent 10-year NZGB selloff has gone far enough.

**Current rates and 1-month range**

| | Current | Last 4-weeks range* |
|---|---|---|
| NZ 90d bank bills (%) | 3.06 | 2.55 - 3.08 |
| NZ 2yr swap (%) | 3.73 | 3.59 - 3.79 |
| NZ 5yr swap (%) | 4.10 | 3.94 - 4.15 |
| NZ 10yr swap (%) | 4.49 | 0.00 - 4.55 |
| 2s10s swap curve (bps) | 77 | 72 - 81 |
| NZ 10yr swap-govt (bps) | -29 | -31 - -28 |
| NZ 10yr govt (%) | 4.79 | 4.68 - 4.77 |
| US 10yr govt (%) | 4.78 | 4.60 - 4.82 |
| NZ-US 10yr (bps) | 0 | -4 - 10 |
| NZ-AU 2yr swap (bps) | -105 | -111 - -87 |
| NZ-AU 10yr govt (bps) | -39 | -45 - -25 |

*Indicative range over last 4 weeks

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# Foreign Exchange Market

**Reuters pg BNZWFWDS Bloomberg pg BNZ**

Last week, the NZD underperformed in the wake of the RBNZ's dovish hike, with NZD/USD falling ½% to 0.5880. NZD crosses were weaker across the board, including a near 3% fall against the yen to below 92, as the market grew more confident that the BoJ would raise rates. The NZD also fell about 1% against the AUD and CAD, with more moderate declines against the EUR and GBP.

There was plenty of news flow last week to drive markets. The Middle East returned to the headlines, with the first US strikes against Iran in about a month after Iran attempted to launch mines into the Strait of Hormuz, followed by tit-for-tat strikes. Currency markets were unaffected, but higher oil prices imparted an upward bias to global rates.

Influential Fed Governor Waller drove USD weakness after saying his next decision on interest rates would be "heavily influenced" by August inflation data due this week. His comments had a greater impact on the FX market than Friday night's strong US employment report, where the impact on the USD was only fleeting.

Yen strength followed after Takata, the most hawkish BoJ member, raised the possibility of back-to-back rate hikes. Treasury Secretary Bessent said he believed the Japanese government and BoJ would "do the things" needed to support a stronger yen. A suspected "rate check" also flushed out some speculative short-yen positions. NZD/JPY traded a wide 91.2–94.9 range over the week.

The most influential move for the NZD came after the RBNZ delivered the fully expected 25bps hike in the OCR to 2.75% but gave a more dovish outlook than anticipated. The Bank gave the impression of an imminent pause to assess the impact of the two rate hikes, while also showing little intent to take policy into restrictive territory over the cycle. This reflected its belief that nudging policy slowly towards neutral would be enough to bring inflation back down to target. The NZD fell to a low of 0.5802 before finding support.

Regular readers will be familiar with our view that the RBNZ's easy policy stance has been a key driver of NZD weakness over the past 18 months and remains a significant headwind to any NZD recovery. The Bank shows little intent to get on with the job quickly of at least raising rates to neutral, against a backdrop of what we believe are sticky inflation conditions, with core CPI inflation still high at 2.7% and even Governor Breman admitting that she expected core inflation to rise.

Admittedly, our expectations for the NZD are low, with our year-end target of 0.59 little different from the current rate. But we believe the RBNZ could gain some inflation relief through a stronger NZD if it adopted a less conservative approach to addressing New Zealand's high inflation backdrop.

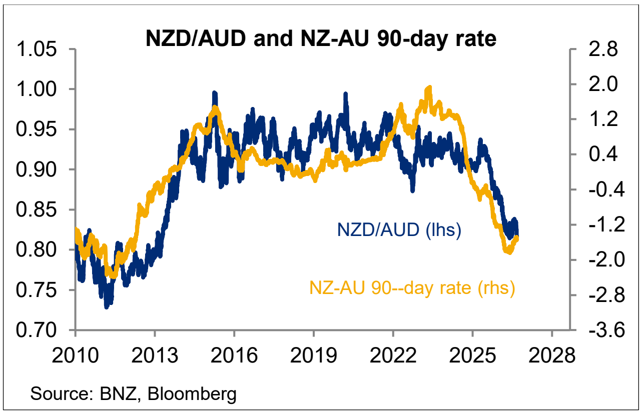
We haven't rushed to change our currency projections after BNZ Economics revised its OCR track lower by removing one rate hike from the cycle. But, absent any other changes to our assumptions, a gentler rate hike path would clearly skew our projections to the downside.

We previously believed the May low for NZD/AUD of 0.8138 was unlikely to be revisited, but we came close last week and a downward break to 0.80 is now entirely possible, with some chance that the RBA delivers another two rate hikes before the RBNZ's next expected hike in December.

On the economic calendar, the key releases will be US CPI and PPI data later this week, with surprises in either direction a key input into whether the Fed hikes rates next week. A core CPI print of 0.2% m/m, in line with consensus expectations, wouldn't necessarily help resolve the decision. Domestically, NZ business financial data will help firm up Q2 GDP estimates.

The ECB meets this week, and a 25bps hike, the second of the cycle, is the strong consensus view and fully priced. Traders will be looking for any clues that justify the almost two further hikes currently priced.

RBNZ policy stance weighing on the NZD



Source: BNZ, Bloomberg

Cross Rates and Recent Ranges

| | Current | Last wk % chg | Last 3-wks range* | | |
|---|---|---|---|---|---|
| NZD/USD | 0.5880 | -0.5% | 0.5800 | - | 0.5990 |
| NZD/AUD | 0.8168 | -1.1% | 0.8140 | - | 0.8370 |
| NZD/CAD | 0.8133 | -1.0% | 0.8070 | - | 0.8280 |
| NZD/GBP | 0.4350 | -0.4% | 0.4300 | - | 0.4390 |
| NZD/EUR | 0.5063 | -0.8% | 0.5020 | - | 0.5130 |
| NZD/JPY | 91.71 | -2.9% | 91.20 | - | 95.20 |

*Indicative range over last 3 weeks, rounded

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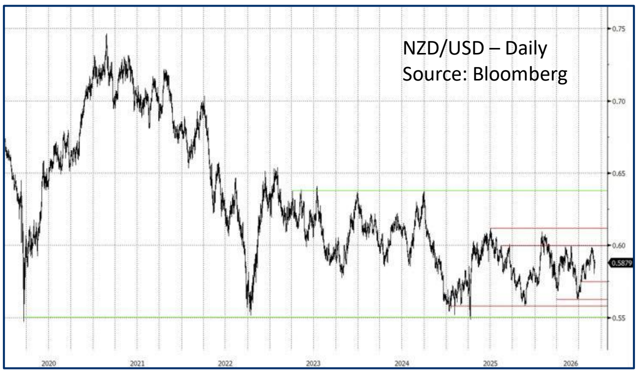
# Technicals

**NZD/USD**

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

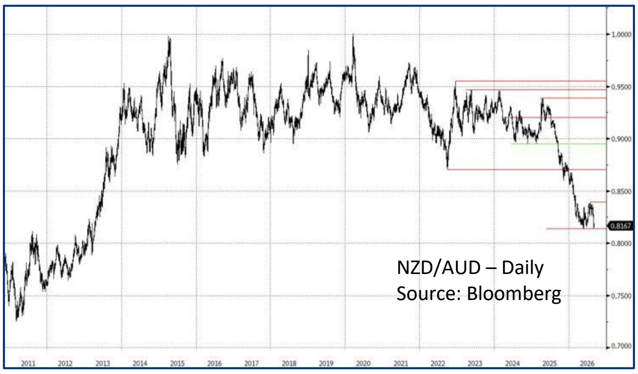
No change, with short-term resistance of 0.60, ahead of last year's high of 0.6120 and initial support at 0.5750.




**NZD/AUD**

Outlook: Downside risk
ST Resistance: 0.84 (ahead of 0.87)
ST Support: 0.8140

Post RBNZ MPS plunge last week showed the importance of the 0.8140 support level (just peeking below that, as it did back in May). A downside break would open the floodgate, with no obvious support below that level.

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**NZ 5-year Swap Rate**

Outlook: Neutral
MT Resistance: 4.48
MT Support: 3.65

5-year swap moved slightly higher last week with global rates but remains below the previous high.


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

Outlook: Neutral
MT Resistance: 0.67
MT Support: 0

2s5s curve bounced lower off the recent high of 39bp to remain withing the short term channel we have noted.


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# Quarterly Forecasts

Forecasts as at 7 September 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.) | -0.7 | 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 | 0.8 | 1.0 | -0.5 | 0.9 | 0.5 | 0.6 | 0.7 | 0.8 |
| Current account (ann, % GDP) | -3.7 | -3.5 | -3.6 | -3.6 | -3.6 | -4.4 | -5.2 | -5.3 | -5.1 | -4.7 |
| CPI (q/q) | 0.5 | 1.0 | 0.6 | 0.9 | 1.5 | 0.7 | 0.7 | 0.4 | 0.3 | 0.6 |
| Employment | -0.2 | 0.0 | 0.5 | 0.2 | 0.5 | 0.4 | 0.5 | 0.5 | 0.6 | 0.7 |
| Unemployment rate % | 5.2 | 5.3 | 5.4 | 5.4 | 5.6 | 5.6 | 5.5 | 5.5 | 5.4 | 5.3 |
| Pr. avg hourly earnings (ann %) | 4.6 | 4.1 | 3.5 | 3.5 | 3.0 | 3.1 | 3.2 | 3.8 | 3.2 | 3.2 |
| Trading partner GDP (ann %) | 3.4 | 3.2 | 3.3 | 3.6 | 3.2 | 2.9 | 2.8 | 2.8 | 2.8 | 2.9 |
| CPI (y/y) | 2.7 | 3.0 | 3.1 | 3.1 | 4.1 | 3.7 | 3.8 | 3.3 | 2.1 | 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 | 2.5 |

## Interest Rates

*Historical data - qtr average*
*Forecast data - end quarter*

| | | Government Stock | | | | Swaps | | | US Rates | | Spread |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cash | 90 Day Bank Bills | 5 Year | 10 Year | 2 Year | 5 Year | 10 Year | SOFR 3 month | US 10 yr | NZ-US Ten year |
| 2025 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 | 3.10 | 4.15 | 4.70 | 3.80 | 4.00 | 4.40 | 3.65 | 4.65 | 0.05 |
| Dec | 3.00 | 3.50 | 4.25 | 4.70 | 3.95 | 4.10 | 4.40 | 3.65 | 4.65 | 0.05 |
| 2027 Mar | 3.50 | 3.90 | 4.30 | 4.75 | 3.95 | 4.15 | 4.45 | 3.65 | 4.65 | 0.10 |
| Jun | 3.75 | 4.00 | 4.25 | 4.80 | 3.90 | 4.15 | 4.55 | 3.65 | 4.65 | 0.15 |
| Sep | 3.75 | 4.00 | 4.20 | 4.85 | 3.85 | 4.10 | 4.60 | 3.65 | 4.65 | 0.20 |
| Dec | 3.75 | 4.00 | 4.20 | 4.85 | 3.80 | 4.10 | 4.60 | 3.65 | 4.65 | 0.20 |
| 2028 Mar | 3.75 | 3.85 | 4.15 | 4.85 | 3.75 | 4.05 | 4.60 | 3.65 | 4.65 | 0.20 |

## 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 | 1.16 | 1.35 | 156 | 0.59 | 0.82 | 0.51 | 0.43 | 91.8 | 66.2 |
| **Forecasts** | | | | | | | | | | | |
| Sept-26 | 0.57 | 0.69 | 1.14 | 1.32 | 163 | 0.57 | 0.83 | 0.50 | 0.43 | 93.0 | 65.7 |
| Dec-26 | 0.59 | 0.70 | 1.15 | 1.32 | 161 | 0.59 | 0.84 | 0.51 | 0.45 | 94.7 | 67.1 |
| Mar-27 | 0.60 | 0.70 | 1.16 | 1.33 | 158 | 0.60 | 0.86 | 0.52 | 0.45 | 94.5 | 67.9 |
| Jun-27 | 0.61 | 0.69 | 1.15 | 1.32 | 155 | 0.61 | 0.88 | 0.53 | 0.46 | 94.6 | 69.0 |
| Sept-27 | 0.61 | 0.68 | 1.15 | 1.31 | 153 | 0.61 | 0.90 | 0.53 | 0.46 | 93.0 | 69.2 |
| Dec-27 | 0.61 | 0.67 | 1.15 | 1.32 | 151 | 0.61 | 0.90 | 0.53 | 0.46 | 91.4 | 68.9 |
| Mar-28 | 0.61 | 0.67 | 1.15 | 1.32 | 151 | 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 7 September 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 | 0.9 | 2.4 | 1.1 | -0.2 | 1.4 | 0.8 | 2.0 |
| 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 | 4.1 | 3.7 | -0.3 | -4.8 | -1.3 | 3.1 | 4.1 |
| Stocks - ppts cont'n to growth | -1.4 | 0.4 | 0.3 | 0.1 | 0.1 | -1.2 | 0.4 | -0.1 | 0.4 | 0.0 |
| GNE | -0.9 | -1.0 | 1.8 | 1.9 | 2.5 | -0.7 | -1.1 | 0.9 | 2.3 | 2.2 |
| Exports | 8.6 | 3.4 | 3.3 | 5.4 | 3.4 | 11.5 | 4.7 | 2.8 | 6.1 | 3.1 |
| Imports | -1.4 | 1.5 | 5.4 | 4.5 | 2.6 | -0.7 | 1.6 | 3.3 | 6.3 | 2.3 |
| Real Expenditure GDP | 1.5 | -0.7 | 1.3 | 2.4 | 2.7 | 2.1 | -0.3 | 0.7 | 2.5 | 2.4 |
| **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 | 472 | 495 | 413 | 427 | 445 | 468 | 489 |
| | | | | | | | | | | |
| **Prices and Employment** -annual % change | | | | | | | | | | |
| CPI | 4.0 | 2.5 | 3.1 | 3.3 | 2.0 | 4.7 | 2.2 | 3.1 | 3.8 | 1.8 |
| Employment | 1.0 | -0.9 | 0.5 | 1.9 | 2.8 | 2.6 | -1.3 | 0.2 | 1.6 | 2.6 |
| Unemployment Rate % | 4.4 | 5.2 | 5.4 | 5.5 | 5.0 | 4.0 | 5.1 | 5.4 | 5.5 | 5.1 |
| Wages - ave. hr. ord. time earnings (private sector) | 4.8 | 3.8 | 3.5 | 3.8 | 3.2 | 6.6 | 4.0 | 3.5 | 3.2 | 3.2 |
| Productivity (ann av %) | -0.6 | 0.1 | 1.2 | 0.1 | 0.1 | -0.8 | 0.1 | 1.2 | 0.4 | 0.0 |
| Unit Labour Costs (ann av %) | 6.6 | 4.4 | 2.5 | 3.0 | 3.1 | 7.1 | 4.7 | 2.9 | 2.6 | 3.3 |
| House Prices (stratified, mth) | 2.7 | -0.7 | 0.2 | -0.7 | 4.3 | 0.7 | -0.8 | -0.3 | 0.0 | 3.0 |
| | | | | | | | | | | |
| **External Balance** | | | | | | | | | | |
| Current Account - $bn | -23.8 | -18.3 | -16.3 | -25.1 | -20.3 | -25.8 | -20.0 | -16.0 | -24.2 | -21.2 |
| Current Account - % of GDP | -5.7 | -4.2 | -3.6 | -5.3 | -4.1 | -6.3 | -4.7 | -3.6 | -5.2 | -4.3 |
| | | | | | | | | | | |
| **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 | 3.50 | 3.75 | 5.50 | 4.25 | 2.25 | 3.00 | 3.75 |
| 90-day Bank Bill Rate | 5.64 | 3.60 | 2.50 | 3.90 | 3.85 | 5.63 | 4.26 | 2.49 | 3.50 | 4.00 |
| 5-year Govt Bond | 4.60 | 4.00 | 4.10 | 4.30 | 4.15 | 4.50 | 3.90 | 3.90 | 4.25 | 4.20 |
| 10-year Govt Bond | 4.60 | 4.50 | 4.65 | 4.75 | 4.85 | 4.65 | 4.45 | 4.50 | 4.70 | 4.85 |
| 2-year Swap | 4.91 | 3.35 | 3.32 | 3.95 | 3.75 | 4.93 | 3.53 | 2.98 | 3.95 | 3.80 |
| 5-year Swap | 4.40 | 3.65 | 3.87 | 4.15 | 4.05 | 4.43 | 3.63 | 3.61 | 4.10 | 4.10 |
| US 10-year Bonds | 4.20 | 4.25 | 4.25 | 4.65 | 4.65 | 4.00 | 4.40 | 4.15 | 4.65 | 4.65 |
| NZ-US 10-year Spread | 0.40 | 0.25 | 0.40 | 0.10 | 0.20 | 0.65 | 0.05 | 0.35 | 0.05 | 0.20 |

[(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 07 September** | | | |
| UK | S&P Global, KPMG & REC UK Report on Jobs | | | |
| GE | Industrial Production SA MoM Jul | 0.20% | | 0.20% |
| EC | Sentix Investor Confidence Sep | 1.7 | | 0.9 |
| EC | Govt Expend QoQ 2Q | 0.30% | | 0.50% |
| EC | Gross Fix Cap QoQ 2Q | 0.00% | | -0.30% |
| EC | Household Cons QoQ 2Q | 0.30% | | 0.20% |
| EC | GDP SA QoQ 2Q T | 0.40% | | 0.40% |
| EC | Employment QoQ 2Q F | | | 0.10% |
| CH | Foreign Reserves Aug | $3427.00b | | $3418.78b |
| | **Tuesday 08 September** | | | |
| NZ | MBIE Energy QoQ 2Q | | | |
| NZ | Mfg Activity SA QoQ 2Q | | | 2.80% |
| NZ | Mfg Activity Volume QoQ 2Q | | | 3.60% |
| JN | Labor Cash Earnings YoY Jul | 3.80% | | 3.40% |
| JN | GDP SA QoQ 2Q F | 0.40% | | 0.30% |
| JN | BoP Current Account Balance Jul | ¥2849.5b | | -¥92.3b |
| AU | Westpac Consumer Conf SA MoM Sep | | | 6.00% |
| AU | NAB Business Confidence Aug | | | -6 |
| AU | RBA's Hunter speaks | | | |
| GE | Trade Balance SA Jul | 15.8b | | 15.4b |
| GE | Exports SA MoM Jul | 0.30% | | 0.90% |
| GE | Imports SA MoM Jul | -1.00% | | 4.40% |
| AU | RBA's Hauser speaks | | | |
| CH | Trade Balance Aug | $119.55b | | $112.50b |
| CH | Exports YoY Aug | 26.00% | | 23.90% |
| CH | Imports YoY Aug | 31.90% | | 27.50% |
| | **Wednesday 09 September** | | | |
| US | NY Fed 1-Yr Inflation Expectations Aug | 3.60% | | 3.63% |
| US | Consumer Credit Jul | $11.920b | | $14.173b |
| NZ | RBNZ Assistant Governor Karen Silk Speaks | | | |
| CH | PPI YoY Aug | 3.60% | | 3.50% |
| CH | CPI YoY Aug | 0.80% | | 0.50% |

| | | Median | Fcast | Last |
|---|---|---|---|---|
| | **Thursday 10 September** | | | |
| US | ADP Weekly Employment Change Aug-22 | | | 11.750k |
| EC | ECB's Nagel speaks | | | |
| AU | Consumer Inflation Expectation Sep | | | 4.90% |
| GE | CPI YoY Aug F | 2.90% | | 2.90% |
| JN | BOJ Board Member Masu Speaks in Fukui | | | |
| | **Friday 11 September** | | | |
| EC | ECB Deposit Facility Rate Sept-10 | 2.50% | | 2.25% |
| EC | ECB Main Refinancing Rate Sept-10 | 2.65% | | 2.40% |
| EC | ECB Marginal Lending Facility Sept-10 | 2.90% | | 2.65% |
| US | Initial Jobless Claims Sept-5 | 205k | | 206k |
| US | PPI Final Demand MoM Aug | 0.40% | | 0.00% |
| EC | ECB President Christine Lagarde speaks | | | |
| US | Existing Home Sales MoM Aug | -1.60% | | -1.70% |
| US | Wholesale Inventories MoM Jul F | 1.30% | | 1.30% |
| NZ | BusinessNZ Manufacturing PMI Aug | | | 54.3 |
| JN | PPI MoM Aug | 0.00% | | 0.10% |
| UK | Monthly GDP (MoM) Jul | 0.00% | | 0.30% |
| UK | Industrial Production MoM Jul | -0.20% | | -0.20% |
| UK | Manufacturing Production MoM Jul | 0.20% | | -0.50% |
| UK | Construction Output MoM Jul | 0.10% | | -0.10% |
| UK | Index of Services MoM Jul | 0.00% | | 0.40% |
| UK | Trade Balance GBP/Mn Jul | -£4995m | | -£5537m |
| CH | FDI YTD YoY CNY Aug | | | -6.20% |
| GE | Current Account Balance Jul | | | 19.0b |
| | **Saturday 12 September** | | | |
| US | Real Avg Weekly Earnings YoY Aug | | | 0.10% |
| US | CPI YoY Aug | 3.40% | | 3.40% |
| US | Core CPI YoY Aug | 2.40% | | 2.50% |
| US | U. of Mich. Sentiment Sep P | 51 | | 51.7 |
| US | U. of Mich. Expectations Sep P | 51 | | 51.5 |
| US | U. of Mich. 5-10 Yr Inflation Sep P | 3.30% | | 3.30% |
| EC | ECB's Lagarde speaks | | | |

# Historical Data

| | Today | Week Ago | Month Ago | Year Ago |
|---|---|---|---|---|
| **CASH AND BANK BILLS** | | | | |
| Call | 2.75 | 2.50 | 2.50 | 3.00 |
| 1mth | 2.95 | 2.92 | 2.75 | 3.10 |
| 2mth | 3.00 | 2.99 | 2.85 | 3.02 |
| 3mth | 3.05 | 3.06 | 2.95 | 3.00 |
| 6mth | 3.25 | 3.27 | 3.15 | 2.93 |
| **GOVERNMENT STOCK** | | | | |
| 05/28 | 3.62 | 3.61 | 3.57 | 3.17 |
| 05/31 | 4.22 | 4.18 | 4.13 | 3.78 |
| 04/33 | 4.48 | 4.44 | 4.37 | 4.11 |
| 05/36 | 4.79 | 4.74 | 4.67 | 4.46 |
| 05/41 | 5.19 | 5.13 | 5.06 | 4.91 |
| 05/54 | 5.45 | 5.38 | 5.29 | 5.22 |
| **GLOBAL CREDIT INDICES (ITRXX)** | | | | |
| Nth America 5Y | 50 | 50 | 52 | 50 |
| Europe 5Y | 51 | 51 | 52 | 53 |

| | Today | Week Ago | Month Ago | Year Ago |
|---|---|---|---|---|
| **SWAP RATES** | | | | |
| 2 years | 3.73 | 3.72 | 3.65 | 2.88 |
| 3 years | 3.88 | 3.86 | 3.79 | 3.01 |
| 4 years | 4.00 | 3.97 | 3.90 | 3.16 |
| 5 years | 4.10 | 4.07 | 4.00 | 3.30 |
| 10 years | 4.49 | 4.44 | 4.39 | 3.86 |
| **FOREIGN EXCHANGE** | | | | |
| NZD/USD | 0.5880 | 0.5917 | 0.5882 | 0.5940 |
| NZD/AUD | 0.8161 | 0.8256 | 0.8338 | 0.9011 |
| NZD/JPY | 91.88 | 94.51 | 93.69 | 87.60 |
| NZD/EUR | 0.5064 | 0.5092 | 0.5095 | 0.5050 |
| NZD/GBP | 0.4351 | 0.4367 | 0.4355 | 0.4385 |
| NZD/CAD | 0.8135 | 0.8197 | 0.8200 | 0.8198 |
| TWI | 66.2 | 66.8 | 66.9 | 68.3 |

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