Research

Markets Outlook

14 September 2026

Soaring oil prices again!

- **Inflationary pressures build further**
- **RBNZ will be getting nervous**
- **October QSBO of high importance**
- **Q2 GDP a positive growth surprise?**
- **Latest price data to confirm above target inflation**

We were surprised that the RBNZ was, in its September Monetary Policy Statement (MPS), so aggressive in downplaying the possibility of the cash rate being hiked at both of this year's remaining monetary policy meetings on October 28 and December 9. But it was adamant that, barring data surprises this would be the case. Moreover, its interest rate track clearly indicated the December meeting would be the most likely to deliver the singular increase.

We noted at the time that the key data due for release between now and the October meeting were unlikely to be sufficiently different to the Bank's expectations for it to meet the hurdle required for an adjustment to its stance. We therefore decided there was no point in taking a different short-term view to the Bank when its near-term thoughts were so clearly laid out. We thus adjusted our rate call.

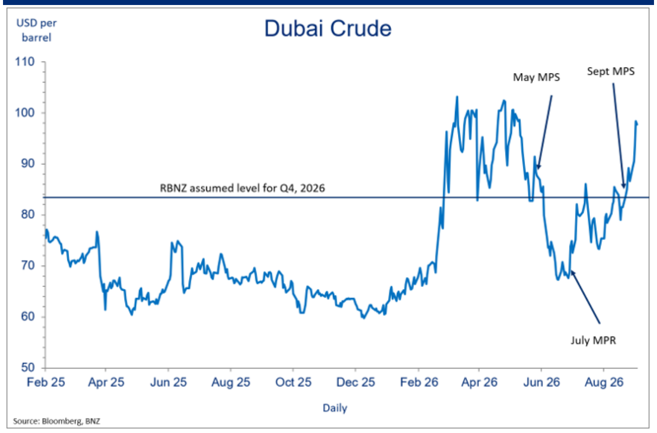
But things can change very quickly in this zany world that we now live in. The last few days have been a case in point with oil prices soaring, bond yields rising aggressively, central banks looking increasingly likely to push rates higher, the New Zealand dollar falling and, as a wee counterpoint to the unfortunate developments, New Zealand growth aggregates showing remarkable resilience.

All the above were risks to our forecasts. None of the above were directly incorporated into our predictions. And, importantly, the very same can probably be said for the RBNZ.

This leaves us with the dilemma of trying to decide how permanent the recent set of shocks will be. The longer they last the greater the chance the RBNZ will feel obligated to hike rates in October and the greater the risk that both October and December will come back into play. Financial markets have moved in line with this possibility. A few days back markets were pricing in little chance of a rate hike in October and almost no chance of two before the end of the year. Now, there's a near two-thirds chance of a hike priced for the first meeting and around an even chance of two rate hikes. We think this is entirely apt.

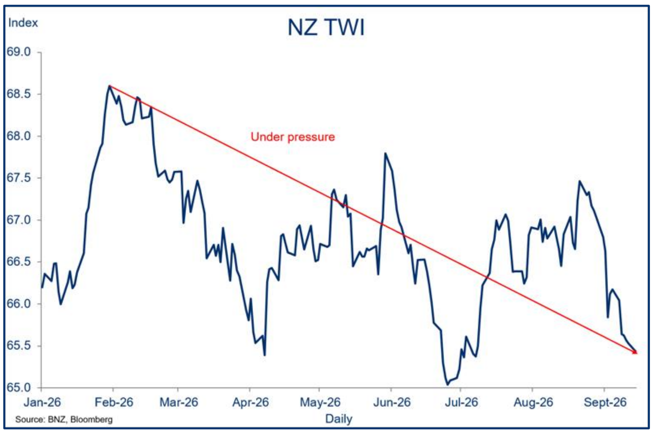
When the Reserve Bank put together its September MPS it assumed the Dubai Crude Oil price would average USD83.70 across the September quarter falling to USD78.40 in a year's time. As we write that crude price is almost 17% higher than assumed for next quarter.

Oil prices soar



In addition, the NZD TWI is currently sitting at 65.4 compared to a 66.9 estimate. This not only puts further upward pressure on domestic fuel prices but also on imported inflation generally.

Currency Falls

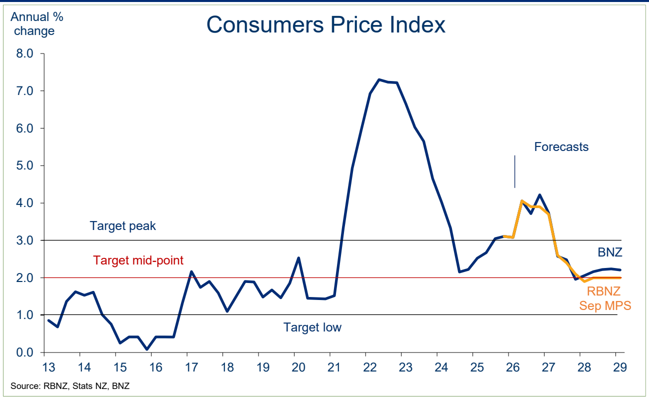


We've done some quick estimates of what this might mean for our Consumers Price Index forecasts if oil prices stay where they are for a few weeks and then fall in line with the current futures strip. Not surprisingly, the results are discouraging.

Of course, in terms of Q3 inflation the impact is minimal as the pump price of fuel will only be elevated for the last three weeks of the quarter and the starting point for fuel prices was actually a bit lower than anticipated in the first place. So, when StatsNZ releases the Q3 CPI just six days before the RBNZ announces its October decision, annual inflation is unlikely to be markedly different to its pick of 3.9%. Indeed, we think the number could be a little lower than the Bank's current projection.

The full impact of the elevated prices will, however, be a big shock to the Q4 reading which, by our reckoning will now end up at 4.2% annual, some 0.3% above the Bank's estimate.

Inflation heads higher again



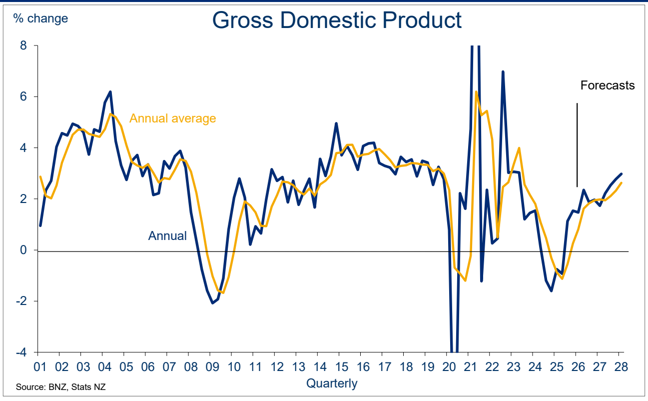
Central banks can, and do, look through short term relative price shocks but the longer this goes on the harder it will be to look through the shock.

Importantly, the RBNZ has said that a key to its future decisions will be what happens to inflation expectations and business pricing intentions. With oil prices doing what they are, it is reasonable to assume both expectations and intentions will rise. With this in mind, we think that the information contained in the October 6 NZIER QSBO will quite likely be the most important driver of the Bank's decision making at the next meeting. More so, even, than the CPI itself.

As if all this is not challenge enough for the decision-makers it now looks like there is upside risk to the RBNZ's expectation that the economy flatlined in the June Quarter. We, and just about everybody else, have lifted our Q2 GDP projection (due for release Thursday) to 0.2% for the quarter. If it proves accurate, not only will it be an upside surprise to the RBNZ, but it may go some way to assuaging the Bank's recent focus on the downside risks. Or will it? One of the side-effects of higher oil prices is a lower growth outlook as household spending power is further subdued. It could yet be ironic that the Reserve Bank, which did not want to raise rates because of growth concerns, may end up lowering its growth forecasts and raising its interest rate track. This is a salient reminder that inflation is a major cause of lower growth.

While all eyes on Thursday will be on the quarterly GDP outturn, we strongly advise folk to look at the annual outturn, which we pick to be 2.4% as a better gauge of what's happening given the prospect of data revisions to past quarters. Indeed, this time around there is the potential for these revisions to date back many years.

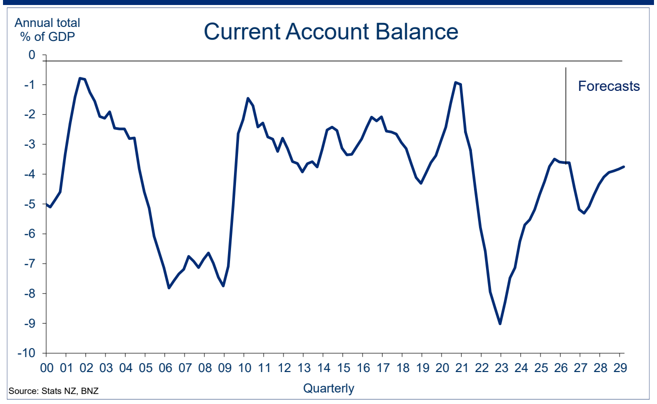
Growth momentum intact



There is a mass of indicators due for release in the upcoming week loosely split into historical Q2 summaries, Q3 partials and the coincident. Understanding the past is important but, ultimately, the more recent data will have a greater bearing on the current evolution of the economy.

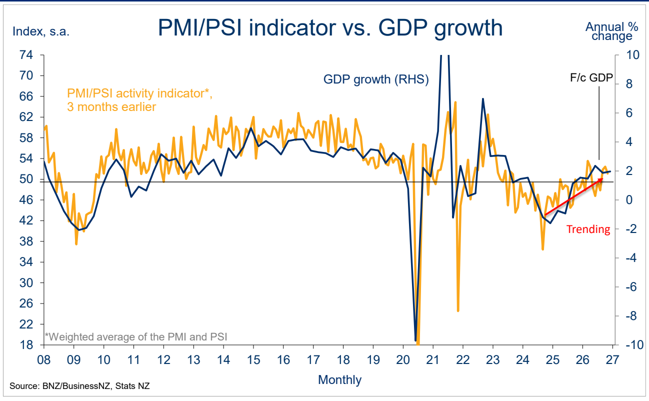
The Balance of Payments data for Q2, released Wednesday, joins GDP in the ancient history category. We are expecting the deficit to remain stuck around its eight-year lows of 3.6% of GDP. Unfortunately, the remainder of the year is likely to be battered by the Middle East induced terms of trade correction which could see the deficit climb to 5.0% of GDP over the next twelve months.

So far so good



This morning's coincident data came by way of the BNZ-BusinessNZ PSI. The good news is that the headline reading is forging further above the key 50 breakeven point and, when combined with the PMI, is consistent with GDP growth headed for around 2.0% y/y - a far cry from two years of going nowhere in 2024 and 2025. That said there remains a sense of fragility around a services sector that will struggle to gain momentum while household real disposable incomes remain pressured by elevated oil prices.

Growth indicators positive



Also on the coincident front will be Wednesday's GDT auction. Prices have been trending higher over the last four auctions so we will be looking to see if this can be sustained.

The majority of the week's current quarter indicators are released on Friday. Of most interest to us will be the selected price indexes for August. We will be looking for confirmation that our Q3 CPI inflation pick of 0.7% is still on track.

We don't endeavour to forecast all the components but the key things we will be looking out for are:

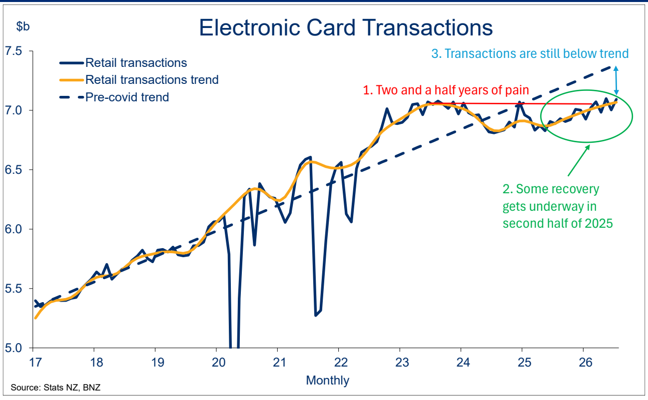
- Food prices: we are forecasting prices to be up 0.2% for the month, 1.8% for the year but note that prices have been surprising us to the downside lately.
- Rents: we expect rents to be unchanged though recent flow measures suggest downside risk to this forecast.
- Air transport: there were massive increases in the price of domestic air transport (20.7%) and international air transport (10.9%) in the month of July. We've assumed a typical large August correction but there is huge scope for error here.
- Fuel prices: we expect a modest uptick in petrol prices and an 8.5% increase in diesel prices.
- Electricity and gas: we are looking for minimal contribution to monthly inflation from this source.

Other data to look out for on Friday are:

- August Merchandise Trade, which should reveal that soaring imported fuel prices are pushing the annual merchandise trade deficit higher.
- Vehicle registrations for August.
- And we will be looking to see if last month's SEEK job ads were anomalously weak. We think that is likely to be the case.

Tuesday sees August Electronic Card Transactions data. This series has been trending higher over the last five months, albeit from a miserable base. We'll be looking for that trend to continue mindful that September and October will again be tossed around by the impact of rising fuel prices.

Sales trending higher



Rounding out the week were this morning's migration and travel numbers for July. There were no surprises in the data which continue to show net migration is grinding higher and visitor arrivals continue to be supportive of New Zealand GDP growth.

stephen_toplis@bnz.co.nz

Global Watch

- **A big week for international data flows**
- **Fed and BoJ expected to raise rates**
- **Meanwhile, BoE to remain on hold**

This week brings three central bank decisions from the Fed (Wednesday), the BoE (Thursday) and the BoJ (Friday).

The market is currently pricing around an 85% chance of the Fed hiking on Wednesday after August CPI data arrived broadly in line with expectations. Retail sales (Wednesday), housing starts (Thursday) and industrial production (Friday) are the key activity reads this week alongside Empire manufacturing (Tuesday) and Philly Fed Business Outlook (Thursday) surveys. In Canada, CPI (Monday) and BoC minutes (Wednesday) will be watched.

The BoJ is widely expected to raise rates on Friday following August's coordinated yen intervention with the US and a recent collection of hawkish comments from central bankers and political advisors. Industrial production, trade (both Monday) machinery orders (Wednesday) and inflation data (Friday) are the other key releases for Japan this week. In China, monthly activity data (retail sales, industrial production, fixed asset investment and jobless rate) arrives Tuesday.

It is another quiet week for Australian data although we will hear more from the RBA. Assistant Governor Hunter participates in a fireside chat at the Regions Rising National Summit on Monday, ahead of the RBA's appearance before the House of Representatives on Friday. Recent RBA communication has been hawkish, focusing on the upside risks to inflation. This is expected to continue.

In Europe, Q2 labour costs and the ECB's latest wage tracker are due Wednesday and final August inflation data on Thursday. In the UK, July average earnings on Tuesday may show key private sector wages stabilising around 2.8% 3M y/y. August CPI should see headline inflation rise from 2.9% y/y to 3.2% or 3.3%, amid higher fuel prices and a rebound in airfares. In the UK, the BoE is expected to hold rates at 3.75% on Thursday and retail sales data for August are released Friday.

Key Event Previews

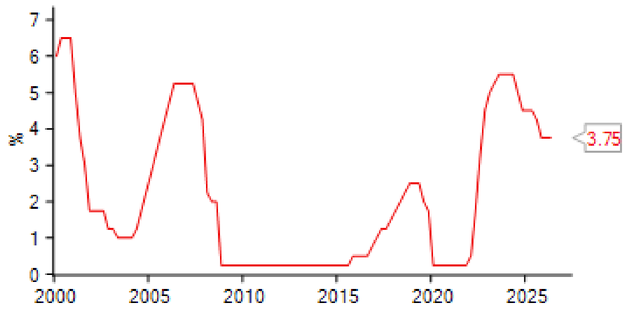
Wednesday

US FOMC Decision

With the labour market looking solid and any tolerance for upside inflation surprise exhausted, the Fed is seemingly one bad CPI print away from a hike. Whilst last week's comments from Fed Governor Waller and New York Fed President Williams dialled back the hawkish tone of Chair Warsh's Jackson Hole speech, Waller indicated that if inflation data came in 'hot' that he would consider a rate hike.

This CPI data was released over the weekend. August headline CPI 3.4% y/y as expected but core inflation was slightly higher than the 0.2% m/m expected, at 0.3% m/m. The market is now currently pricing the odds of a hike at around 85%. In the background, oil prices ticking north of US$100/bl over the last week is further complicating the decision but is biasing towards a hike. Importantly, this meeting will also include updated dot plots and projections from the Fed.

Fed Funds Target Rate*



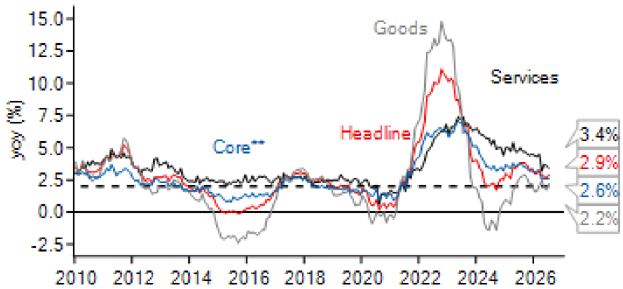
Source: National Australia Bank, Macrobond
Notes: * Top of the target range, end quarter.

Thursday

UK Bank of England Bank Rate

The BoE is expected to hold rates steady at 3.75% on Thursday, with markets attaching just a 20% probability of a move. At its last meeting, the MPC voted 6:3 to hold and NAB expect a repeat of that. The rise in energy prices over the last week raises the risk of a 5:4 outturn, but the message so far from the six preferring to keep policy unchanged is policy settings and the economic backdrop are restrictive enough when there are still no discernible signs of second-round effects. So far, headline inflation has risen, while core and services prices have been more benign. A shift to 5:4 unchanged would represent an inevitable slide towards a hike at the November or December meetings, assuming the increase in energy prices remains in force, in line with market pricing.

UK Inflation*



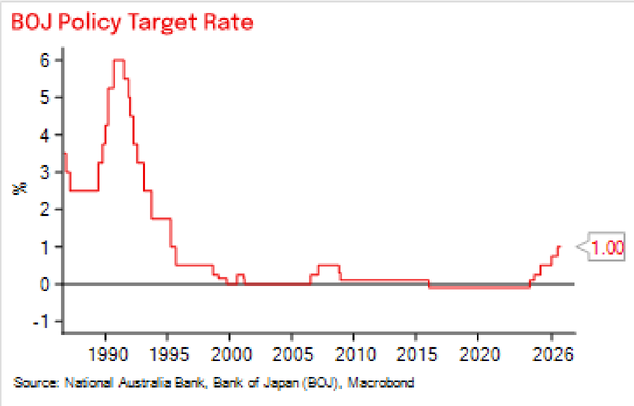
Source: National Australia Bank, U.K. Office for National Statistics (ONS), Macrobond
Notes: * CPI, dashed line represents the BOE's 2% inflation target; Excluding energy, food, alcohol tobacco.

Friday

JP BOJ Target Rate

NAB and the market both expect the BoJ to hike rates on Friday to 1.25%. These expectations have ratcheted up significantly since August for two reasons. Firstly, the BoJ must tighten policy further to not waste the (economic and political) capital used to undertake the recent joint US-Japan yen intervention. Secondly, a collection of hawkish speeches from both central bank officials and political aides indicate institutional acceptance of the need to step up policy normalisation from its present pace.

Currently, two hikes are fully priced by January 2027. Therefore, in lieu of any updated staff projections, the key read will be interpreting Governor Ueda's appetite for further increasing the rate of monetary tightening from his press conference.



india_power@bnz.co.nz

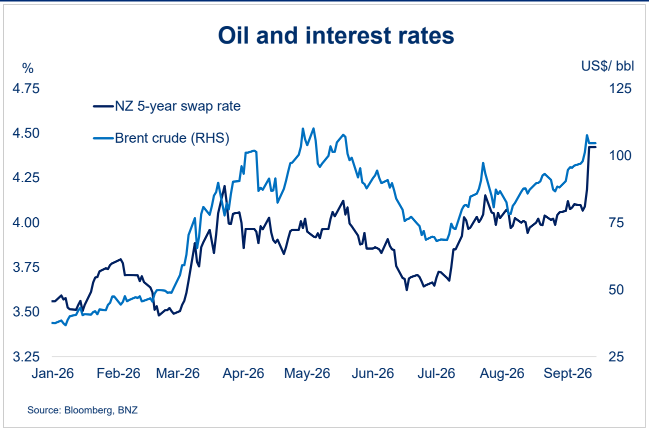
Fixed Interest Market

Reuters: BNZL, BNZM   Bloomberg:BNZ

Local rates sold off sharply into the end of last week as global factors, led by surging oil prices, drove a repricing of central bank policy expectations, including for the RBNZ. Domestic catalysts were secondary, though GDP partials contributed to an upward revision to our forecasts ahead of this week's release. The local curve moved to fresh cycle highs, led by a front-end positioning overhang that exacerbated the selloff and contributed to flattening. October meeting pricing moved back to +16bp from a post-MPS low of +7bp, while cumulative tightening across the final two meetings of the year rose to around 37bp.

The repricing of the RBNZ policy path looks overdone, although it could take several days for positioning to fully unwind given the scale of Friday's move, when the short end and belly of the swap curve rose around 25bp. It is a busy week for domestic data, led by Q2 GDP, though high-frequency activity indicators and August inflation partials will also be closely watched. October remains a live meeting, and market pricing now better reflects the risk of a follow-up move. However, the implied OCR above 4.0% by the end of next year looks stretched and should retrace as positioning becomes more balanced.

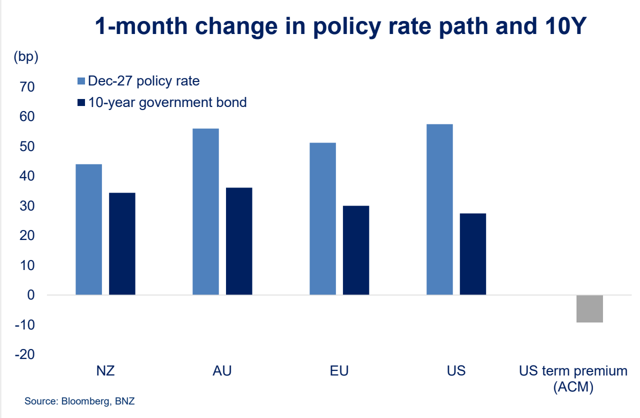
Oil is a key global macro driver for rates markets



Global rates remain the main source of pressure, with 10-year NZGB yields trading above 5% and through the 4.80–4.90% area we had expected to cap the move. The US 10-year yield has continued to grind towards 5%, while a smaller-than-expected US Treasury buyback operation dented sentiment. The ECB reinforced the global tightening backdrop, raising rates 25bp to 2.50%, warning that the inflation shock could prove persistent, lifting its 2027 and 2028 inflation forecasts, and leaving further hikes on the table. Attention now turns to this week's FOMC, where market pricing implies around a 90% chance of a hike after August core inflation surprised to the upside.

Bond markets have spent much of the year focused on fiscal sustainability, heavy sovereign issuance and the associated risk of higher term premia at the long end of curves. Those concerns remain valid, particularly given still-large deficits and elevated debt levels across several developed markets. However, the recent leg higher in long-end yields appears to have been driven more by a reassessment of expected policy rates than by a further rise in term premia, as inflation risks have re-emerged.

Long end repricing driven by monetary policy



The US provides a useful illustration. Over the past month, the 10-year Treasury yield has risen by around 27bp, while Dec-27 policy-rate pricing has sold off by closer to 58bp. At the same time, the ACM term-premium estimate has fallen around 9bp. The broader cross-market pattern is similar, with shifts in Dec-27 policy expectations exceeding the rise in 10-year government bond yields across NZ, Australia and Europe. Fiscal concerns have not disappeared, but the latest long-end selloff looks more like policy-rate repricing than term-premium expansion.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	3.09	2.55 - 3.09
NZ 2yr swap (%)	4.05	3.59 - 4.06
NZ 5yr swap (%)	4.42	3.94 - 4.43
NZ 10yr swap (%)	4.74	0.00 - 4.74
2s10s swap curve (bps)	69	69 - 80
NZ 10yr swap-govt (bps)	-30	-31 - -29
NZ 10yr govt (%)	5.03	4.68 - 4.88
US 10yr govt (%)	4.97	4.61 - 4.98
NZ-US 10yr (bps)	7	-2 - 8
NZ-AU 2yr swap (bps)	-94	-115 - -87
NZ-AU 10yr govt (bps)	-34	-45 - -29

*Indicative range over last 4 weeks

stuart.ritson@bnz.co.nz

Foreign Exchange Market

Reuters pg BNZWFWDS Bloomberg pg BNZ

For a second consecutive week, the NZD sat at the bottom of the leaderboard, weighed down by further spillover from the RBNZ's dovish overtones at its early-September MPS. NZD/USD fell 1.1% to 0.5815, after trading briefly below 0.58. For a second week, NZD/JPY fell nearly 3%, as stronger yen sentiment gained significant traction. NZD/AUD fell to a fresh 13-year low just above 0.8080 before finding some support and closing the week down 0.7% at just over 0.81. The NZD fell by around 1% against the CAD, EUR and GBP.

The NZD has borne the brunt of the RBNZ's dovish tilt since the 2 September MPS, with the TWI down 1.7% since then. NZ rates have moved significantly higher since that event, rising alongside global rates against a backdrop of surging oil prices following an escalation in Middle East tensions, as well as a more hawkish market assessment of the policy outlooks for major central banks.

The US Fed is now widely expected to hike rates later this week, marking the beginning of a series of likely hikes over the next six months or so. The reassessment of the policy outlook followed August CPI data, which showed unacceptably high inflation, measured against Chair Warsh's hawkish Jackson Hole speech. The ECB hiked for a second time this cycle and delivered enough hawkish overtones to increase the perceived probability of further tightening. Hawkish speeches by RBA Board members gave the market greater conviction that further policy tightening is likely. Even the BoJ is now seen as adopting an accelerated tightening path from here.

Against that global backdrop, the RBNZ's evident lack of urgency to return inflation to target looks out of place, and the NZD has borne the brunt of that nonchalance.

We published a note last week illustrating how the RBNZ's easy policy stance has contributed to a historically weak NZD and added to imported inflation pressure. The RBNZ's modest projected tightening path looks too optimistic to bring inflation down. A more forceful tightening cycle would support the NZD and improve the inflation outlook. By contrast, the gentler OCR path projected by the RBNZ could limit any currency recovery and skew our NZD forecasts to the downside. We will hold off making any forecast revisions until after this week's key policy meetings by the Fed, BoE and BoJ, and will reassess our projections next week.

Our current projections show the NZD ending this year at 0.59, not much higher than current spot, before rising to 0.61 over the second half of next year. Unless the RBNZ shows some intent to take policy into restrictive territory — meaning above 3.5% at a bare minimum and quickly — the NZD will continue to struggle, particularly if the Fed takes its policy rate well into the 4s.

We will need to revise our NZD cross projections, particularly against JPY, given the significant turn in market sentiment towards the yen. Any projected recovery in NZD/AUD also looks likely to be delayed, with NZ's rate differential with Australia remaining deeply negative. The greater risk is for further near-term NZD/AUD weakness.

There is plenty of event risk in the week ahead, so it is prudent to hold off making any FX revisions for now. On the Fed update, the market will be focused on assessing the likely number of future hikes.

The BoJ is widely expected to hike its policy rate by 25bps to 1.25%, with pressure from US Treasury Secretary Bessent for the BoJ to "do the right thing", after the US supported Japan's late-July yen intervention. Market pricing for further hikes has also been brought forward, and the BoJ will need to deliver a more hawkish tone than it has so far been willing to concede; otherwise, the recent strong recovery in the yen could reverse course.

The market ascribes a low probability to the BoE hiking, with the majority on the split committee seen as unconvinced by the need to hike at this juncture. Pricing is consistent with the central bank keeping its options open for a possible future hike.

Domestically, NZ Q2 GDP and monthly CPI indicators for August will be released. Partial indicators released to date suggest GDP rose modestly in Q2, taking only a small hit from the US-Iran crisis. However, significant revisions to historical data are expected, and these will be just as important for market implications.

On the global economic calendar, key releases include US retail sales, Japan CPI ahead of the BoJ, UK labour market data and CPI ahead of the BoE, China's monthly activity indicators for August, and Canada CPI. Also watch for RBA Governor Bullock, who will appear before lawmakers.

Cross Rates and Recent Ranges

	Current	Last wk %chg	Last 3-wks range*
NZD/USD	0.5814	-1.1%	0.5790 - 0.5980
NZD/AUD	0.8115	-0.7%	0.8080 - 0.8350
NZD/CAD	0.8063	-0.9%	0.8010 - 0.8280
NZD/GBP	0.4300	-1.2%	0.4290 - 0.4390
NZD/EUR	0.5012	-1.0%	0.4990 - 0.5120
NZD/JPY	89.31	-2.9%	89.20 - 95.20

*Indicative range over last 3 weeks, rounded

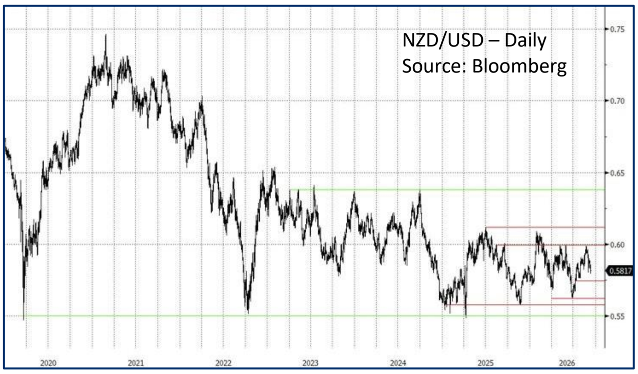
jason.k.wong@bnz.co.nz

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.

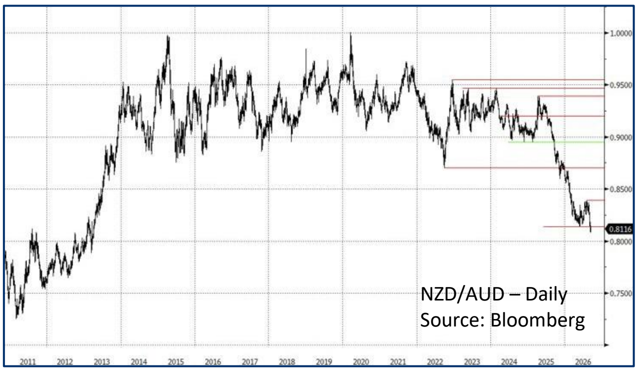


NZD/AUD

Outlook: Downside risk
ST Resistance: 0.84 (ahead of 0.87)
ST Support: 0.80

A downside break of support of 0.8140 to a 13-year low has opened up considerable downside potential, with no obvious support levels in sight. We note 0.80 as a nice round figure, but only for that reason.

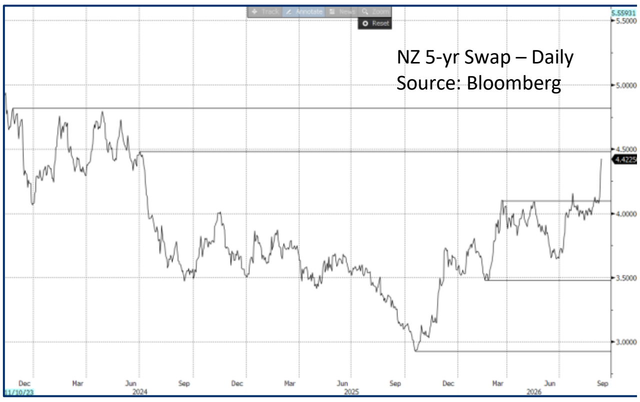
jason.k.wong@bnz.co.nz



NZ 5-year Swap Rate

Outlook: Higher
MT Resistance: 4.48
MT Support: 4.10

5-year swap moved sharply higher last week with global yields and clearly breached the 4.10 level which we will now turn into support. The momentum is clearly for higher rates, as our resistance levels continue to be breached with ease, so we shift our outlook to reflect this. The next level to watch higher is a shade under 4.5% where it last touched before yields legged lower into Q3 2024.

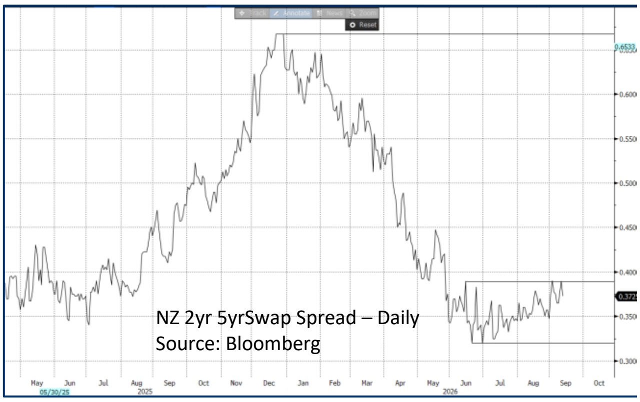


NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Neutral
MT Resistance: 0.67
MT Support: 0

2s5s curve bounced lower again after trying to breach the 39bp ceiling of the short-term channel. Our medium-term levels remain the same.

matthew.herbert@bnz.co.nz



Quarterly Forecasts

Forecasts as at 14 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	0.4	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	1.1	0.4	0.4	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	4.2	3.7	2.6	2.5
GDP (production s.a., y/y)	-0.9	1.1	1.5	1.5	2.4	1.9	2.0	1.7	2.2	2.5

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	3.10	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	0.58	0.72	1.16	1.35	153	0.58	0.81	0.50	0.43	89.1	65.4
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 14 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**	**2.0**	**2.6**	**2.2**	**-0.3**	**0.3**	**1.9**	**2.3**
GDP - annual % change (q/q)	*1.5*	*-0.8*	*1.5*	*1.7*	*3.0*	*1.5*	*-1.6*	*1.5*	*2.0*	*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	3.7	2.1	4.7	2.2	3.1	4.2	2.0
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	0.6	0.2	-0.8	0.1	1.2	0.8	0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.5	2.5	3.1	7.1	4.7	2.9	2.2	3.1
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 14 September			
NZ	Performance Services Index Aug			50.6
NZ	Net Migration SA Jul			1610
AU	RBA's Hunter Speaks			
JN	Industrial Production MoM Jul F			0.10%
	Tuesday 15 September			
CA	Manufacturing Sales MoM Jul	-0.20%		0.10%
CA	CPI YoY Aug	3.00%		3.00%
EC	ECB's Lagarde speaks			
NZ	Card Spending Total MoM Aug			1.00%
CH	Retail Sales YoY Aug	0.80%		0.60%
CH	Industrial Production YoY Aug	4.80%		4.50%
CH	Surveyed Jobless Rate Aug	5.20%		5.20%
GE	Wholesale Price Index MoM Aug			0.20%
UK	ILO Unemployment Rate 3Mths Jul	4.90%		4.90%
EC	Trade Balance SA Jul			1.8b
	Wednesday 16 September			
US	Empire Manufacturing Sep	15		20.6
NZ	Westpac Consumer Confidence 3Q			80.4
NZ	BoP Current Account Balance NZD 2Q	-2.600b		-1.008b
NZ	Current Account GDP Ratio YTD 2Q	-3.80%	-3.60%	-3.60%
JN	Trade Balance Aug	-		-
JN	Exports YoY Aug	18.20%		23.20%
JN	Imports YoY Aug	26.10%		27.80%
UK	CPI YoY Aug	3.10%		2.90%
UK	Retail Price Index Aug	421.9		419.1
UK	PPI Output NSA MoM Aug	0.60%		0.20%
UK	PPI Input NSA MoM Aug	0.40%		-1.70%
UK	House Price Index YoY Jul			2.00%
EC	Industrial Production SA MoM Jul	-0.20%		0.00%
	Thursday 17 September			
US	Retail Sales Advance MoM Aug	0.80%		-0.60%
US	Import Price Index MoM Aug	0.50%		-0.40%
CA	Building Permits MoM Jul	-4.80%		18.50%
US	Import Price Index YoY Aug	6.50%		5.90%
US	Export Price Index MoM Aug	0.40%		-1.30%
CA	Bank of Canada Summary of Deliberations			
US	FOMC Decision September - 16	3.75%		3.75%
NZ	GDP SA QoQ 2Q	0.10%	0.20%	0.80%
NZ	GDP YoY 2Q	2.20%	2.40%	1.50%
EC	ECB's Lane speaks			
EC	CPI YoY Aug F	3.30%		3.30%
UK	Bank of England Bank Rate September - 17	3.75%		3.75%
	Friday 18 September			
US	Philadelphia Fed Business Outlook Sept -1	32.1		47.4
CA	Raw Materials Price Index MoM Aug	0.80%		-2.20%
US	Initial Jobless Claims September - 9	208k		206k
US	Housing Starts MoM Aug	6.90%		-12.40%
US	Building Permits MoM Aug P	-1.50%		4.30%
NZ	Food Prices MoM Aug		0.20%	0.10%
NZ	Exports NZD Aug		6.17b	7.39b
NZ	Imports NZD Aug		8.78	9.34b
NZ	Trade Balance NZD Aug		-2608m	-1949m
UK	GfK Consumer Confidence Sep	-16		-14
AU	RBA's Bullock speaks			
JN	Natl CPI YoY Aug	2.00%		1.90%
GE	PPI MoM Aug	0.60%		1.10%
UK	Retail Sales Inc Auto Fuel MoM Aug	-0.20%		-0.50%
EC	ECB Current Account SA Jul			35.1b
EC	ECB 1 Year CPI Expectations Aug	3.00%		2.90%
EC	ECB 3 Year CPI Expectations Aug	2.80%		2.70%
EC	Construction Output MoM Jul			-1.30%
EC	ECB's Lagarde speaks			
JN	BOJ Target Rate September - 18	1.25%		1.00%
	Saturday 19 September			
US	Industrial Production MoM Aug	0.30%		0.20%
US	Manufacturing Production MoM Aug	0.30%		0.20%

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS				
Call	2.75	2.75	2.50	3.00
1mth	2.95	2.95	2.80	3.06
2mth	3.02	3.00	2.89	3.02
3mth	3.09	3.06	2.97	2.96
6mth	3.34	3.26	3.17	2.92
GOVERNMENT STOCK				
05/28	3.93	3.61	3.55	3.18
05/31	4.53	4.21	4.14	3.78
04/33	4.77	4.47	4.40	4.08
05/36	5.03	4.78	4.72	4.42
05/41	5.39	5.18	5.13	4.86
05/54	5.62	5.44	5.37	5.17
GLOBAL CREDIT INDICES (ITRXX)				
Nth America 5Y	51	50	51	47
Europe 5Y	53	51	51	50

	Today	Week Ago	Month Ago	Year Ago
SWAP RATES				
2 years	4.05	3.73	3.64	2.87
3 years	4.22	3.88	3.78	3.01
4 years	4.33	4.00	3.90	3.16
5 years	4.42	4.10	4.00	3.30
10 years	4.74	4.49	4.42	3.84
FOREIGN EXCHANGE				
NZD/USD	0.5808	0.5879	0.5902	0.5971
NZD/AUD	0.8106	0.8145	0.8307	0.8953
NZD/JPY	89.15	90.75	94.10	88.00
NZD/EUR	0.5009	0.5058	0.5096	0.5077
NZD/GBP	0.4295	0.4342	0.4358	0.4391
NZD/CAD	0.8055	0.8121	0.8188	0.8226
TWI	65.4	66.0	67.0	68.4

Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

India Power
Economist

Mike Jones
BNZ Chief Economist

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854