

Research Markets Outlook

27 October 2026

RBNZ takes centre stage

- **RBNZ to hike OCR by 25bps tomorrow**
- **Inflation outlook and risks are too high**
- **Confidence and jobs data due**
- **Polls open for the General Election**
- **Lots to monitor globally**

Tomorrow's RBNZ Monetary Policy Review (MPR) is the key domestic market event this week. Our view has not changed for some time now and certainly hasn't since we published our full preview last week.

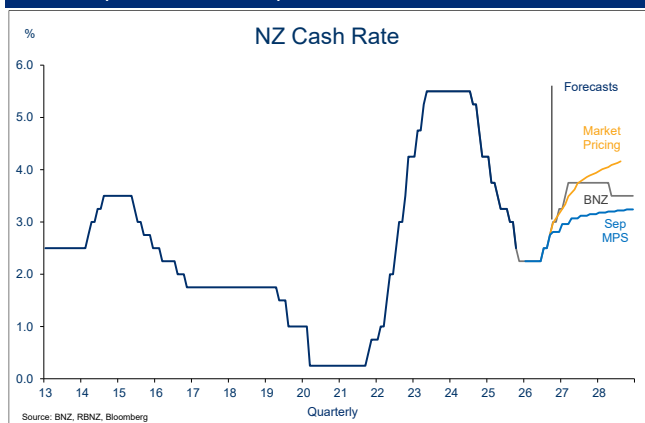
To summarise, we expect the Bank to raise its cash rate by 25bps to 3.00% tomorrow and should signal there is more to come.

Over recent weeks, market pricing has increasingly gravitated to a 25bp hike for this meeting. And many analysts have either changed their call for a hike tomorrow or added additional hikes in the near term.

To the point that a hike tomorrow is now all but fully priced by the market, and analyst expectations for such is nearly unanimous. It would be a material shock to markets if the RBNZ did not lift the OCR.

Any forward guidance will likely be in the form of discussion rather than numbers. In particular, a forecast interest rate track is not typically published at an MPR. However, it will be worth perusing presentation slides, which will be published alongside the review, as one guide to what the Bank sees as the key themes.

Markets priced for a 25bp hike tomorrow, more ahead



As we noted in our preview, a lot has changed since the RBNZ's September Monetary Policy Statement (MPS): oil prices are much higher, and the currency is materially lower than the Bank assumed. This points to inflation over the coming year or so being higher than the Bank projected.

Growth has also outperformed RBNZ's expectations, and indicators continue to hold up. While growth risks remain plentiful, evidence suggests that, for now at least, they are lower than the Bank might have feared.

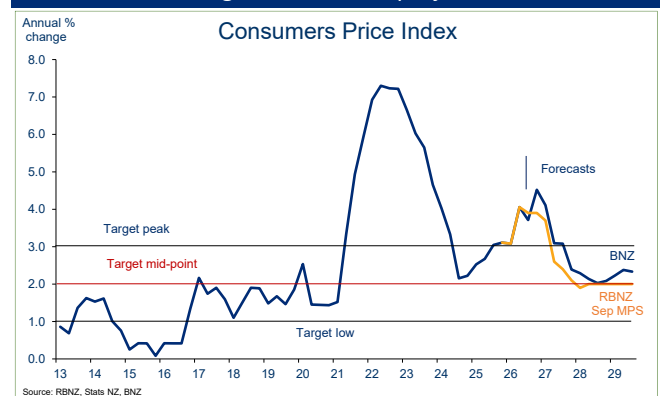
Last week's Q3 inflation data didn't change our thinking on the RBNZ decision. Headline inflation marginally undershot market and our expectations. The 0.7% q/q and 3.7% y/y outcomes were also a tick under the RBNZ's projection for the quarter and two ticks lower for the year.

However, the data revealed core inflation is elevated, it is trending higher, and price increases are broadening. Moreover, indicators point to an aggressive jump in headline inflation in Q4.

It all adds to near term inflation looking materially higher than the RBNZ projected along with increasing risk that inflation becomes persistent without action from the central bank.

Our current Q4 CPI annual inflation forecast is 4.5%. This is a couple of ticks lower than before last week's Q3 data and a couple of ticks higher than before the September month price data published the week prior.

Inflation outlook higher than RBNZ projected



Headline inflation forecasts may be a bit fluid, but it is around levels that are simply too high. Our projections for Q4 are much higher than the RBNZ's September MPS pick of 3.9%. We suspect the Bank will provide an updated Q4 inflation forecast tomorrow, to quantify the upside risks it has already mentioned.

Our forecasts show annual inflation remaining above the top of the RBNZ's target band until the final quarter of next year meaning it would have been outside the target band for nine consecutive quarters. The higher inflation is, and the longer it stays outside the band, the bigger the risk is that inflation becomes embedded.

This week we get September's Filled Jobs tomorrow morning, ANZ Business Confidence data on Thursday, and RM-ANZ Consumer Confidence Friday. All are worth monitoring.

Elevated fuel and other costs for businesses and consumers alike have put a lot of focus on inflation expectations and, in the case of firms, pricing intentions. Such things can help assess the risk of inflation persisting. While these indicators can be choppy, and are sometimes difficult to reconcile with other gauges, they have been elevated for some time. The rising breadth of increases in last week's CPI indicates more businesses are lifting prices.

Elevated



At present, there is little doubt high inflation is causing angst among many. The headwind to business profitability and household disposable incomes is a drag on growth.

Despite cost pressures, and election and other uncertainties, business optimism around their own activity has been buoyant with particular optimism from those exposed to strong export returns across the primary, manufacturing, and tourism sectors as well as those exposed to rising investment and infrastructure spend. Conversely, the service sector, and especially consumer-oriented firms, have been generally more circumspect.

Firms' investment and employment intentions have been strongly positive over recent months, shrugging off a lurch lower early in the year when the US-Iran conflict first erupted. It will be interesting to see if this continued in the face of the current spike in fuel costs.

Consumer confidence managed to hold together in September, albeit at a subdued level. We will see if that remains the case in October in the face of yet higher fuel prices, a subdued housing market, and more talk of interest rate hikes. It remains a lot for what looks to be an improving jobs picture to offset.

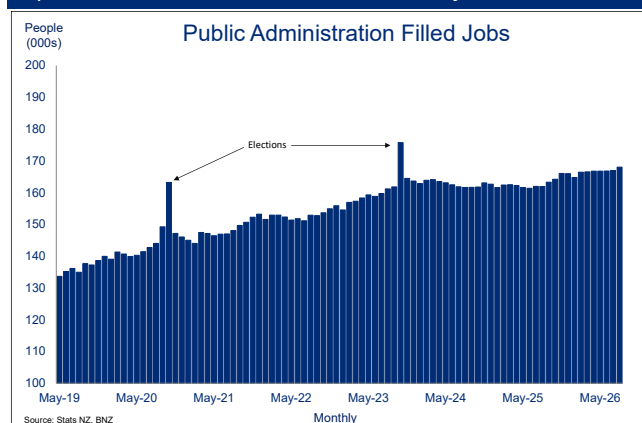
We get an update on filled jobs on Wednesday. A small gain in the September data (and likely mild downward revisions to recent past data as has recently been the norm) would be most consistent with our 0.4% Q3 HLFS employment growth forecast. Our projection is consistent with our view that the unemployment rate has peaked. After the filled jobs data, we will finalise our forecasts for next Wednesday's Q3 labour market data release.

Filled jobs growing



While election uncertainty can delay firms' hiring and investment decisions, it is important to note that some additional jobs are also associated with the election process itself. The Electoral Commission has said it will need more than 22,000 people across the country to help deliver this year's election. It would seem a bit too soon for many of these to show up in the September job figures, judging by the previous two elections, which saw a jump in public administration jobs in the month of the election itself (both held in October). But be prepared for what might be a misleading pick up in employment in the December quarter.

September too soon for Election-related job lift?



Election day this time around is relatively early in the month, on 7 November, so any associated jobs increase may be spread over October and November. Polls opened yesterday and will close on 7 November. The final vote count is scheduled for 27 November.

Last, but not least, while domestic focus is on the RBNZ, we should not take our eye off what is going on offshore. There is a lot over the coming week or so beyond the usual flashpoints to watch.

A glance at the calendar shows:

- Five major central banks meet this week. In addition to the RBNZ, there is also the Bank of Canada, the Fed, the ECB, and the Bank of Japan. And the RBA meets next Tuesday.
- Quarterly earnings from tech giants like Alphabet, Microsoft, and Amazon. Worth watching given some recent market jitters surrounding the AI trade.
- The US mid-term elections next week.

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Global Watch

- **Fed, BoC, ECB and BoJ expected to hold rates**
- **Aus CPI to print higher than RBA forecasts**
- **UK Budget released on Friday**

NAB expect Australia's Q3 CPI to show trimmed mean at 1.0% q/q and headline at 1.2% q/q, well above the RBA's August SoMP forecast. Other reads on prices include trade prices on Thursday and PPI on Friday, alongside private sector credit. RBA speakers continue with Assistant Governor Jones appearing on a panel at the AFR Summit on Monday and a Senate appearance is scheduled for Wednesday.

In Japan, the BoJ decides on Friday. Following September's hike, NAB see policy on hold and don't expect another hike until December. Otherwise, Tokyo CPI (Friday) will be watched closely after last month's release saw core inflation (ex-fresh food and energy) jump to 3.0%. Labour market, industrial production and retail trade (all Friday) are the other notable releases. In China, the official PMI lands Saturday, and China's Communist Party Central Committee plenum will also be running Monday-Thursday.

The FOMC is expected to leave rates unchanged on Wednesday reflecting signalling from officials for no urgency to follow up on September's hike. This, despite data pointing to a relatively hot PCE inflation print (to be released Thursday). Advance Q3 GDP data also releases Thursday and will test whether the demand mix still supports the Fed's modest calibration policy narrative. The Employment Cost Index comes Friday. In Canada, the BoC rate decision is on Wednesday where NAB expect a hold. Monthly GDP data also arrives Friday.

In Europe, the ECB meets Thursday and will keep rates on hold at 2.5%. The advance release of Q3 GDP on Friday is expected to see growth slide back to 0.2% q/q and 1.0% y/y from 0.6% and 1.2%, respectively. Preliminary inflation for October from Germany, France, Italy and Spain is due Friday. This will set the scene for a temporary pause in the rise in prices, before moving above 4% in 2027. In the UK, the Budget on Wednesday will see Chancellor Healey deliver no major surprises, with no additional borrowing but some tax rises and very modest spending cuts.

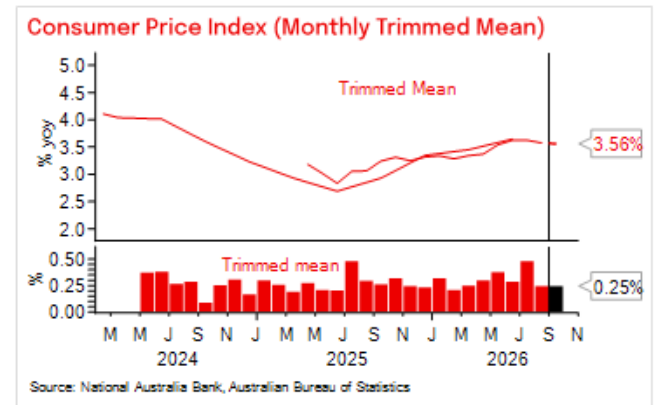
Key Event Previews

Wednesday

AU CPI (Q3 and September)

NAB expect Q3 trimmed mean inflation at 1.0% q/q (3.6% y/y), with the risk skewed to a 0.9% q/q outcome. Either outcome would represent a material upside surprise to the RBA's August SoMP forecast of 0.83% q/q. NAB also forecast headline inflation of 1.2% q/q (3.9% y/y) and, with

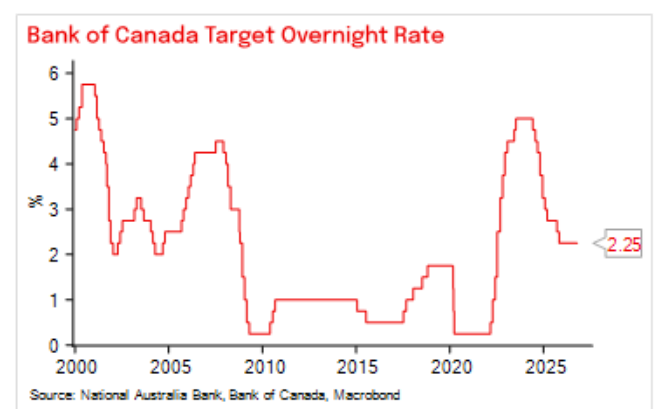
fuel prices remaining elevated, headline inflation is expected to end the year ~70bps higher than August SoMP. For September monthly CPI, NAB forecast trimmed mean of 3.6% y/y and headline of 4.2% y/y.



CA BoC Decision

NAB expect the BoC to hold at 2.25% and will pay close attention paid to any evolution in the tenor of Macklem's communication. The hawkishness of officials' rhetoric has stepped up significantly in recent weeks and reflects the BoC becoming increasingly uncomfortable the oil price settling above USD\$100/bbl.

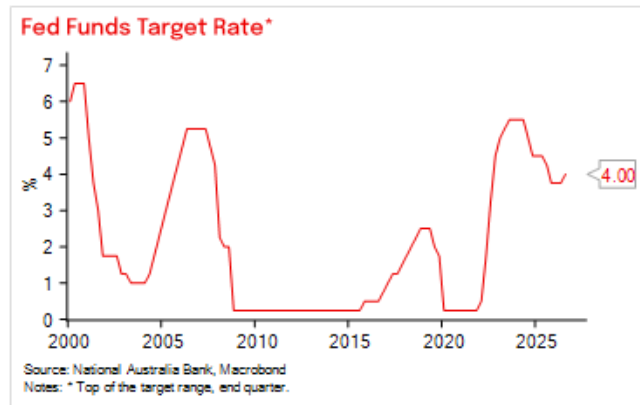
Despite core inflation remaining remarkably well behaved in recent months (just below 2%), the BoC has been emphatic that it will not allow second-order price impacts to permeate through the Canadian economy. This change in communication has led NAB to now expect two hikes next year (previously one) and could indicate a central bank now intent on moving policy pre-emptively. This decision also lands with updated economic projections from the BoC.



US FOMC Decision

NAB also expect the Fed to hold, at 3.75-4.00%. For this meeting there are no updated FOMC member projections or dot plots, so the signal sits in Warsh's press conference.

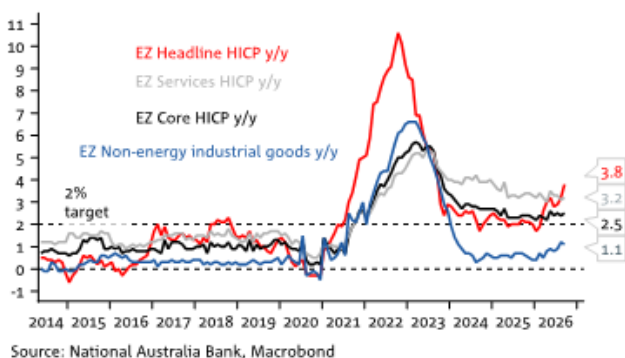
Since September's hike many officials have argued that there is no urgency for an immediate follow up move. December is still viewed as the more likely timing for the next 25bp hike. The September PCE print is arriving Thursday and is looking relatively hot (discussed below) but given market pricing for a hike is currently around 10%, it is unlikely the Fed will feel pressured to make a move next week. However, continued signs of inflationary pressure reinforce the case for a hike in December as well as the risk of another early in 2027.



Thursday

EU ECB Decision

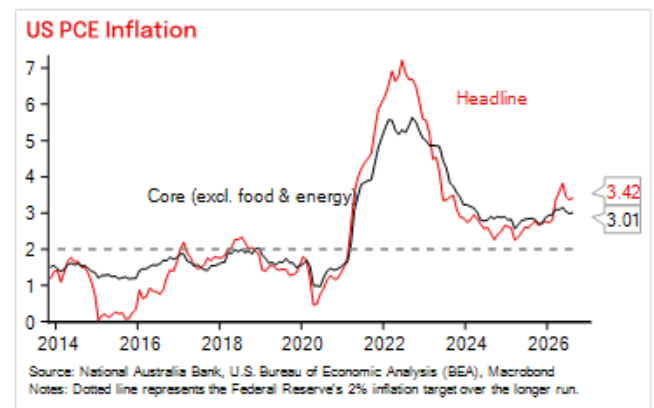
The ECB meets Thursday and is expected to keep rates on hold at 2.5%. While inflation has risen, the ECB continues to signal it is not yet seeing evidence of second round effects. Meanwhile the tightening in financial conditions as yields in the EZ rise is providing some offset. Markets price almost zero chance of a move. There are no new economic forecasts until the December meeting when NAB expect a 25bps rise to 2.75%, taking policy into the restrictive area. Markets will be on alert for remarks about the rise in French bond yields, TPI or whether the ECB is considering pausing its passive QT program.



US PCE (September)

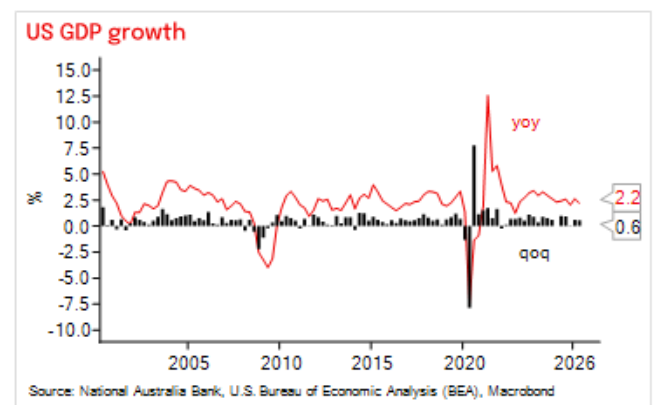
September's PCE is tracking relatively hot but is scheduled to arrive the day after the Fed's October decision. Analysts are expecting a core reading of at least 0.3% m/m, which would produce an annual rate of 3.1% (+0.1ppts from August). These expectations are derived from the CPI and PPI print this month which both overshoot expectations. Shelter and goods did the work in CPI, while airfares and freight were the PPI culprits.

Real spending in the same release will show whether September cooled after a strong July and August, or Q3 kept the same pace.



US GDP (Q3)

Q3 GDP is tracking around 3.5% annualised after H1 was revised up, with household consumption and business investment leading the way. Equipment and IP spending suggests the AI build-out is still pulling in computers and electronics. However, some of this growth is being leaked out through imports, leaving domestic demand running hotter than the headline. Housing activity remains a soft spot.

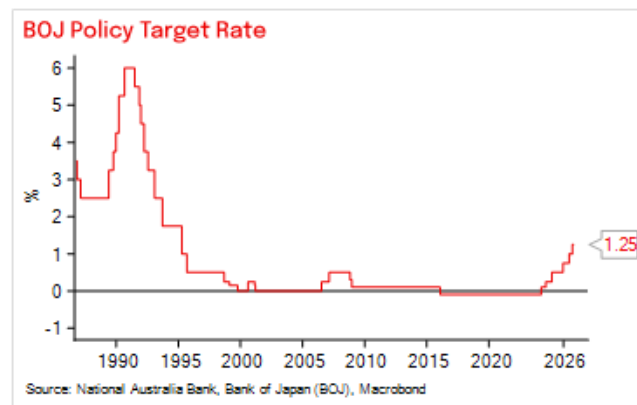


Friday

JP BoJ Decision

NAB expect the BoJ to hold at 1.25% with the focus being on any signals coming on the timing of the next hike. With the policy rate below neutral, domestic demand running hot (as indicated by the Q3 TANKAN indicator being at its strongest since 1991) and wage growth high, the policy trajectory remains clear.

The recent timing of rate hikes has been driven by exchange-rate sensitivity, and a December Fed hike will keep the pressure on the BoJ. We see the next hike coming in December to 1.50%, then again in March, taking the rate to 1.75% toward the middle of estimated neutral.



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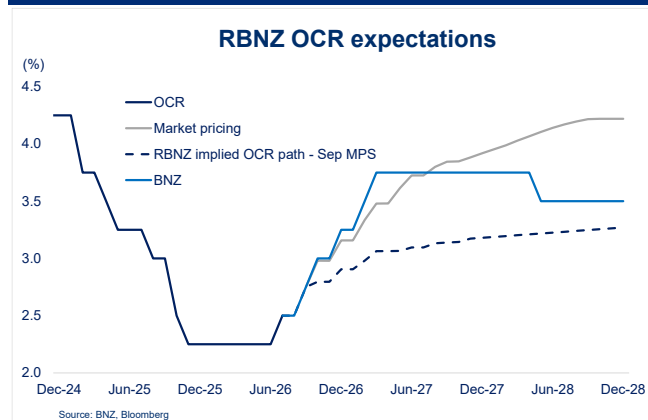
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ front-end rates have retraced to the lower end of the range established after September's sharp sell-off, with 2-year rates approaching 4.0% despite firmer domestic inflation developments. Core measures in last week's Q3 CPI report suggest underlying pressures remain firm. Higher fuel prices will lift Q4 inflation and may affect broader pricing and inflation expectations, although the squeeze on spending remains an offset. Tomorrow's MPR will show how the RBNZ weighs these risks and whether its response extends beyond bringing forward the tightening signalled in September.

At the September MPS, the RBNZ raised the OCR to 2.75% but retained a cautious tone. It expected inflation to return to 2%, emphasised downside risks to growth and signalled one further hike this year, favouring December over October. The backdrop has since shifted materially. Fuel prices are well above the Bank's assumptions, the TWI is around 3.5% weaker than assumed, and Q3 CPI suggested firmer underlying inflation pressures. Meanwhile, the PMI and PSI point to greater resilience in activity than September's cautious assessment implied.

Markets price a higher OCR path than the RBNZ

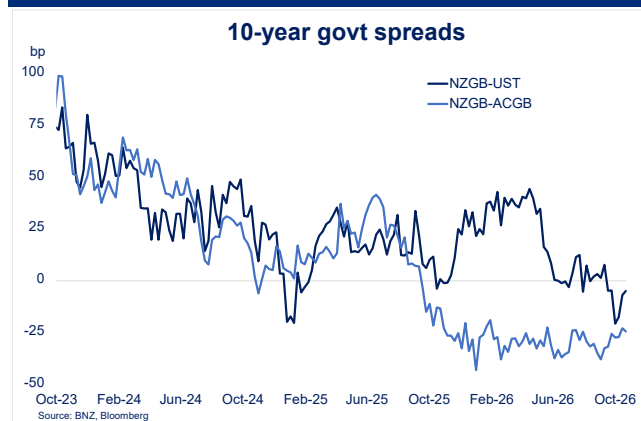


With a 25bp hike almost fully priced, attention tomorrow will centre on whether the Bank simply brings forward September's tightening signal or indicates that more is required overall. We expect a hike and a conditional tightening bias, leaving the eventual extent of tightening open. BNZ forecasts consecutive hikes through March next year, taking the OCR to a 3.75% peak. Further hikes need not imply higher swap rates, however. Despite its retracement, the 2-year swap rate remains around 35bp above its post-September MPS level and about 20bp above our central-scenario fair-value estimate of 3.85%, suggesting pricing already allows for a firmer policy path than our central case.

While domestic developments remain central to the front-end outlook, longer-tenor NZ rates have followed global

yields lower, further flattening the curve. The global rally coincided with pressure on risk-sensitive assets and reduced expectations of a near-term Fed hike. Markets now see next to no chance of a hike at this week's FOMC meeting, compared with more than a 50% chance two weeks ago. Meanwhile, 10-year US Treasury yields are around 35bp below their post-CPI peak in mid-October. Short covering by systematic trend accounts may also have amplified the move.

NZGB spreads remain tight relative to policy expectations



10-year NZGBs have underperformed US Treasuries and Australian government bonds in the recent rally, but spreads still look tight relative to near-term rate differentials, measured using 1-month forward 3-month rates. This is only a partial valuation reference. 10-year spreads also reflect longer-run policy expectations and differences in term premia. At -25bp, the NZGB-ACGB spread is towards the upper end of its one-year trading range, while NZGB-UST spreads also remain tight relative to near-term rate expectations. On this measure, recent underperformance has not been sufficient to make NZGBs look cheap against either market.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	3.31	2.55 - 3.32
NZ 2yr swap (%)	4.05	3.97 - 4.15
NZ 5yr swap (%)	4.32	4.26 - 4.52
NZ 10yr swap (%)	4.62	4.56 - 4.84
2s 10s swap curve (bps)	57	57 - 78
NZ 10yr swap-govt (bps)	-33	-33 - -28
NZ 10yr govt (%)	4.95	4.94 - 5.12
US 10yr govt (%)	4.99	4.94 - 5.36
NZ-US 10yr (bps)	-4	-26 - -2
NZ-AU 2yr swap (bps)	-86	-94 - -76
NZ-AU 10yr govt (bps)	-21	-33 - -20
*Indicative range over last 4 weeks		

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Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ

The NZD rose for a second consecutive week last week, showing further signs of recovery after its recent tumble. NZD/USD gained 0.8% to 0.5700, with commodity currencies well supported as expectations firmed for rate hikes from the RBNZ, RBA and BoC. NZD/AUD fell a modest 0.4% following hawkish comments from RBA Deputy Governor Hauser. NZD/EUR rose 1.2% to just below 0.51, its highest level since early September, as the euro came under pressure from a significant lift in France's risk premium. The new week has begun with a modest broadly based gain for the USD, seeing the NZD easing back somewhat.

BNZ's risk appetite index fell to 64% last week, its lowest level since early April. This reflected a sharp rise in oil prices, with Brent crude reaching USD117 per barrel – its highest level since April – on fears that the US-Iran conflict could escalate after the US mid-term elections. A rotation out of IT stocks into safer assets also reflected the weaker risk sentiment backdrop.

Interestingly, commodity currencies withstood both the fall in risk appetite and higher oil prices. We think this reflects the fact that the NZD, AUD and CAD were already trading at relatively weak levels, while domestic considerations were also supportive for each currency. Expectations that the BoC will begin a tightening cycle increased following hawkish comments from Governor Macklem the previous weekend. RBA tightening expectations rose after Deputy Governor Hauser signalled that the inflation outlook had deteriorated materially and that inflation expectations were at risk of becoming unanchored. In NZ, while Q3 CPI was slightly weaker than expected at 0.7% q/q and 3.7% y/y, key core measures showed annual inflation rising to around 3%, and the distribution of price changes was also consistent with building underlying inflation pressure.

The domestic focus this week will be the RBNZ's Monetary Policy Review. A 25bps hike in the OCR to 3.0% – which would be the third consecutive hike – is well priced and, in our view, a "must do". The bottom line is that NZ's policy rate remains far too low given the high inflation backdrop.

With the market pricing considerable tightening ahead, any hint of a pause, or a lack of commitment to addressing the uncomfortable inflation outlook, would be NZD-negative. That was the case in September, when the NZD depreciated significantly, adding to inflation pressure. If the Bank has learned anything, it is that it needs to adopt a harder line on inflation, showing more intent to bring inflation down, rather than signalling concern about the growth path.

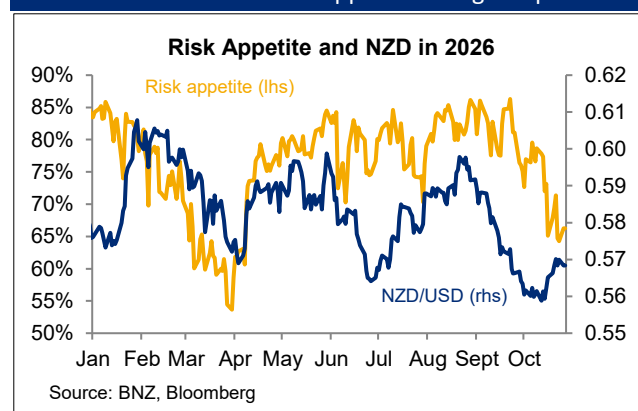
RBNZ rate hikes need to be seen in the context of the global policy tightening cycle. Their impact on the NZD is muted to the extent that (1) other central banks are also in hiking cycles, (2) NZ's policy rate remains historically low

and well below that of comparable countries such as the US, Australia and the UK, and (3) a series of RBNZ rate hikes is already well priced by the market. For the NZD to react positively, the RBNZ needs to "over-deliver" on rate hikes. We doubt the RBNZ currently has that mindset, which is why our NZD projections are only mildly positive over the coming year.

The Fed, Bank of Canada, ECB and Bank of Japan also hold policy meetings this week. The BoC decision is a close call, with the market pricing a high chance that the central bank kicks off a tightening cycle, but a slim majority of economists expect an on-hold decision. The other three central banks are highly likely to pause after their coordinated hikes in September, but with a good chance that all three hike again at their next meetings in December.

Beyond the central bank meetings, there is plenty of other event risk to navigate this week. The UK Budget – the first from new Chancellor Healey – will be of some interest. Key global releases include Australian Q3 CPI, euro area Q3 GDP and German CPI. In the US, the PCE deflators, Q3 GDP and the employment cost index are due. China's PMIs are published on Saturday, while NZ data later in the week include ANZ's monthly business and consumer surveys.

NZD recovers even with risk appetite falling to April level



Cross Rates and Recent Ranges

	Current	Last 3-weeks range*
NZD/USD	0.5684	0.5570 - 0.5710
NZD/AUD	0.8098	0.8000 - 0.8150
NZD/GBP	0.4258	0.4230 - 0.4270
NZD/EUR	0.5084	0.4990 - 0.5100
NZD/JPY	89.51	88.30 - 90.30

*Indicative range over last 3 weeks, rounded figures

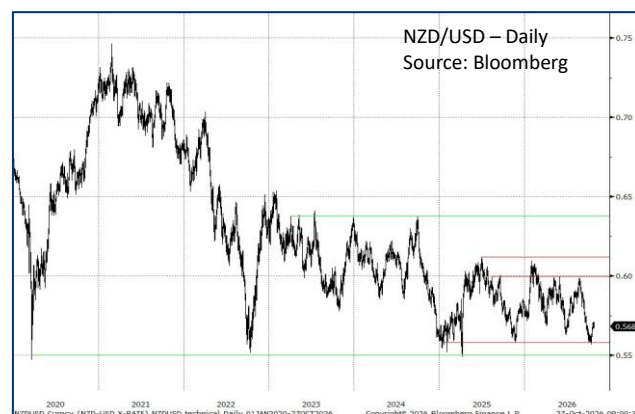
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Technical

NZD/USD

Outlook: Downside risk
 ST Resistance: 0.60 (ahead of 0.6120)
 ST Support: 0.5580 (ahead of 0.55)

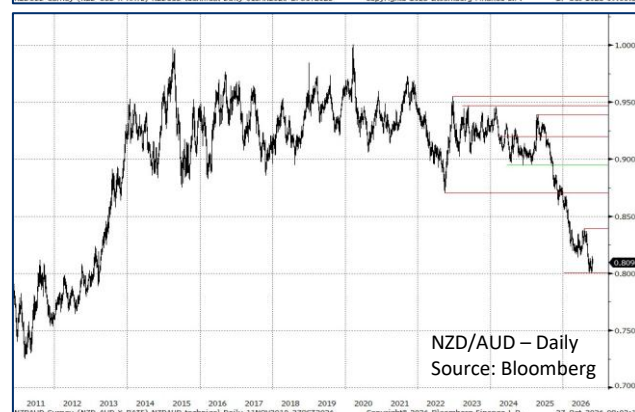
No change, with support seen at 0.5580 and resistance still far away at 0.60.



NZD/AUD

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

No change, with support seen at 0.80 and resistance still far away at 0.84.



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NZ 5-year Swap Rate

Outlook: Lower
 ST Resistance: 4.48
 ST Support: 4.10

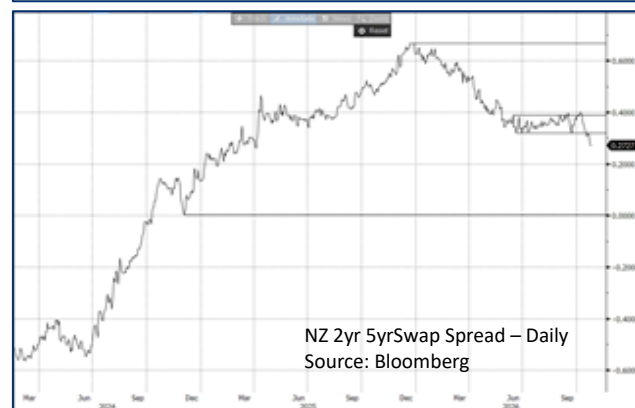
5-year swap chopped wood last week and closed marginally lower. There is nothing in this price action to change our view from last week.



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

Outlook: Lower
 ST Resistance: 0.32
 ST Support: 0

2s5s curve broke clean through the floor of the short-term channel last week. We shift our outlook to lower.



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Quarterly Forecasts

Forecasts as at 27 October 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.)	-0.6	0.9	0.5	0.9	0.2	0.5	0.4	0.6	0.7	0.7
Retail trade (real s.a.)	0.7	2.0	0.8	1.0	-0.5	0.9	0.2	0.6	0.7	0.8
Current account (ann, % GDP)	-3.6	-3.1	-3.0	-3.0	-3.2	-3.7	-4.4	-4.7	-4.6	-4.5
CPI (q/q)	0.5	1.0	0.6	0.9	1.5	0.7	1.4	0.5	0.5	0.7
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	5.4	5.3	5.2
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	4.5	4.1	3.1	3.1
GDP (production s.a., y/y)	-0.9	1.2	1.6	1.7	2.6	2.2	2.1	1.7	2.2	2.4

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Government Stock				Swaps			US Rates		Spread
	Cash	90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR	US 10 yr	NZ-US
		Bank Bills						3 month		Ten year
2025 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	2.62	4.11	4.61	3.48	3.89	4.25	3.65	4.40	0.19
Sep	2.58	2.98	4.24	4.77	3.72	4.08	4.45	3.85	4.75	0.02
Forecasts										
Dec	3.25	3.75	4.40	4.95	4.00	4.25	4.65	4.15	4.90	0.05
2027 Mar	3.75	4.00	4.30	4.90	3.95	4.20	4.65	4.15	4.80	0.10
Jun	3.75	4.00	4.20	4.90	3.90	4.15	4.70	4.15	4.75	0.15
Sep	3.75	4.00	4.15	4.85	3.85	4.10	4.65	4.15	4.65	0.20
Dec	3.75	4.00	4.15	4.90	3.80	4.10	4.70	4.15	4.65	0.25
2028 Mar	3.75	3.85	4.10	4.85	3.75	4.05	4.65	3.90	4.60	0.25

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.56	0.70	1.12	1.32	158
Forecasts					
Dec-26	0.58	0.71	1.15	1.33	155
Mar-27	0.58	0.70	1.15	1.32	153
Jun-27	0.58	0.69	1.15	1.31	151
Sept-27	0.59	0.68	1.15	1.31	150
Dec-27	0.59	0.67	1.15	1.31	149
Mar-28	0.60	0.68	1.14	1.30	148
Jun-28	0.61	0.69	1.14	1.30	147

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.56	0.80	0.50	0.42	88.6	63.9
Forecasts						
Dec-26	0.58	0.81	0.50	0.43	89.1	64.9
Mar-27	0.58	0.82	0.50	0.44	88.0	64.8
Jun-27	0.58	0.84	0.50	0.44	87.6	65.3
Sept-27	0.59	0.87	0.51	0.45	88.5	66.8
Dec-27	0.59	0.88	0.51	0.45	87.9	67.0
Mar-28	0.60	0.88	0.53	0.46	88.8	68.0
Jun-28	0.61	0.88	0.54	0.47	89.7	69.0

TWI Weights

16.2%	17.8%	9.2%	4.0%	4.7%
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Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 27 October 2026	March Years					December Years				
	Actuals		2026	Forecasts		Actuals		2025	Forecasts	
	2024	2025		2027	2028	2023	2024		2026	2027
GDP - annual average % change										
Private Consumption	1.3	0.1	1.3	1.1	2.3	1.1	0.3	1.0	1.1	1.9
Government Consumption	1.1	-1.4	3.7	0.3	1.0	0.1	-1.0	2.4	2.0	0.3
Total Investment	-1.2	-5.0	0.2	5.5	3.7	-0.4	-4.9	-1.2	4.6	4.2
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	1.9	1.8	2.4	-0.8	-0.9	0.7	2.3	2.1
Exports	8.4	3.0	4.1	6.9	3.4	12.0	3.6	4.3	6.6	3.8
Imports	-1.5	0.7	6.3	3.9	2.6	-0.8	1.1	3.7	6.1	2.2
Real Expenditure GDP	1.5	-0.5	1.3	2.5	2.6	2.2	-0.2	0.7	2.6	2.4
GDP (production)	1.8	-0.9	0.9	2.1	2.6	2.2	-0.3	0.3	2.1	2.3
GDP - annual % change (q/q)	1.5	-0.7	1.7	1.7	3.0	1.4	-1.6	1.6	2.1	2.8
Output Gap (ann avg, % dev)	1.2	-0.5	-1.0	-0.5	0.0	1.4	-0.1	-1.1	-0.4	-0.2
Nominal Expenditure GDP - \$bn	417	432	452	474	499	413	428	446	468	493
Prices and Employment -annual % change										
CPI	4.0	2.5	3.1	4.1	2.3	4.7	2.2	3.1	4.5	2.4
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	5.4	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	1.3	0.7	0.1	-0.7	0.1	1.2	1.0	0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.4	2.4	3.1	7.1	4.7	2.9	2.0	3.1
House Prices (stratified, mth)	2.7	-0.7	0.2	-2.4	3.2	0.7	-0.8	-0.3	-1.8	2.0
External Balance										
Current Account - \$bn	-23.3	-19.0	-13.7	-22.3	-17.4	-24.8	-20.9	-13.5	-20.6	-19.4
Current Account - % of GDP	-5.6	-4.4	-3.0	-4.7	-3.5	-6.0	-4.9	-3.0	-4.4	-3.9
Government Accounts - June Yr, % of GDP										
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-2.1	-2.1	-1.9	-1.4	-0.2					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.7	41.8	40.9	43.7	43.9					
Bond Programme - \$bn (Treasury forecasts)	39.3	42.6	35.0	30.0	28.0					
Bond Programme - % of GDP	9.4	9.9	7.8	6.3	5.6					
Financial Variables ⁽¹⁾										
NZD/USD	0.61	0.57	0.58	0.58	0.60	0.62	0.57	0.58	0.58	0.59
USD/JPY	150	149	159	153	148	144	154	156	155	149
EUR/USD	1.09	1.08	1.16	1.15	1.14	1.09	1.05	1.17	1.15	1.15
NZD/AUD	0.93	0.91	0.83	0.82	0.88	0.93	0.91	0.87	0.81	0.88
NZD/GBP	0.48	0.44	0.44	0.44	0.46	0.49	0.45	0.43	0.43	0.45
NZD/EUR	0.56	0.53	0.51	0.50	0.53	0.57	0.55	0.49	0.50	0.51
NZD/YEN	91.1	85.4	92.8	88.0	88.8	89.5	88.4	90.3	89.1	87.9
TWI	71.2	67.9	66.8	64.8	68.0	72.0	68.5	66.8	64.9	67.0
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.75	3.75	5.50	4.25	2.25	3.25	3.75
90-day Bank Bill Rate	5.64	3.60	2.50	4.00	3.85	5.63	4.26	2.49	3.75	4.00
5-year Govt Bond	4.60	4.00	4.10	4.30	4.10	4.50	3.90	3.90	4.40	4.15
10-year Govt Bond	4.60	4.50	4.65	4.90	4.85	4.65	4.45	4.50	4.95	4.90
2-year Swap	4.91	3.35	3.32	3.95	3.75	4.93	3.53	2.98	4.00	3.80
5-year Swap	4.40	3.65	3.87	4.20	4.05	4.43	3.63	3.61	4.25	4.10
US 10-year Bonds	4.20	4.25	4.25	4.80	4.60	4.00	4.40	4.15	4.90	4.65
NZ-US 10-year Spread	0.40	0.25	0.40	0.10	0.25	0.65	0.05	0.35	0.05	0.25

⁽¹⁾ Average for the last month in the quarter

Source: Statistics NZ, BNZ, RBNZ, NZ Treasury

Key Upcoming Events

All times and dates NZT

	Median	Fcast	Last		Median	Fcast	Last
Tuesday 27 October				EC	Consumer Confidence Oct F	-17.9	-17.9
JN	PPI Services YoY Sep	3.70%	3.70%	Friday 30 October			
CH	Industrial Profits YoY Sep		4.20%	US	PCE Price Index YoY Sep	3.60%	3.40%
Wednesday 28 October				US	Initial Claims 4-Wk Moving Avg October - 24		197750
US	Durable Goods Orders Sep P	1.90%	-0.10%	US	GDP Annualized QoQ 3Q A	3.20%	3.50%
US	Cap Goods Orders Nondef Ex Air Sep P	0.80%	1.60%	US	Personal Consumption 3Q A	3.40%	3.80%
US	S&P Cotality CS US HPI YoY NSA Aug	1.90%	1.93%	EC	ECB Deposit Facility Rate October - 29	2.50%	2.50%
US	Conf. Board Consumer Confidence Oct	81	81.9	EC	ECB Main Refinancing Rate October - 29	2.65%	2.65%
US	Richmond Fed Business Conditions Oct		-8	EC	ECB Marginal Lending Facility October - 29	2.90%	2.90%
US	New Home Sales MoM Sep	-4.70%	6.40%	EC	ECB President Lagarde Speaks		
NZ	Filled Jobs SA MoM Sep		0.20%	EC	ECB's Kocher speaks		
AU	RBA Testimony before Parliament			NZ	ANZ Consumer Confidence Index Oct		97.6
AU	CPI YoY Sep	4.20%	4.20%	JN	Tokyo CPI Ex-Fresh Food, Energy YoY Oct	2.70%	3.00%
AU	CPI Trimmed Mean YoY Sep	3.60%	3.60%	JN	Retail Sales MoM Sep	0.30%	-1.20%
NZ	RBNZ Official Cash Rate Decision Oct - 28	3.00%	2.75%	JN	Industrial Production MoM Sep P	1.20%	-2.40%
NZ	RBNZ's Breman Speaks			AU	PPI YoY 3Q		3.60%
US	Building Permits MoM Sep F		-0.20%	IT	ECB's Panetta Speaks		
Thursday 29 October				UK	DMP 1 Year CPI Expectations Oct	3.50%	3.30%
US	Retail Inventories MoM Sep	0.30%	0.30%	EC	GDP SA YoY 3Q A	1.00%	1.20%
UK	Budget			EC	Unemployment Rate Sep	6.40%	6.40%
US	Wholesale Inventories MoM Sep P	0.60%	0.50%	JN	BOJ Target Rate October - 30	1.25%	1.25%
EC	ECB's Lane Speaks			Saturday 31 October			
CA	Bank of Canada Rate Decision October - 28	2.25%	2.25%	CA	GDP MoM Aug	0.20%	0.00%
US	FOMC Rate Decision October - 28	3.75%-	3.75%-	US	Employment Cost Index 3Q	0.80%	0.90%
NZ	ANZ Activity Outlook Oct		47.9	US	Fed's Daly Speaks		
NZ	ANZ Business Confidence Oct		51.9	EC	ECB's Lane Speaks		
AU	Export Price Index QoQ 3Q		1.10%	US	Fed's Musalem Speaks		
AU	Import Price Index QoQ 3Q		5.70%	CH	Manufacturing PMI Oct	49.9	50.1
JN	Consumer Confidence Index Oct	35.1	35.4	CH	Non-manufacturing PMI Oct	50	50.2
UK	Consumer Credit YoY Sep		9.60%	CH	Composite PMI Oct		50.7
EC	Economic Confidence Oct	97.5	97.9				

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	2.75	2.75	2.75	2.50	2 years	4.05	4.10	4.14	2.53
1mth	3.11	3.07	3.01	2.62	3 years	4.17	4.24	4.30	2.70
2mth	3.22	3.19	3.12	2.52	4 years	4.25	4.34	4.42	2.86
3mth	3.32	3.31	3.24	2.50	5 years	4.32	4.42	4.50	3.01
6mth	3.55	3.54	3.48	2.49	10 years	4.62	4.74	4.83	3.60
GOVERNMENT STOCK					FOREIGN EXCHANGE				
05/28	3.89	3.94	3.94	2.80	NZD/USD	0.5682	0.5684	0.5641	0.5782
05/31	4.44	4.52	4.59	3.44	NZD/AUD	0.8098	0.8117	0.8076	0.8781
04/33	4.66	4.77	4.84	3.76	NZD/JPY	89.53	89.90	88.73	87.94
05/36	4.94	5.06	5.12	4.12	NZD/EUR	0.5084	0.5059	0.4974	0.4962
05/41	5.29	5.40	5.45	4.61	NZD/GBP	0.4259	0.4249	0.4264	0.4356
05/54	5.51	5.60	5.66	4.91	NZD/CAD	0.7962	0.7991	0.8006	0.8063
GLOBAL CREDIT INDICES (ITRXX)					TWI	64.6	64.6	64.3	66.9
Nth America 5Y	63	62	59	51					
Europe 5Y	67	65	63	53					

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