

3 April 2018



Short and Sweet

- **Export commodity prices holding up?**
- **Housing data for March probably robust**
- **Household credit growth certainly resilient**
- **Wednesday's Crown accounts a Budget pointer**
- **Consumer confidence and job ads (diverging?)**
- **Business surveys point to sideways QSBO**

There is no local economic news of importance this week – one already abbreviated by yesterday's Easter holiday. The next big data item isn't really until Tuesday next week, with the NZIER Quarterly Survey of Business Opinion (QSBO). But even that looks like being in a broad holding pattern, if the month to month business surveys are any guide.

This week's news formally kicks off in the very early hours of tomorrow morning (NZ time), with the latest Global Dairy Trade auction. For this we anticipate a flat to slight fall on average prices. A small price move, this late in the season, shouldn't provide too much trouble to Fonterra's recently revised 2017/18 milk price forecast of \$6.55 (up from \$6.40 previously). That forecast, combined with a dividend guidance range of between 25c to 35c, would see total payments to fully shared up farmers of between \$6.80 and \$6.90. This would be well above last season's \$6.52.

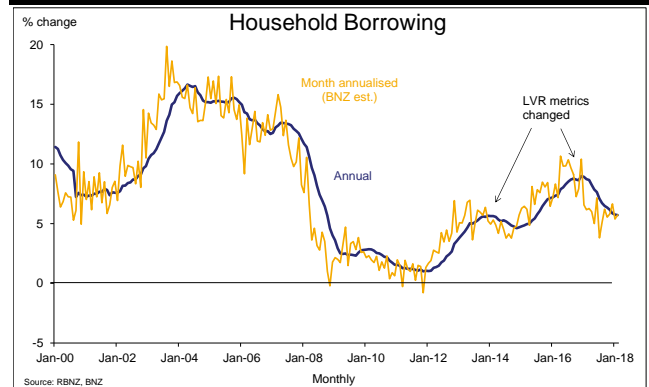
For more on commodities, the ANZ export prices for March are due for publication Thursday afternoon. We expect a broadly flat result in world price terms and a slight increase when converted back into NZ dollars.

Wednesday morning's February Crown Accounts will show if the core operating surplus is still tracking comfortably above the HYEPU's expectation. This will be the second to last update on the monthly fiscals, before the Budget (due 17 May), which will front up to all the spending plans of the new government.

The ANZ Roy Morgan consumer confidence report for March is also scheduled for Wednesday morning. We would guess it still looks solid (with reference to last month's 127.7), and importantly so relative to general business confidence, which is struggling. There is still an awful lot going for the household sector.

We would include in this the housing market (for those who already own homes, that is, with first home buyers still largely on the wrong side of the house price cycle). Very early Thursday morning, Quotable Value NZ is scheduled to release its housing report for the month of

Resilient



March. We suspect this will continue to show robustness, even now in the Auckland market. With respect to the latter, we expect to see Barfoot and Thompson's latest residential results any day now.

The idea that Auckland's housing market is no longer stalling (while the rest of the country catches up) was borne out in the new residential lending figures, which were published last week. February's lending in Auckland was up 7.2% y/y (aided by a 10.2% lift for investors). Outside of Auckland, new residential lending was 6.0% higher than 12 months earlier.

Robustness certainly remained the theme of the latest stock-of-credit aggregates, also published last week. Household credit in February 2018 was 5.9% higher than the same month last year. This repeated January's y/y result and comprised annual growth of 5.8% with respect to housing and 8.0% for consumer credit. When we seasonally adjust total household credit we estimate a monthly gain in March of 0.5%. This is similar to the speed of the prior six months, and annualises near 6%.

Still, we are keeping a close eye on labour market momentum – along with business investment indicators – given the slump in business confidence. Thursday morning's ANZ job ads will offer some insight in this regard. At last read they slipped 1.2%, which dragged their annual rate of growth down to around 5%. Any further moderation in March would be interesting. The labour market will certainly be a key interface between a currently buoyant household sector and a less than confident business sector.

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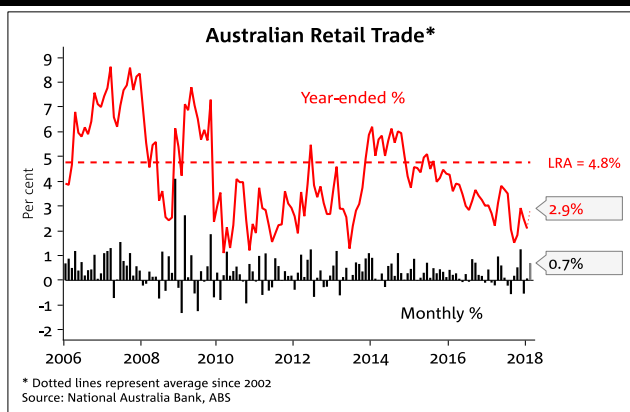
Global Watch

- **US payrolls on Friday the data highlight this week**
- **Lower unemployment, higher wages expected**
- **Likewise, EU unemployment expected to fall; CPI to rise**
- **RBA expected to sit pat today**
- **AU retail, building approvals, trade balance due**

Australia

The RBA Board meeting today is firmly expected to result in no change in the cash rate, given RBA communication has consistently emphasised the need to see further progress on reducing spare capacity in the labour market and on wages/inflation. Of greater interest for markets will be the post-meeting Statement. Since the March Board meeting, the Bank has been able to digest Q4 GDP numbers and February jobs data, both of which have given mixed readings on the economy – markets will be looking out for the RBA’s interpretation of these figures.

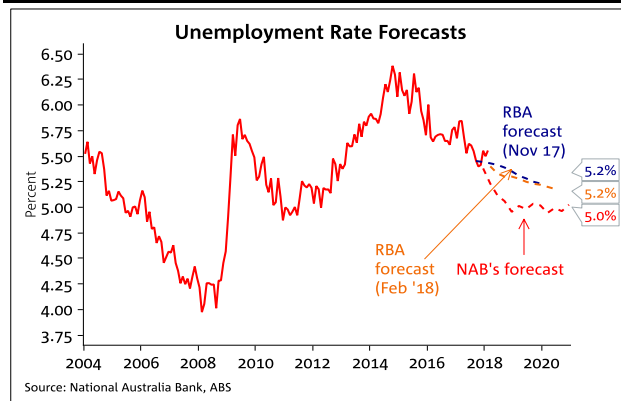
Retail Sales Growth Remains Below Average



In particular, markets will be seeking to understand how the Bank is reading the labour market – the past year has seen record jobs growth, but the unemployment rate, at 5.6%, remains stubbornly above estimates of full employment (around 5%). While employment has been surging, greater participation has kept the unemployment rate elevated. While this is certainly not a bad thing, the labour market slack is not reducing much. As such, markets will look for any sign that this will prompt the RBA to rethink its already modest outlook of a gradual improvement in unemployment.

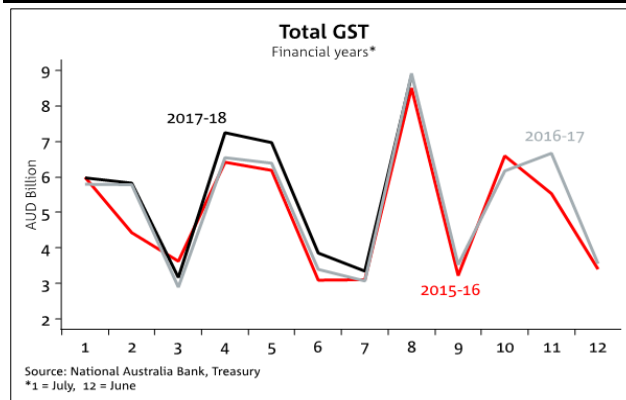
On the data releases, the week ahead sees the publication of a few official ABS figures: retail trade, building approvals and the trade balance; and a number of second-tier indicators: Melbourne Institute Inflation Gauge, CoreLogic House Price Index, PMIs and Job Advertisements.

Unemployment Forecast To Decline Gradually



For Retail Trade on Wednesday, NAB is expecting strong monthly growth of 0.7%, following strength in the NAB Cashless Retail Sales Index and current budget numbers that indicate GST receipts have risen. Retail sales data has been volatile of late, and the implications for consumption harder to read, as changing sale seasons and a shift to online retailing have impacted seasonal patterns. Nevertheless, given that retail sales remains a key indicator for consumption growth, the markets will be watching closely.

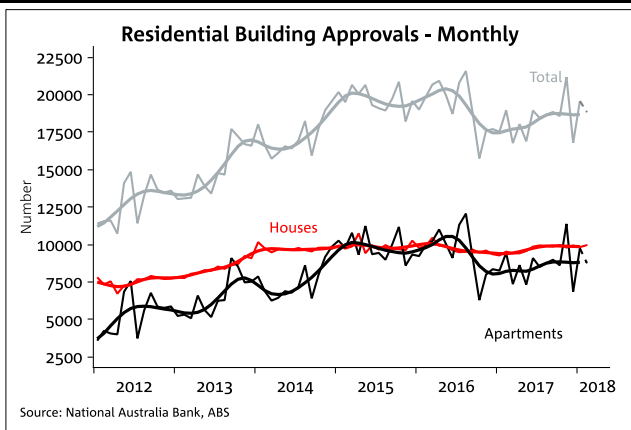
GST Receipts Have Been Higher This Year



On Tuesday, Building Approvals data are published. NAB expects that February approvals will reverse some of the strength in January (-4.9% m/m, -1.7% y/y), to confirm a relatively flat underlying trend. Approvals data have softened from the 2016 peak, consistent with evidence from other housing market indicators that the heat in the market is gradually leaving.

On the last of the ABS data for the week, Thursday’s February trade balance, NAB is expecting a modest increase in the trade surplus to \$1.4b. Imports are expected to soften a little further from the December spike; while exports should rise on the back of the

Building Approvals To Reverse Somewhat



ongoing pick up in LNG exports, and moderate increases in coal and iron ore. Growth in export values is expected to be partly offset by reduced non-monetary gold exports, which recorded a sharp rise in January.

US

For the week ahead, ISM on Wednesday, the Trade Balance on Thursday, and the all-important Jobs data on Friday will be focal points for markets globally. On jobs, markets are looking for unemployment to decline to 4%, alongside a solid +189k increase in non-farm payrolls. Markets will also be watching the average hourly earnings data with the hope that March data provide a less noisy signal on what is happening with earnings – recall the surprising rise in January sparked an equities sell-off, but was followed by a reversal in February. The tight labour market suggests wages will rise over the course of the year. The non-manufacturing ISM is expected to soften from its peak. Fed’s Bullard is also speaking on Wednesday, and will be worth tuning in to as a committed dove.

China

The Caixin services PMI will be released on Wednesday. These numbers, which are less dominated by State Owned Enterprises, have diverged from the official data recently so markets will be looking to see if this divergence dissipates.

Eurozone

March CPI and February Jobs data (Wednesday). Markets are expecting annual CPI growth to lift to 1.4%, with core CPI increasing 0.1ppt to 1.1%. On jobs data, markets will be paying extra attention on the back of recent comments from ECB’s Praet that there may be additional slack in the labour market due to a surge in participation.

Canada

Jobs data on Friday is the upcoming data highlight. Jobs data will be watched by markets to see if the labour market (and especially unemployment) continues its sharp improvement over the past year, which has seen the BoC tightening.

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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ interest rates declined again last week, with the 10 year swap rate reaching its lowest level since September of last year. As has been the case for a few weeks now, the swaps curve flattened again.

The trigger for the decline in swap rates was the rally in long-end US Treasuries, with the 10 year yield finally breaking below the 2.80% - 2.95% trading range that has prevailed since early February. Weakness in equities and short covering by investors was behind the decline in Treasury yields. Ultimately, we think US Treasury yields will go higher this year as inflation tracks higher, Treasury supply picks up and the Fed hikes by more than the forwards are discounting. In the near-term though, a further pull-back in 10 year US Treasury yields is quite possible given speculative investors remain heavily net short, according to CFTC data.

The mid to long-end of the NZ swaps curve followed the moves in the US. The 10 year swap yield reached 3.06%, its lowest level since September last year. Valuations in long-end swaps are starting to look on the expensive side to us and we think these are reasonable levels to consider putting on hedges.

The 2 year swap fell 2bps on the week to 2.22% amid some easing in FRA-OIS spreads and stability in the 3 month bank bill rate. OCR expectations remain relatively stable. The first RBNZ hike is fully priced for June 2019, with a second hike priced by March 2020.

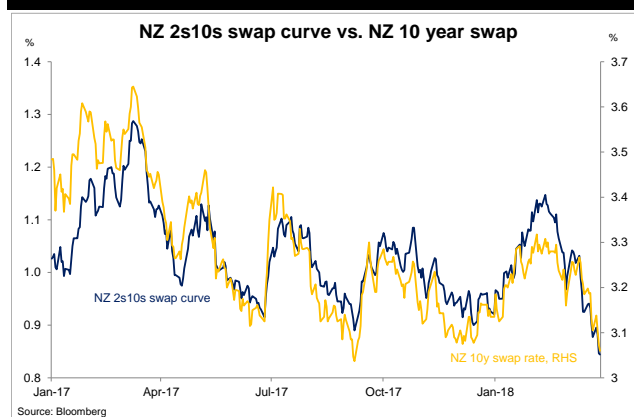
Last week, the NZDMO announced the schedule for bond tenders for Q2, surprising the market by replacing 2033s with 2037s (and increasing the monthly amount from \$150m to \$200m for the long bond). The yield spread between these two bonds promptly widened 6bps.

In the week ahead, the focus will remain offshore – there is a dearth of NZ data again. Bond markets will keep one eye on movements in the equity market and ongoing headlines around US-China trade negotiations. The focus data-wise is US payrolls on Friday, with market consensus for a 185k job gain and (probably more importantly) a slight uptick of 0.3% m/m in average hourly earnings. Leading indicators of US employment (such as the labour market differential from last week’s Conference Board survey) continue to point to strong job growth in the US. In Europe, the focus will be on the release of core inflation. Consensus expects a 1.1% increase, still way below the ECB’s target.

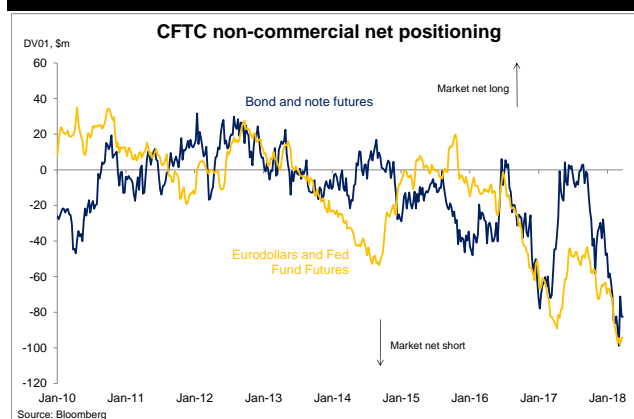
This week marks a new month and a new quarter, and there will be particular interest in funding markets and US Libor-OIS. Heavy US Treasury bill issuance last quarter pushed up US T-bill rates significantly, likely contributing to the rise in US Libor-OIS (and, indirectly, bills-OIS spreads in Australia and NZ). April sees a seasonal

increase in US tax receipts and consequently less Treasury bill issuance, so the market expects a retracement in T-bill rates and Libor-OIS. If Libor-OIS doesn’t move lower, it suggests there are other structural factors at play.

NZ 10y swap and 2s10s curve make YTD lows



Speculative positioning in US futures remains very short



Current Rates/Spreads and Recent Ranges

	Current	Last 3-weeks range*
NZ 90d bank bills (%)	1.96	1.89 - 1.97
NZ 2yr swap (%)	2.22	2.21 - 2.29
NZ 5yr swap (%)	2.62	2.61 - 2.76
NZ 10yr swap (%)	3.06	3.05 - 3.26
2s10s swap curve (bps)	85	84 - 98
NZ 10yr swap-govt (bps)	35	30 - 36
NZ 10yr govt (%)	2.71	2.71 - 2.97
US 10yr govt (%)	2.73	2.72 - 2.93
NZ-US 10yr (bps)	-2	-7 - 8
NZ-AU 2yr swap (bps)	16	15 - 23
NZ-AU 10yr govt (bps)	11	11 - 19

*Indicative range over last 3 weeks

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Foreign Exchange Markets

Reuters pg BNZFWDS Bloomberg pg BNZ9

The NZD was fairly flat last week, with little change on NZD/USD and NZD/AUD crosses for the week, although the latter did reach a year-to-date high of 0.9469 in the process. For the month and the quarter point-to-point changes, the NZ TWI was flat at close to 74.5. For the quarter, some upside pressure in NZD/USD and NZD/AUD was completely offset by downside pressure in NZD crosses against EUR, GBP, JPY and CNY (see first chart).

As the new quarter begins, it's useful to take stock of where we are at. We began the year believing that the NZ TWI would be generally weaker this year against a backdrop of tighter global monetary policy. That story is playing out, albeit at a pedestrian pace. Unlike equity markets, volatility in currency markets remains low. Still, the NZ TWI is showing a pattern of lower highs and lower lows this year and we judge that a downward channel remains in play (see second chart). If not for a stronger NZD/AUD cross this year, the downward channel would be even more obvious. On that note, last week we published a note on NZD/AUD ("[Reverse Swing Ahead?](#)"), suggesting that resistance would build and we see the familiar longer term trading range of 0.90-0.96 still in play.

The new week and quarter has begun with downside pressure for the NZD, as risk sentiment sours. Evidence is gradually accumulating that global growth momentum, while still solid, might be slowing. And Trump's trade tensions with China remains an overhanging risk for the global growth picture and a source of negative market sentiment. Meanwhile, US inflation still looks to be on a higher trajectory that supports further policy tightening. All this plays into our view that NZD headwinds continue.

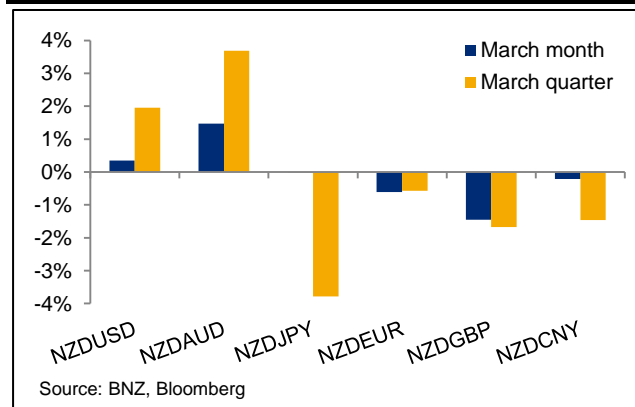
For the week ahead, expect global factors to dominate, as the NZ economic calendar is sparse. The RBA cash rate announcement this afternoon should be another non-event, with rates firmly on hold and the Bank still likely unwilling to guide rates higher. Our colleagues at NAB expect Australian retail sales data to positively surprise tomorrow.

The highlight of the week will be the US employment report at the end of the week. The market expects solid employment growth, a fresh low in the unemployment rate to 4.0% and average hourly earnings ticking higher. All this would be consistent with the Fed continuing along its path of policy tightening, albeit the next rate hike is not expected until mid-June.

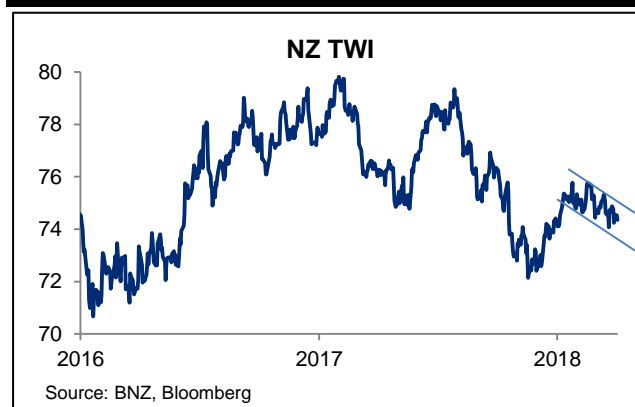
Rate differentials are currently not a key driver of currency markets. The USD (its various weighted indices) fell for the fifth consecutive quarter in March despite the Fed cranking up rates well ahead of any other major central

bank. The "twin deficits" backdrop remains a key negative for the USD and remains a threat to our view that NZD/USD ends the year lower.

NZD/USD, NZD/AUD Higher; NZD Down Versus the Rest



Downward Channel in Play?



Cross Rates and Model Estimates

	Current	Last 3-weeks range*
NZD/USD	0.7212	0.7150 - 0.7350
NZD/AUD	0.9414	0.9280 - 0.9470
NZD/GBP	0.5134	0.5090 - 0.5260
NZD/EUR	0.5862	0.5830 - 0.5940
NZD/JPY	76.38	75.50 - 78.30

*Indicative range over last 3 weeks, rounded figures

BNZ Short-term Fair Value Models		
	Model Est.	Actual/FV
NZD/USD	0.7010	3%
NZD/AUD	0.9160	3%

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Technicals

NZD/USD

Outlook: Downside risk
 ST Resistance: 0.7440 (ahead of 0.7550)
 ST Support: 0.7155 (ahead of 0.7050)

Lower highs over the past couple of months raise the possibility of a downward channel developing. We've left resistance at 0.7440, but ahead of that 0.7305 might prove to be a hurdle. A break of support of 0.7155 would add to the case for a downward channel.



NZD/AUD

Outlook: Trading range
 ST Resistance: 0.9465 (ahead of 0.9640)
 ST Support: 0.9250 (ahead of 0.9050)

Resistance around 0.9420-0.9430 was broken but not convincingly, but we'll nudge up resistance to 0.9465. A break of that would open up a charge towards 0.96. The first area of support kicks in around 0.9250.



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NZ 5-year Swap Rate

Outlook: Neutral
 ST Resistance: 2.82
 ST Support: 2.5475

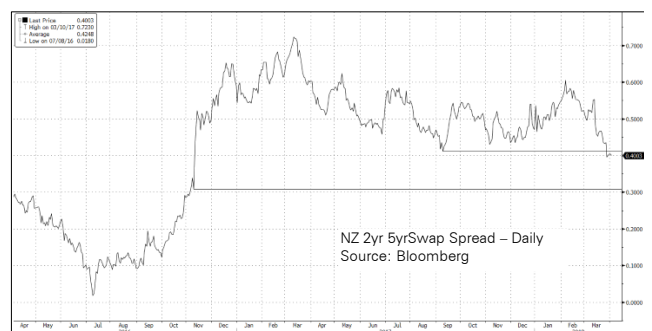
Heading towards support at 2.5475, expect that level to hold off. Should it be breached, it will signal a significant move lower.



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

Outlook: Flatter
 ST Resistance: +60.8
 ST Support: +31

+41 has been breached so expect a move to +31.



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Quarterly Forecasts

Forecasts as at 3 April 2018

Key Economic Forecasts

Quarterly % change unless otherwise specified

Forecasts

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
GDP (production s.a.)	0.4	0.7	0.9	0.6	0.6	0.6	0.8	1.1	0.9	0.6
Retail trade (real s.a.)	1.4	1.4	1.8	0.3	1.7	1.0	0.7	1.3	1.3	0.7
Current account (ytd, % GDP)	-2.2	-2.6	-2.6	-2.5	-2.7	-2.6	-2.9	-3.2	-3.2	-3.1
CPI (q/q)	0.4	1.0	0.0	0.5	0.1	0.3	0.3	0.6	0.3	0.6
Employment	0.9	1.0	0.0	2.2	0.5	0.6	0.5	0.5	0.5	0.5
Unemployment rate %	5.3	4.9	4.8	4.6	4.5	4.4	4.4	4.3	4.2	4.4
Avg hourly earnings (ann %)	1.1	1.1	1.2	2.0	3.1	3.2	3.0	2.8	2.6	2.8
Trading partner GDP (ann %)	3.5	3.6	3.7	4.1	3.9	3.9	3.8	3.7	3.7	3.7
CPI (y/y)	1.3	2.2	1.7	1.9	1.6	0.9	1.2	1.3	1.5	1.8
GDP (production s.a., y/y)	3.5	3.0	2.8	2.7	2.9	2.8	2.6	3.1	3.4	3.4

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Cash	Government Stock			Swaps			US Rates		Spread
		90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	Libor	US 10 yr	NZ-US
		Bank Bills						3 month		Ten year
2017 Mar	1.75	2.00	2.70	3.25	2.35	3.00	3.50	1.15	2.50	0.80
Jun	1.75	1.95	2.45	2.95	2.25	2.80	3.25	1.25	2.20	0.75
Sep	1.75	1.95	2.45	2.95	2.20	2.70	3.20	1.30	2.20	0.75
Dec	1.75	1.90	2.35	2.90	2.20	2.65	3.15	1.60	2.40	0.40
2018 Mar	1.75	1.95	2.50	3.00	2.20	2.75	3.30	1.80	3.00	0.00
Forecasts										
Jun	1.75	1.95	2.50	2.95	2.20	2.75	3.25	1.95	3.00	-0.05
Sep	1.75	1.95	2.70	3.20	2.35	2.95	3.50	2.20	3.25	-0.05
Dec	1.75	2.05	2.80	3.25	2.50	3.05	3.55	2.30	3.25	0.00
2019 Mar	2.00	2.30	2.95	3.35	2.75	3.20	3.65	2.45	3.25	0.10
Jun	2.25	2.55	3.25	3.65	3.05	3.20	3.65	2.55	3.50	0.15
Sep	2.50	2.80	3.45	3.80	3.30	3.20	3.65	2.55	3.50	0.30
Dec	2.75	3.05	3.60	3.90	3.45	3.50	3.95	2.55	3.50	0.40
2020 Mar	3.00	3.20	3.70	3.95	3.65	3.50	3.95	2.55	3.50	0.45
Jun	3.00	3.20	3.65	3.95	3.65	3.50	3.95	2.55	3.50	0.40

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.72	0.77	1.23	1.40	106
Jun-18	0.72	0.78	1.28	1.43	104
Sep-18	0.71	0.77	1.30	1.45	103
Dec-18	0.70	0.75	1.30	1.46	102
Mar-19	0.70	0.75	1.28	1.46	101
Jun-19	0.71	0.76	1.27	1.45	100
Sep-19	0.71	0.76	1.28	1.45	100
Dec-19	0.70	0.75	1.30	1.46	99
Mar-20	0.70	0.75	1.32	1.47	99
Jun-20	0.69	0.74	1.34	1.48	98
Sep-20	0.69	0.74	1.36	1.47	98

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.72	0.94	0.59	0.51	76.2	74.3
Jun-18	0.72	0.92	0.56	0.50	74.9	73.1
Sep-18	0.71	0.92	0.55	0.49	73.1	71.9
Dec-18	0.70	0.93	0.54	0.48	71.4	71.2
Mar-19	0.70	0.93	0.55	0.48	70.7	71.3
Jun-19	0.71	0.93	0.56	0.49	71.0	72.2
Sep-19	0.71	0.94	0.56	0.49	71.0	72.4
Dec-19	0.70	0.93	0.54	0.48	69.3	71.3
Mar-20	0.70	0.93	0.53	0.48	69.3	71.3
Jun-20	0.69	0.93	0.52	0.47	67.6	70.4
Sep-20	0.69	0.93	0.51	0.47	67.6	70.4

TWI Weights

14.0% 20.7% 10.3% 4.8% 6.8%

Source for all tables: Statistics NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 3 April 2018	March Years					December Years				
	Actuals		Forecasts			Actuals		Forecasts		
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
GDP - annual average % change										
Private Consumption	3.9	5.4	4.1	3.8	2.3	5.0	4.5	3.9	2.7	1.4
Government Consumption	2.5	2.0	4.9	2.9	2.2	1.7	4.7	3.3	2.5	1.9
Total Investment	4.7	5.6	3.9	4.1	3.9	6.4	3.3	4.5	4.0	3.6
Stocks - ppts cont'n to growth	-0.3	-0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
GNE	3.5	4.8	3.5	3.4	2.7	4.7	4.0	3.2	3.0	2.1
Exports	5.6	0.7	4.2	2.2	4.3	1.6	2.5	2.4	4.2	4.5
Imports	2.1	5.1	6.2	3.6	3.6	3.4	6.6	3.7	3.9	3.0
Real Expenditure GDP	4.4	3.6	3.3	3.1	2.8	4.1	3.0	3.1	3.1	2.4
GDP (production)	3.6	3.7	2.8	3.2	2.8	4.0	2.9	3.0	3.0	2.4
GDP - annual % change (q/q)	4.0	3.0	2.8	3.4	2.5	3.5	2.9	3.4	2.6	2.3
Output Gap (ann avg, % dev)	1.0	1.3	0.9	1.3	1.3	1.3	1.0	1.2	1.4	1.2
Household Savings (% disp. income)	-1.3	-2.8	-2.3	-3.2	-2.9					
Nominal Expenditure GDP - \$bn	254.7	270.3	287.5	300.3	314.1	266.0	283.5	297.0	310.6	324.9
Prices and Employment - annual % change										
CPI	0.4	2.2	0.9	1.8	2.0	1.3	1.6	1.5	2.1	2.0
Employment	2.0	5.7	3.3	2.0	1.6	5.8	3.7	2.1	1.8	1.2
Unemployment Rate %	5.2	4.9	4.4	4.4	4.4	5.3	4.5	4.2	4.4	4.6
Wages - ahote	2.5	1.1	3.2	2.8	2.7	1.1	3.1	2.6	2.8	2.4
Productivity (ann av %)	1.5	-1.9	-0.8	0.7	1.0	-0.8	-1.3	0.2	1.1	1.0
Unit Labour Costs (ann av %)	1.3	3.8	3.8	2.9	2.1	2.7	4.0	3.6	2.0	1.8
External Balance										
Current Account - \$bn	-7.0	-7.2	-7.6	-9.4	-7.6	-6.0	-7.7	-9.7	-8.1	-7.9
Current Account - % of GDP	-2.8	-2.6	-2.6	-3.1	-2.4	-2.2	-2.7	-3.2	-2.6	-2.4
Government Accounts - June Yr, % of GDP										
OBEGAL (core operating balance)	0.7	1.5	1.0	0.9	1.6					
Net Core Crown Debt (excl NZS Fund Assets)	24.5	22.2	23.3	23.2	22.2					
Bond Programme - \$bn	7.0	8.0	8.0	9.0	10.0					
Bond Programme - % of GDP	2.7	3.0	2.8	3.0	3.2					
Financial Variables ⁽¹⁾										
NZD/USD	0.67	0.70	0.72	0.70	0.70	0.70	0.70	0.70	0.70	0.68
USD/JPY	113	113	106	101	99	116	113	102	99	97
EUR/USD	1.11	1.07	1.25	1.28	1.32	1.05	1.18	1.30	1.30	1.38
NZD/AUD	0.90	0.92	0.93	0.93	0.93	0.96	0.91	0.93	0.93	0.93
NZD/GBP	0.47	0.57	0.52	0.48	0.48	0.56	0.52	0.48	0.48	0.46
NZD/EUR	0.61	0.66	0.58	0.55	0.53	0.67	0.59	0.54	0.54	0.49
NZD/YEN	76.2	79.1	76.7	70.7	69.3	81.6	78.7	71.4	69.3	66.0
TWI	72.2	76.5	74.1	71.3	71.3	78.1	73.6	71.2	71.3	69.5
Overnight Cash Rate (end qtr)	2.25	1.75	1.75	2.00	3.00	1.75	1.75	1.75	2.75	2.75
90-day Bank Bill Rate	2.41	1.98	1.95	2.28	3.20	2.02	1.88	2.03	3.03	2.87
5-year Govt Bond	2.40	2.70	2.50	2.95	3.70	2.75	2.30	2.80	3.60	3.60
10-year Govt Bond	2.90	3.25	3.00	3.35	3.95	3.30	2.80	3.25	3.90	3.95
2-year Swap	2.30	2.30	2.20	2.75	3.65	2.40	2.20	2.50	3.45	3.40
5-year Swap	2.60	3.00	2.75	3.20	3.95	3.00	2.65	3.05	3.85	3.85
US 10-year Bonds	1.90	2.50	3.00	3.25	3.50	2.50	2.40	3.25	3.50	3.50
NZ-US 10-year Spread	1.00	0.75	0.00	0.10	0.45	0.80	0.40	0.00	0.40	0.45

⁽¹⁾ Average for the last month in the quarter

Source for all tables: Statistics NZ, EcoWin, Bloomberg, Reuters, RBNZ, NZ Treasury, BNZ

Key Upcoming Events

	Forecast	Median	Last		Forecast	Median	Last
Tuesday 3 April				Thursday 5 April			
Aus, ANZ Job Ads, March			-0.3%	NZ, ANZ Job Ads, February			-1.2%
Aus, Manufacturing PMI (AiG), March			57.5	NZ, QVNZ House Prices, March y/y			+6.5%
Aus, CoreLogic HPI, March			-0.3%	NZ, ANZ Comdty Prices (world), March			+2.8%
Aus, RBA Policy Announcement	1.50%	1.50%	1.50%	Aus, International Trade, February	+\$1.4b	+\$0.7b	+\$1.1b
Euro, PMI Manufacturing, Mar 2nd est		56.6	56.6P	Aus, Services PMI (AiG), March			54.0
Germ, Retail Sales, February		+0.7%	-1.0%	Euro, PMI Services, Mar 2nd est		55.0	55.0P
UK, Markit/CIPS Manuf Survey, March		54.7	55.2	Euro, Retail Sales, February		+0.6%	-0.1%
Wednesday 4 April				Euro, PPI, February y/y		+1.5%	+1.5%
NZ, Crown Financial Statements, 8m-ended-Feb 2018				Germ, Factory Orders, February		+1.5%	-3.9%
NZ, Dairy Auction, GDT Price Index			-1.2%	UK, Markit/CIPS Services, March		54.0	54.5
NZ, ANZ-RM Consumer Confidence, March			127.7	US, International Trade, February		-\$56.8b	-\$56.6b
Aus, Retail Trade, February	+0.7%	+0.3%	+0.1%	US, Jobless Claims, week ended 31/03			215k
Aus, Building Approvals, February	-5.0%	-5.0%	+17.1%	Friday 6 April			
China, Services PMI (Caixin), March		54.5	54.2	Jpn, Household Spending, February y/y (real)		+0.4%	+2.0%
Euro, Unemployment Rate, February		8.5%	8.6%	Germ, Industrial Production, February		+0.2%	-0.1%
Euro, CPI, Mar y/y 1st est		+1.4%	+1.2%	US, Unemployment Rate, March		4.0%	4.1%
US, ADP Employment, March		+210k	+235k	US, Non-Farm Payrolls, March		+185k	+313k
US, Factory Orders, February		+1.7%	-1.4%				
US, Durables Orders, Feb 2nd est			+3.1%P				
US, ISM Non-Manuf, March		59.0	59.5				

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH & BANK BILLS					SWAP RATES				
Call	1.75	1.75	1.75	1.75	2 years	2.22	2.24	2.22	2.27
1mth	1.88	1.87	1.78	1.90	3 years	2.36	2.40	2.40	2.50
2mth	1.92	1.92	1.84	1.95	4 years	2.50	2.54	2.58	2.68
3mth	1.97	1.96	1.90	2.00	5 years	2.62	2.68	2.74	2.85
6mth	2.07	2.06	1.95	2.04	10 years	3.06	3.14	3.25	3.36
GOVERNMENT STOCK					FOREIGN EXCHANGE				
03/19	1.75	1.75	1.78	2.11	NZD/USD	0.7214	0.7274	0.7290	0.6973
04/20	1.86	1.89	1.93	2.28	NZD/AUD	0.9416	0.9463	0.9313	0.9219
05/21	2.02	2.05	2.12	2.42	NZD/JPY	76.37	76.60	77.37	77.22
04/23	2.29	2.33	2.45	2.72	NZD/EUR	0.5864	0.5862	0.5878	0.6533
04/25	2.53	2.58	2.79	3.00	NZD/GBP	0.5135	0.5133	0.5251	0.5605
04/27	2.72	2.79	3.01	3.09	NZD/CAD	0.9315	0.9370	0.9387	0.9345
04/33	3.11	3.16	3.39	3.43					
04/37	3.33	3.31	3.53	3.70	TWI	74.4	74.8	74.8	76.2
GLOBAL CREDIT INDICES (ITRXX)									
Australia 5Y	70	69	58	84					
Nth America 5Y	68	67	56	66					
Europe 5Y	60	60	53	75					

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