

20 September 2021



Feeling It

- **RBNZ/Hawkesby speech (notes) in focus Tuesday**
- **PSI (35.6) and PMI (40.1) confirm August pain**
- **But more evidence of resilience in jobs**
- **Confidence resilient in WMM consumer index too?**
- **Fonterra's full-year financial results due Thursday**
- **Auckland (still) anticipated to drop to L3 this week**

Of this week's local news, Tuesday's speech (notes) from RBNZ Assistant Governor, Christian Hawkesby, will be firmly in the market's crosshairs. As the Bank helpfully pointed out:

"The speech was prepared for presentation at a conference which has been postponed due to the current COVID outbreak. A decision was made to publish the speech due to uncertainty about when the conference may be held in the future. The speech is entitled: A least regrets approach to uncertainty."

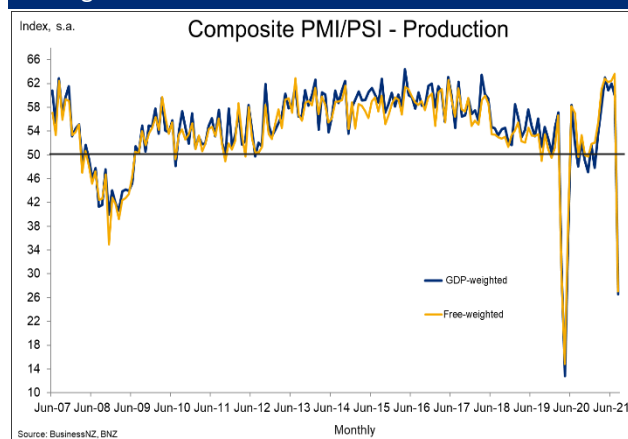
Who knows, for sure, what the speech means to convey. But the Bank's description does give us the impression that it is a planned, big picture, affair, rather than something impromptu designed to address current market expectations of OCR increase. So more about neutral policy rates, than near-term market pricing. Still, the Bank is open to use the occasion to say whatever it likes, about a range of things, conscious that its Monetary Policy Review (MPR) is still just over two weeks away.

The OIS market, of course, has already nudged a fair bit past 25bps, with respect to how much the Bank will lift its cash rate at its 6 October MPR. An unexpectedly huge increase in GDP, as we witnessed in last week's Q2 report, will do that to a market. In this respect, Tuesday's speech could yet influence thoughts between a 25 and 50-point increase. What is clear is that you should tune into the speech if you're able. It's due for release 9:00am.

This week's economic news is already underway, with this morning's Performance of Services Index (PSI) for August. It slumped to 35.6, from 55.9 in July. This was no great surprise, given the entire country was in the strictest of lockdowns (L4) over the second half of the month, which also explains the drop in the Performance of Manufacturing Index, to 40.1.

While it's difficult to map the PSI (and PMI) precisely onto GDP, there is a warning in August's composite PCI that the hit to Q3 2021 GDP could be closer to what we saw in Q2

Hurting About as Hard



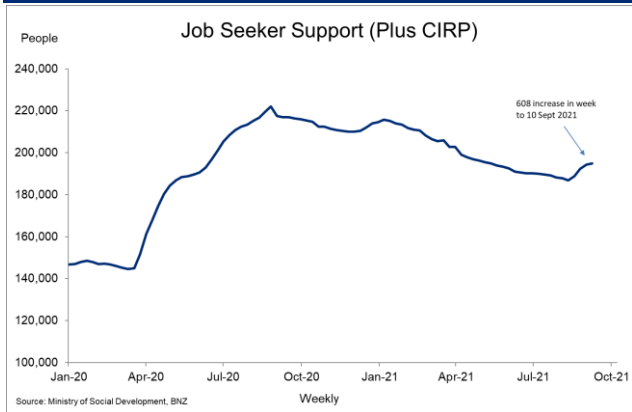
of 2020 than is the consensus view. The other historical lesson from the PCI is that, while activity did bounce straight after lockdowns, it took a good 9-12 months until expansion was fundamentally strong and sustained. So, we should likewise be wary of assuming a full and immediate rebound in GDP post Q3.

That said, there was a thread to both the PSI and PMI in August that offered encouragement. Jobs. The PSI index on this did weaken, but at 49.2 wasn't much below the breakeven mark of 50.0. The employment index in the PMI stood up, at an expansive 54.5. While this might have reflected a strong first half of the month, more than anything else, it was a remarkably robust reading, nonetheless.

Robustness in employment has also been evident from other indicators we are monitoring closely. The weekly paid-jobs series produced by Stats NZ, for example, are showing a steadiness that wasn't evident at this stage through last year's lockdowns. Numbers on the Jobseeker benefit in the week ended 10 September continued to expand, but the lift thus far has been relatively mild compared to the phases we saw last year. And the week to week increases have already abated.

Of course, a lot of jobs have been underwritten by the latest rounds of the Wage Subsidy. But even then, the money only partially covers a business' ongoing wage bill, let alone other labour costs (such as employer contributions to Kiwisaver funds).

Contained, So Far



For further insight into how the household sector is doing, tomorrow’s Westpac McDermott Miller consumer confidence report will be enlightening. It will be the first big test of consumer sentiment, given the ANZ consumer confidence for August was predominantly canvassed pre the latest lockdowns. Will there be a resilience, like we’ve seen in the latest business confidence and expectations of activity?

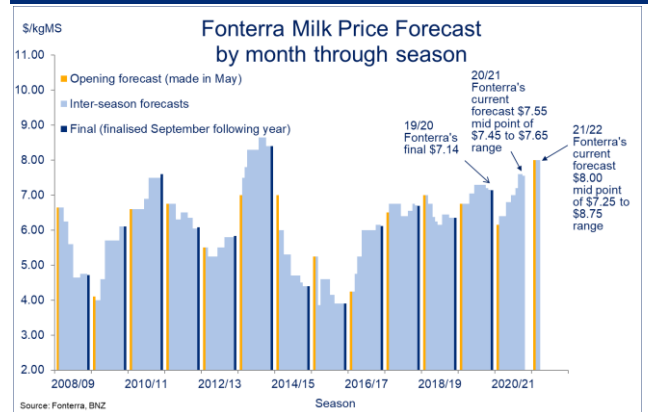
As for Friday’s merchandise trade figures, these are set to show imports expanding much faster than exports, y/y, enlarging the deficit in August to -\$2,144m. This will underscore the current account blowout story that we continue to propound.

August’s residential lending figures, out Friday afternoon, will obviously be compromised by the lockdowns. Still, there is an underlying spirit to the market that suggests August’s figures may well mark the low point.

There is also dairy news to note this week. For Wednesday’s early morning GDT auction, we are thinking something broadly flat on prices. This is after the 4% jump at the previous event, that broke the back of the prior downtrend, leaving us relatively upbeat on Fonterra’s pay-out to farmers.

Speaking of which, note Fonterra’s announcements due for Thursday. This will mainly be about the co-op’s latest annual financial results. However, it will also include its final milk price for the 2020/21 season as well as latest milk price guidance for the 2021/22 season. We expect the former to be in Fonterra’s latest \$7.45 to \$7.65 guidance range and the latter to stay in touch with the current \$7.25 to \$8.75 forecast range.

Milk Solid



As for the government’s latest review of COVID restriction levels, late this afternoon, while it has signalled Auckland will drop a notch, to L3, starting Tuesday night, confirmation remains to be seen. There is also the presumption that the remainder of the country (excluding the upper reaches of Waikato?) will have its delta-L2 softened at the edges. Additionally, there is the issue of what timeframes are specified, for whatever levels are confirmed. We will continue to fine-tune our near-term GDP track accordingly.

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Global Watch

- **FOMC announcement, dot plot, due Thursday morning**
- **BoE meets Thursday**
- **EU, UK PMIs to provide latest activity pulse**
- **China negative news flow in focus**
- **RBA minutes seen dated, post Lowe's speech**

Australia

A very quiet week in Australia with only the RBA Minutes on Tuesday of note. We are unlikely to learn much new from those Minutes given Governor Lowe's recent speech where he expanded upon his confidence in the economy rebounding once lockdown restrictions ease in NSW, VIC and the ACT. In terms of data Weekly Payrolls are on Thursday for the fortnight to August 28.

The vaccine rollout is continuing and NAB's rough modelling suggests NSW will reach its re opening hurdle of 70% full adult vaccination around October 10, with 'Freedom Day' possibility being as early as October 12. VIC has outlined a roadmap out of lockdown. Most states are within 1-1½ months of each other in hitting the 70-80%.

China

Soft headlines expected to continue given Evergrande's woes. The current regulatory crackdown also appears to be weighing on the growth momentum as is the recent delta outbreak in Fujian province which may impact on spending during upcoming holidays (note Mid-Autumn is Sep 19-21 and National Day is Oct 1-7). Blue skies policy ahead of the Winter Olympics starting in early February will also be a factor behind slower industrial activity into winter. As for data, the Loan Prime Rate decision is on Wednesday.

US

The FOMC is on Thursday (6.00am NZT) and is the key risk event for markets. There is a new dot plot, while at the meeting there will be discussions on whether the Fed should announce a taper of its asset purchases. NAB's view is the FOMC will not announce a taper decision at this meeting, instead leaving open a taper announcement to the November or December meetings, timing dependent on whether the pace of jobs growth rebounds after the slowdown seen in August. As for the dot plot, there is the risk with big consequences that the majority shifts to a 2022 rate hike given there is a low bar for a shift in the median (at the June meeting 7/18 FOMC officials had a 2022 hike). Other data out during the week includes Housing Permits/Starts.

UK

The BoE meets on Thursday with the MPC tiling hawkish as incoming member Huw Pill casts his first vote as chief economist – he is believed to lean to the hawkish side, while four other members already see the conditions (though importantly not the need yet) for a hike. We expect the BoE to repeat it believes the rise in inflation is temporary, with an eye to rate hikes in 2022. Before then the BoE will want to assess the winding up of the furlough scheme this month, tax rises due in the spring and an impending energy crunch. Flash PMIs are the main data event, due on Thursday.

Eurozone

Flash PMIs on Thursday are the main drawcard, where supply constraints suggest manufacturing will expand at a slightly slower pace than in August, but still very robust at above 60. Recent hawkish sentiment by some ECB members have also seen German yields remain elevated, expect more talk from Schnabel, Makhlouf and de Guindos.

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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

Swap rates made fresh 2½-year highs across the curve last week, with a much stronger-than-expected NZ GDP release driving a further increase in OCR rate hike expectations. The October meeting is now up to 0.60%, implying the market sees a 40% chance that the RBNZ kicks off its tightening cycle next month with a 50bps OCR increase. The market prices the OCR to be almost 1.75% by the end of next year.

Unsurprisingly, most of the upward pressure on the NZ curve was felt at the short end, given the repricing of OCR expectations following the NZ GDP release. The 2-year swap rate increased 13bps, to 1.50%, while the 5 and 10-year rates were 7-8bps higher. Assisting the move higher in NZ rates last week was a reversion to low Covid-19 case numbers, providing hope that Auckland will move down to Alert Level 3 on Wednesday, as agreed in principle by cabinet last week.

Market expectations for the October meeting could be shaped by Assistant Governor Christian Hawkesby’s speech tomorrow morning which will cover off the RBNZ’s “least regrets” approach to policy in the context of its on-hold decision at the August MPS. The speech might provide some insights into how the RBNZ might weigh up a 25bps move versus a 50bps increase next month. With market pricing for the October meeting finely balanced, the speech has the potential to be market moving either way.

If Hawkesby implies that the RBNZ would lean towards a 50bps increase next month we would expect a sharp flattening in the yield curve, with short-end rates going higher but longer-term rates moving by much less. The market is likely to interpret a 50bps move as reducing the growth prospects for the economy and potentially the overall tightening required. Yield curve flattening would be consistent with what appears to be some offshore investor scepticism about the merits of the RBNZ’s tightening plans.

Conversely, if Hawkesby suggests the MPC would likely lean towards a 25bp OCR increase then there is likely to be a knee jerk fall in short end rates and a steepening of the yield curve. The speech might, of course, contain no additional insights.

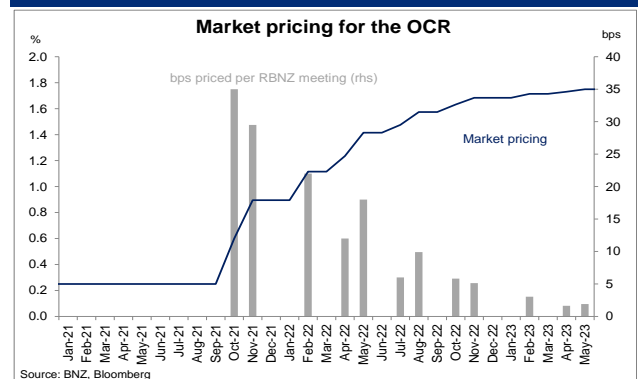
Notwithstanding the current debate about whether there might be a 50bps move in the coming meetings, we see the short end of the NZ curve as well priced for a series of OCR hikes. Year-end 2022 OCR pricing, at what is now close to 1.75%, is also close to the RBNZ’s ~2% neutral OCR estimate. While market pricing is still somewhat below our Research team’s forecast OCR track, and therefore our forecasts of the 2-year swap rate, we no longer think the risks are as clearly tilted to the upside (at least while other major central banks are still some time away from considering interest rate hikes).

The other key domestic event last week was New Zealand Debt Management’s highly successful \$3b May-2051 bond syndication, the first time the New Zealand government has issued a 30-year bond. More than 80% of the deal was

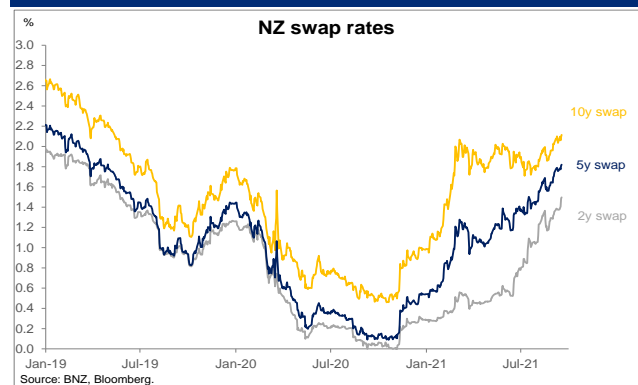
allocated to offshore investors, indicative of very strong offshore demand in an environment where NZ bonds provide a large yield pickup to other developed market peers.

The US 10-year rate is trading towards the upper-end of its recent 1.10% - 1.40% range ahead of the Fed meeting this week. The key focus will be the ‘dot plot’ which in June showed a sizeable minority of officials were in favour of a 2022 rate hike. The consensus view is the Fed will provide a nod towards a November tapering announcement. We still expect global rates to move higher over the next year as some of the current pessimism around global growth priced into rates markets subsides and markets prepare for eventual monetary policy tightening by major central banks.

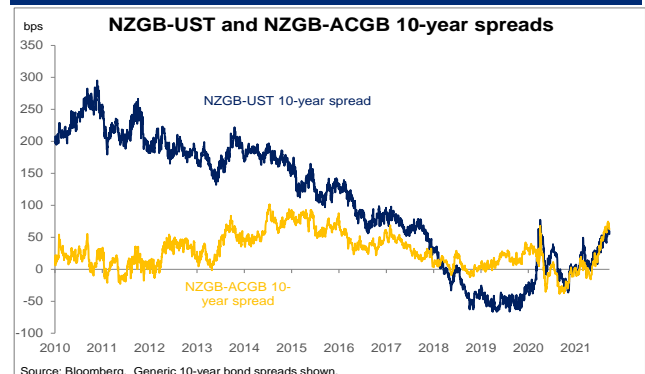
The market prices 35bps for the RBNZ’s October meeting



Fresh 2½-year highs for NZ swap rates across the curve



NZ-US and NZ-Australia 10-year rate spreads hit fresh highs



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Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ9

Our risk appetite index was unchanged last week but currency markets still traded cautiously, with the NZD and AUD both falling by about 1% and the USD and JPY being the two best performing currencies. NZD/AUD closed the week only slightly higher at 0.9680, after hitting a fresh 17-month high of 0.9728 during the week. The NZD fell about 0.3% against EUR and GBP.

Global growth considerations looked to have held back performance of the NZD and AUD last week. As well as the now-familiar concerns about the global spread of the delta variant of COVID19, adding to the potential growth pot-hole are surging gas prices in Europe (up 250-300%) over recent months, and concerns about the imminent collapse of large property developer Evergrande causing contagion effects in China.

One thing we can safely conclude is that RBNZ monetary policy expectations and the associated lift in NZ-global rate spreads is having little impact on the NZD. NZ's 2-year swap rate rose by 13bps last week to 1.50% as the market built in a more aggressive series of rate hikes by the RBNZ, following the surprisingly strong Q2 GDP figures released. The data showed that ahead of the current lockdown, excess demand pressure in the economy and associated inflationary pressure was much greater than the RBNZ had anticipated. The OIS market now prices almost 100bps of hikes over the next four meetings, including a 40% chance of a 50bps rate hike to kick off the cycle next month.

For the NZD, global forces remain in charge. Softer than expected US CPI inflation data, a rare feature so far this year, caused only short-lived weakness in the USD, with stronger than expected US retail sales data having a more sustained impact, leading to USD support. Many were expecting the spread of the delta variant to have held back consumer spending, but this wasn't evident in August. Given the delta variant is a key risk being monitored by the US Fed regarding the policy outlook, the stronger data comes at an interesting time ahead of this week's FOMC update.

While the FOMC will discuss the timing of tapering asset purchases, we don't think it will come to a decision at this meeting, and that will more likely be decided at the November or December meeting, when more data on the employment situation comes to hand. In terms of this week's meeting, there will be focus on the Fed's updated projections, more so for the dotplot outlining each member's expectations for the policy rate.

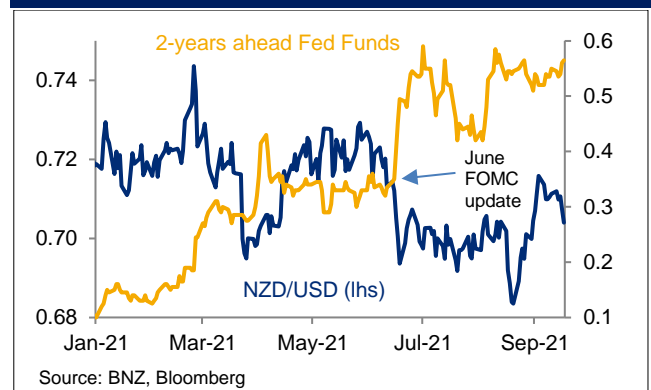
Recall that at the last forecast update in June, the bringing forward of expected rate hikes for the median member into 2023 had a significant impact on the USD. Sustained strength has been evident since, a key factor for the NZD languishing at its current level, and spending some time sub-0.70 over the past few months, despite a nearly 100bps increase in NZ's 2-year swap rate over that time.

If it is evident that a number of FOMC members are bringing forward their expectation of timing for the first rate hike – and recall that 7 out of 18 members thought a rate hike in 2022 was appropriate – then the USD could be expected to be well supported. It would only take 3 members to move their “dot” from 2023 to 2022 to bring forward the median expectation of a rate hike into next year. Not quite as important, but the market will also be sensitive to the first publication of the 2024 dot, as a signal for how aggressive the Fed might be when the tightening cycle gets underway.

Needless to say, this week's FOMC update could have an important bearing on how the NZD performs through the rest of the year, more so than what the RBNZ does in October or November.

Ahead of the FOMC on Thursday morning NZ time, the only local event that could move the market is the speech notes that will be published tomorrow morning by RBNZ Assistant Governor Hawkesby. Still, for the currency, we've had ample occasions over recent months where market moving events for NZ rates only cause a short-lived NZD reaction. The FOMC update is far more important.

NZD more sensitive to US than NZ monetary policy



Cross Rates and Model Estimates

	Current	Last 3-weeks range*
NZD/USD	0.7035	0.7030 - 0.7170
NZD/AUD	0.9683	0.9570 - 0.9730
NZD/GBP	0.5116	0.5080 - 0.5170
NZD/EUR	0.5997	0.5930 - 0.6050
NZD/JPY	77.34	76.90 - 78.70

*Indicative range over last 3 weeks, rounded figures

BNZ Short-term Fair Value Models		
	Model Est.	Actual/FV
NZD/USD	0.7260	-3%
NZD/AUD	0.9250	5%

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Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.7170 (ahead of 0.7315)
 ST Support: 0.6900 (ahead of 0.6800)

The NZD's foray above 0.71 proved short-lived and therefore we revert to previous support level of 0.69, with resistance at the recent high of 0.7170.

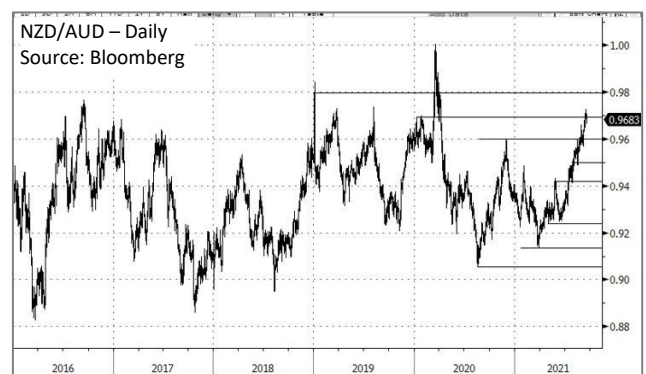


NZD/AUD

Outlook: Trading range
 ST Resistance: 0.9700 (ahead of 0.9800)
 ST Support: 0.9500 (ahead of 0.9430)

We'll leave resistance at 0.97, given that the move above that level proved very short-lived, while support remains at 0.95.

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NZ 5-year Swap Rate

Outlook: Higher
 MT resistance: 1.89
 MT support: 1.65

I have raised support to trendline support at 1.65. Nearing 1.89 target should this be breached next resistance level is 2.12.



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

Outlook: Steeper
 MT resistance: 0.45
 MT support: 0.31

Still looking for 0.31 to hold take profit around 0.45. Stop on a close below 0.31.



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Quarterly Forecasts

Forecasts as at 20 September 2021

Key Economic Forecasts

Quarterly % change unless otherwise specified

Forecasts

	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
GDP (production s.a.)	-9.9	13.9	-1.0	1.4	2.8	-7.0	7.0	0.0	0.5	0.7
Retail trade (real s.a.)	-15.5	27.8	-2.2	2.8	3.3	-14.0	15.0	2.0	0.8	0.6
Current account (ytd, % GDP)	-1.5	-0.7	-0.8	-2.5	-3.3	-3.6	-4.1	-4.2	-4.8	-5.7
CPI (q/q)	-0.5	0.7	0.5	0.8	1.3	1.5	0.6	0.5	0.4	0.8
Employment	-0.4	-0.6	0.7	0.6	1.1	-0.2	0.2	0.7	0.6	0.5
Unemployment rate %	4.1	5.3	4.8	4.6	4.0	4.0	4.3	3.9	3.7	3.7
Avg hourly earnings (ann %)	2.4	3.7	4.6	4.1	4.5	2.8	3.7	4.0	4.3	4.9
Trading partner GDP (ann %)	-5.3	-0.9	0.7	6.3	9.8	4.5	4.1	4.5	4.6	4.7
CPI (y/y)	1.5	1.4	1.4	1.5	3.3	4.2	4.3	4.0	3.1	2.4
GDP (production s.a., y/y)	-10.2	1.4	0.1	2.9	17.4	-4.2	3.6	2.2	0.0	8.3

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Cash	Government Stock			Swaps			US Rates		Spread NZ-US Ten year
		90 Day Bank Bills	5 Year	10 Year	2 Year	5 Year	10 Year	Libor 3 month	US 10 yr	
2019 Dec	1.00	1.15	1.05	1.40	1.10	1.20	1.50	1.95	1.80	-0.40
2020 Mar	0.75	1.05	1.00	1.35	1.00	1.10	1.40	1.55	1.40	-0.03
Jun	0.25	0.30	0.40	0.85	0.25	0.40	0.80	0.60	0.70	0.15
Sep	0.25	0.30	0.25	0.65	0.15	0.25	0.60	0.25	0.65	0.02
Dec	0.25	0.25	0.25	0.70	0.15	0.30	0.75	0.20	0.85	-0.15
2021 Mar	0.25	0.30	0.75	1.40	0.40	0.85	1.50	0.20	1.30	0.09
Jun	0.25	0.35	1.00	1.75	0.55	1.20	1.90	0.15	1.60	0.17
Forecasts										
Sep	0.25	0.60	1.60	1.90	1.45	1.80	2.10	0.15	1.50	0.40
Dec	0.75	0.95	2.05	2.35	1.80	2.15	2.45	0.15	1.80	0.55
2022 Mar	1.00	1.20	2.40	2.60	2.05	2.50	2.70	0.15	2.00	0.60
Jun	1.25	1.45	2.60	2.85	2.30	2.70	2.95	0.15	2.20	0.65
Sep	1.50	1.75	2.80	3.05	2.50	2.90	3.15	0.15	2.35	0.70
Dec	1.75	2.00	2.95	3.20	2.65	3.05	3.30	0.15	2.50	0.70
2023 Mar	2.00	2.25	3.00	3.25	2.65	3.10	3.35	0.15	2.65	0.60

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.70	0.73	1.17	1.37	110
Dec-21	0.75	0.78	1.23	1.43	109
Mar-22	0.76	0.80	1.24	1.46	109
Jun-22	0.75	0.80	1.26	1.48	109
Sep-22	0.75	0.80	1.28	1.52	109
Dec-22	0.74	0.80	1.30	1.54	109
Mar-23	0.73	0.79	1.28	1.52	108
Jun-23	0.72	0.77	1.26	1.50	108
Sep-23	0.71	0.76	1.25	1.47	107
Dec-23	0.69	0.75	1.24	1.47	107
Mar-24	0.69	0.75	1.24	1.46	106

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.70	0.97	0.60	0.51	77.4	75.0
Dec-21	0.75	0.95	0.61	0.52	81.5	76.6
Mar-22	0.76	0.95	0.61	0.52	82.8	77.3
Jun-22	0.75	0.94	0.60	0.51	82.0	76.4
Sep-22	0.75	0.94	0.59	0.50	82.0	76.3
Dec-22	0.74	0.93	0.57	0.48	80.7	75.1
Mar-23	0.73	0.92	0.57	0.48	78.8	74.5
Jun-23	0.72	0.93	0.57	0.48	77.5	74.0
Sep-23	0.71	0.93	0.57	0.48	76.0	73.6
Dec-23	0.69	0.92	0.56	0.47	73.8	71.8
Mar-24	0.69	0.92	0.56	0.47	73.1	72.0

TWI Weights

13.3% 19.2% 10.5% 4.1% 6.4%

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

Annual Forecasts

Forecasts as at 20 September 2021	March Years					December Years				
	Actuals		Forecasts			Actuals		Forecasts		
	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023
GDP - annual average % change										
Private Consumption	2.7	0.2	4.4	5.2	1.9	3.4	-1.3	6.4	4.4	2.2
Government Consumption	6.1	6.5	5.4	1.8	1.3	5.4	6.3	6.5	2.3	1.2
Total Investment	1.3	-4.4	4.4	7.2	-0.8	3.2	-7.0	6.2	7.2	-0.4
Stocks - ppts cont'n to growth	-0.5	-0.1	0.3	0.3	-0.1	-0.7	-0.8	1.0	0.4	-0.2
GNE	2.4	0.2	5.6	5.3	1.1	2.9	-2.0	7.9	5.1	1.3
Exports	0.3	-17.8	6.0	11.5	8.3	2.5	-12.6	-3.8	9.9	11.7
Imports	1.2	-16.1	9.3	15.4	5.5	2.1	-16.0	7.2	14.0	7.4
Real Expenditure GDP	2.1	-0.3	4.5	3.8	1.5	3.0	-1.1	4.7	3.9	1.7
GDP (production)	1.7	-1.4	4.4	2.9	1.5	2.4	-2.1	4.5	3.0	1.6
<i>GDP - annual % change (q/q)</i>	<i>0.1</i>	<i>2.9</i>	<i>2.2</i>	<i>2.1</i>	<i>1.5</i>	<i>1.8</i>	<i>0.1</i>	<i>3.6</i>	<i>1.7</i>	<i>1.3</i>
Output Gap (ann avg, % dev)	1.4	-1.4	0.5	1.1	0.2	1.9	-1.6	0.5	1.1	0.5
Nominal Expenditure GDP - \$bn	322	325	353	371	384	319	322	347	367	381
Prices and Employment - annual % change										
CPI	2.5	1.5	4.0	2.3	2.7	1.9	1.4	4.3	2.2	2.6
Employment	2.5	0.3	1.8	1.8	1.1	1.2	0.7	1.6	2.2	1.0
Unemployment Rate %	4.2	4.6	3.9	3.9	4.6	4.0	4.8	4.3	3.6	4.5
Wages - ahote	3.2	4.1	4.0	4.0	2.8	3.8	2.6	4.6	3.7	4.1
Productivity (ann av %)	-0.3	-1.9	2.7	1.2	0.5	0.5	-3.3	3.3	1.2	0.5
Unit Labour Costs (ann av %)	3.3	4.5	3.7	3.0	2.7	2.5	5.7	2.6	3.4	3.0
House Prices	7.8	22.0	8.5	2.3	2.0	4.6	17.0	15.7	2.8	2.0
External Balance										
Current Account - \$bn	-7.6	-8.2	-14.8	-19.6	-16.2	-9.3	-2.7	-14.1	-21.6	-17.1
Current Account - % of GDP	-2.4	-2.5	-4.2	-5.3	-4.2	-2.9	-0.8	-4.1	-5.9	-4.5
Government Accounts - June Yr, % of GDP										
OBEGAL (core operating balance)	-7.3	-2.8	-5.0	-1.5	0.0					
Net Core Crown Debt (excl NZS Fund Assets)	26.3	32.0	42.0	45.0	42.0					
Bond Programme - \$bn (Treasury forecasts)	29.0	45.0	30.0	25.0	25.0					
Bond Programme - % of GDP	9.0	13.8	8.5	6.7	6.5					
Financial Variables ⁽¹⁾										
NZD/USD	0.60	0.71	0.76	0.73	0.69	0.66	0.71	0.75	0.74	0.69
USD/JPY	108	109	109	108	107	109	104	109	109	107
EUR/USD	1.11	1.19	1.24	1.28	1.24	1.11	1.22	1.23	1.30	1.24
NZD/AUD	0.97	0.93	0.95	0.92	0.92	0.96	0.94	0.95	0.93	0.92
NZD/GBP	0.49	0.51	0.52	0.48	0.47	0.50	0.53	0.52	0.48	0.47
NZD/EUR	0.55	0.60	0.61	0.57	0.56	0.59	0.58	0.61	0.57	0.56
NZD/YEN	65.1	77.5	82.8	78.8	73.8	72.0	73.6	81.5	80.7	73.8
TWI	68.9	74.8	77.3	74.5	71.8	72.8	74.3	76.6	75.1	71.8
Overnight Cash Rate (end qtr)	0.25	0.25	1.00	2.00	2.25	1.00	0.25	0.75	1.75	2.25
90-day Bank Bill Rate	0.71	0.33	1.20	2.25	2.40	1.23	0.26	0.95	2.00	2.40
5-year Govt Bond	0.80	1.00	2.40	3.00	3.00	1.25	0.40	2.05	2.95	3.00
10-year Govt Bond	1.15	1.75	2.60	3.25	3.30	1.60	0.90	2.35	3.20	3.30
2-year Swap	0.65	0.50	2.05	2.65	2.65	1.25	0.28	1.80	2.65	2.65
5-year Swap	0.80	1.15	2.50	3.05	3.10	1.40	0.49	2.15	3.05	3.10
US 10-year Bonds	0.90	1.60	2.00	2.65	3.00	1.85	0.90	1.80	2.50	3.00
NZ-US 10-year Spread	0.25	0.15	0.60	0.60	0.30	-0.25	0.00	0.55	0.70	0.30

⁽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
Monday 20 September				Thursday 23 September			
NZ, BNZ PSI (Services), August			57.9	NZ, Fonterra Final Results			
NZ, Govt Reviews COVID restriction levels				Aus, Manufacturing PMI (Markit), Sep 1st est			52.0
Germ, PPI, Aug y/y	+11.1%	+10.4%		Aus, Services PMI (Markit), Sep 1st est			42.9
US, NAHB Housing Index, September		74	75	Euro, PMI/PSI, Sep 1st est	60.4/58.5	61.4/59.0	
Tuesday 21 September				Friday 24 September			
NZ, Credit Card Billings, August			-0.6%	NZ, New Residential Lending, July y/y			+34%
NZ, WMM Consumer Confidence, Q3			107.1	NZ, Merchandise Trade, August	-\$2,144m		+\$402m
NZ, RBNZ's Hawkesby Speaks, Least Regrets Approach to uncertainty				Jpn, CPI, Aug y/y		-0.3%	-0.3%
Aus, RBA Minutes, 7 Sep Meeting				Germ, IFO Index, September		96.5	97.5
UK, CBI Industrial Trends, September	+16	+18		UK, CBI Retailing Reported Sales, September		+34	+60
US, Housing Starts, August	1,550k	1,534k		US, New Home Sales, August		710k	708k
US, Current Account, Q2 s.a.	-\$191.0b	-\$195.7b		Sunday 26 September			
Wednesday 22 September				NZ, Daylight Saving Begins, +1hr to GMT+13:00			
NZ, Dairy Auction, GDT Price Index			+4.0%				
NZ, Merchandise Trade, To 15 Sep 2021							
Aus, Westpac Leading Index, August			-0.11%				
Jpn, BOJ Policy Announcement, Policy Rate	-0.1%	-0.1%					
Euro, Consumer Confidence, Sep 1st est	-5.9	-5.3					
US, FOMC Policy Announcement	0.25%	0.25%					
US, Existing Home Sales, August	5.88m	5.99m					

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	0.25	0.25	0.25	0.25	2 years	1.50	1.38	1.18	0.05
1mth	0.46	0.34	0.28	0.28	3 years	1.66	1.58	1.37	0.05
2mth	0.57	0.44	0.34	0.29	4 years	1.75	1.69	1.48	0.08
3mth	0.69	0.53	0.39	0.30	5 years	1.82	1.77	1.56	0.13
6mth	0.87	0.75	0.58	0.29	10 years	2.12	2.08	1.87	0.52
GOVERNMENT STOCK					FOREIGN EXCHANGE				
04/23	1.11	1.03	0.83	-0.06	NZD/USD	0.7036	0.7119	0.6892	0.6668
04/25	1.43	1.41	1.13	-0.04	NZD/AUD	0.9683	0.9661	0.9559	0.9231
04/27	1.62	1.61	1.31	0.15	NZD/JPY	77.39	78.30	75.61	69.77
04/29	1.77	1.76	1.48	0.37	NZD/EUR	0.6000	0.6028	0.5867	0.5664
05/31	1.87	1.90	1.59	0.53	NZD/GBP	0.5123	0.5145	0.5023	0.5203
04/33	2.00	2.07	1.78	0.72	NZD/CAD	0.8975	0.9003	0.8718	0.8873
04/37	2.26	2.35	2.05	1.00					
05/41	2.51	2.63	2.32	1.27	TWI	75.0	75.4	73.5	72.2
GLOBAL CREDIT INDICES (ITRXX)									
Nth America 5Y	47	47	49	52					
Europe 5Y	45	45	46	57					

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