

# Research Markets Outlook

3 June 2025

## Trade Mixed For Q1 Growth

- **Goods trade looks growth supportive**
- **Services trade doesn't**
- **We stick with 0.4% pick for Q1 GDP growth**
- **Tradeable inflationary pulse confirmed**
- **Goods terms of trade on track for record**

Issues surrounding tariffs continue to keep global economic uncertainty elevated. From the US Court of International Trade ruling the President's 'Liberation Day' tariffs invalid, to the decision being appealed and other mechanisms being available such that the broad thrust of the policy is likely to be maintained. Late last week, President Trump said tariffs on imports of steel and aluminium into the US would double later this week to 50% from the 25%. It keeps coming.

In addition to such material individual product tariff movements, the large and abrupt policy swings continue to fuel uncertainty around the global trade and economic outlook. It remains a significant downside risk to growth, as uncertainty alone can cause softer than otherwise demand if spending and investment decisions are delayed.

For all the uncertainty, we need to acknowledge recent trade outcomes. This morning's Q1 international trade data provided plenty to think about.

At first glance the data looked highly supportive of Q1 GDP growth. This followed from goods export volumes rising 4.6% q/q and import goods volumes falling 2.4%. The balance of those movements indicates a very strong contribution to quarterly GDP growth from goods trade – and stronger than we have pencilled in.

However, we need to be careful to jump to conclusions here. Firstly, this is because the much weaker than expected import volume figure may well indicate that components of domestic demand, like consumption and investment, was weaker than we had anticipated which may net out in GDP calculations.

Secondly, the balance of services trade looked to be the polar opposite of goods trade. On our inflation and seasonal adjusted estimates, services export volumes look to have fallen in the quarter while services import volumes rose. The balance looks like a material drag on quarterly growth. We will include all these trade movements into GDP forecasts over the coming week.

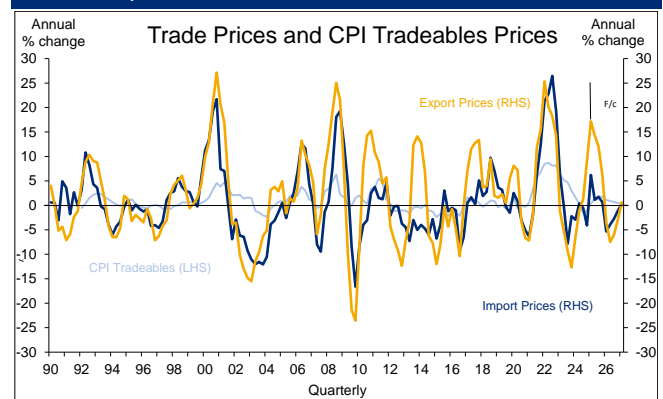
On balance, we stick with our 0.4% q/q pick for Q1 GDP while we await the additional partial indicators due over the coming week. This includes Friday's Building Work Put in Place where we expect a modest decline to be consistent with our thoughts on building investment and construction activity.

The last of the major Q1 GDP partial indicators are out next Monday with wholesale trade, selected services, and manufacturing data due. GDP itself is scheduled for release on 19 June.

This morning's trade data saw material increases in prices. Export goods prices were 17.1% higher than a year ago, while import prices were up 6.2%. Service price equivalents rose 3.8% and 12.1% respectively for exports and imports.

Higher trade prices fit with our view that tradeables CPI inflation is pushing higher. However, we think export and import annual price inflation is peaking and so its influence on domestic annual price inflation is likely to peak later this year, given the usual lag.

### Tradeable price inflation confirmed

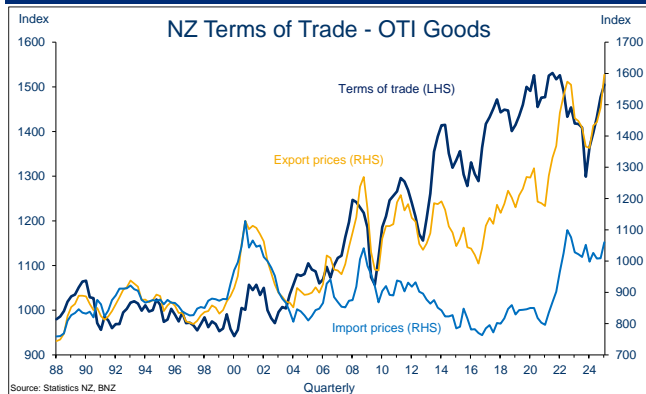


A similar dynamic is expected from import prices with a risk of trade disruption and diversion eventually putting downward pressure on import prices in addition to a forecast strengthening in the NZD. Oil prices remain a wildcard.

The export price gains reflect the very strong increases we have observed for some primary products, including for

dairy (26.8% y/y) and meat (24.8% y/y). These have been a major contributor to further gains in the terms of trade.

### Terms of trade eyes record high



NZ's goods terms of trade rose 1.9% in Q1 pushing this metric 10.3% above year earlier levels. Terms of trade is the ratio of export prices to import prices with a higher value representing a lift in the purchasing power of NZ's exports. It is a support to economic activity and to further narrowing in the current account deficit.

Another terms of trade lift is expected in Q2 taking it to a record level, driven by further gains in dairy and meat prices. Associated with this, we expect Thursday's ANZ commodity price index to be up around 20% y/y in NZ dollar terms.

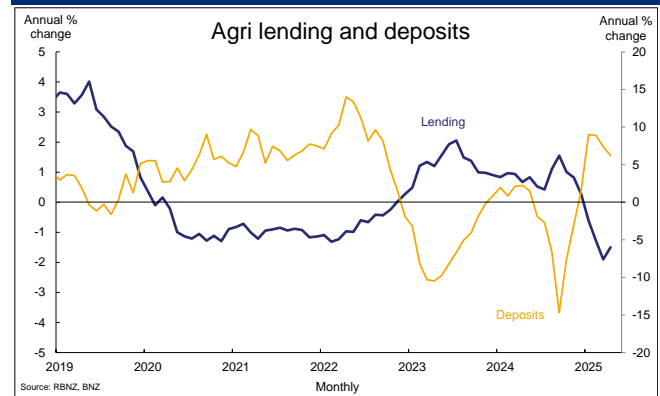
Later this year we expect slower global economic growth and some lift in the NZD to start taking the edge of export price inflation. Indeed, this week's dairy auction might start showing early signs of easing given its forward pricing. The balance of a mix of indicators for tonight's auction looks a bit more down than up, albeit from a high level.

High dairy prices are being reflected in elevated dairy company payments to farmers. Last week Fonterra reiterated its \$10 per kilo of milksolids midpoint milk price forecast for the season just ended. The co-op also forecast \$10 for the season ahead. However, in a sign of uncertain times, the season ahead forecast was provided within a very wide \$3 range.

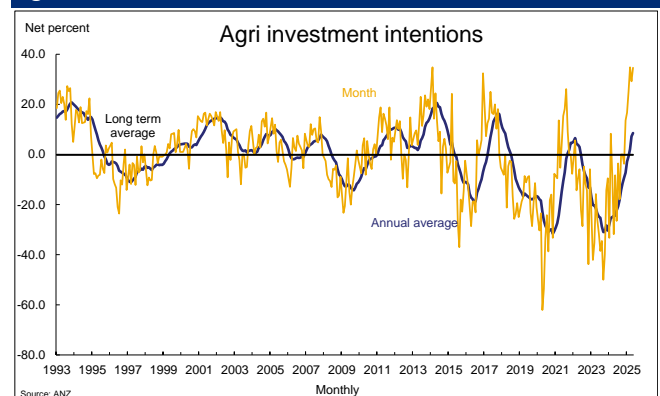
Stronger export returns and associated primary sector revenue provides options to repay debt, spend, invest, or save. It would appear a combination of all is taking place.

Last week's data saw agriculture debt at the end of April 1.5% lower than a year ago, while agriculture deposits were 6.2% higher. Meanwhile, agriculture investment intentions according to ANZ's business survey, have been at all-time highs over recent months, even before the Budget's accelerated depreciation scheme was announced.

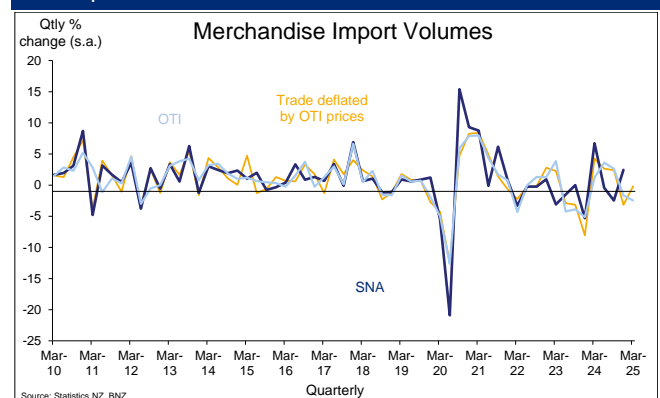
### Signs of agri debt repayment and saving



### Agri firms intend to invest



### Will import volumes decline in the national accounts?



Rounding out the week, the Government Financial Statements for the 10 months to April are scheduled for release on Thursday. These are the first to be lined up against Budget 2025 baselines, so may be a little earlier to see any major deviation.

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# Global Watch

- **US payrolls seen at 130k; unemployment rate steady**
- **Euro area CPI and Australia Q1 GDP data due**
- **ECB (cut 25bp) and BoC (on hold) decisions**

## Week in Review

The decision from the US Court of International Trade that voided many of Trump's tariffs is now paused pending appeal. This left markets little affected, and officials are weighing their options should they need to find a new legal authority. US data on Thursday saw Q1 consumption growth revised lower and a lift in jobless claims.

In Australia, the Monthly CPI Indicator was flat at 2.4% in April. The first month of the quarter is goods heavy and so shouldn't have too much bearing. Retail sales data disappointed, falling 0.1% m/m in April. While some rebound is possible in May, question marks remain over the robustness of the consumer recovery.

## Week Ahead

### US

It's Payrolls week in the US, with forecasts picking a steady unemployment rate at 4.2% and a slowdown in payrolls growth in May on Friday. Ahead of that is the usual run of April openings and quits (Tuesday), ADP (Wednesday) and Jobless claims (Thursday). The latter will be in focus after an upside last week. Policy uncertainty continues to be the theme, and headlines on tariff developments, both negotiations and legal machinations, will remain a focus. On the fiscal side, reports suggest that the "one big, beautiful bill" could hit the Senate floor as early as the end of the week of 9 June or the three-day stretch leading up to Juneteenth (19 June).

### Eurozone

The ECB is widely expected to cut by 25bp to 2.0% on Thursday. That would mark the eighth cut of this easing cycle and the seventh back-to-back reduction. On the data side, preliminary CPI is Tuesday and final PMIs are released. NATO defence ministers meet on Thursday.

### Australia

Q1 GDP is published Wednesday. Our colleagues at NAB expect a 0.5% q/q gain, in line with the RBA's pick. Ahead of GDP are final Q1 partials on Tuesday. The Monthly Household Spending Indicator and Goods Trade balance are both Thursday. Also during the week are the RBA May Minutes and RBA Chief Economist Hunter giving a speech.

### Elsewhere

In Canada, the BoC meets Wednesday. The BoC held rates last meeting at 2.75% under the fog of tariff uncertainty. Employment data is Friday.

In China, the Caixin manufacturing PMI is Tuesday and the services version on Thursday.

In Japan, labour cash earnings data are Thursday and BoJ Governor speaks Tuesday.

There is little of note on the UK calendar.

## Selected Economic Events Preview

### Tuesday 3

#### AU GDP Partial (Inventories, Public, & BoP)

The Business Indicators Survey fills out some of the private sector detail on sales and provides the private inventories contribution to GDP. NAB pencil in a 0.4% q/q rise in inventories, which would be a 0.1ppt contribution to GDP. Q1 public demand detail is also published.

Balance of Payments is expected to show a small negative contribution to GDP from net trade as good imports rose and services exports moderated after a jump in Q1. NAB pencil in \$14bn current account deficit (from \$12.5bn).

#### AU RBA Minutes

The minutes of the April meeting will provide some extra colour on the discussion at the May meeting, but Governor Bullock already revealed the headlines in the post meeting press conference. The most notable being the RBA considered both a 25bps cut and a 50bp cut.

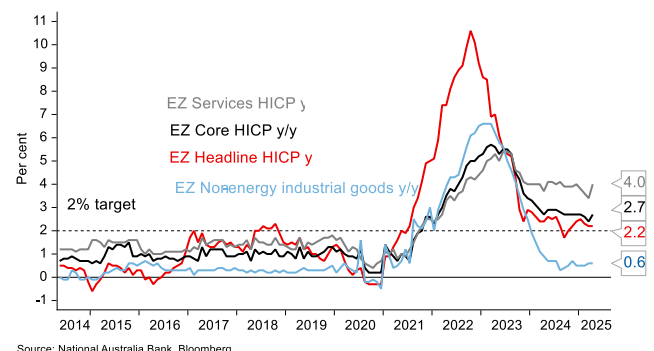
#### AU RBA's Hunter

RBA Assistant Governor (Economic) gives a speech in Brisbane titled Joining the Dots: Exploring Australia's Links with the World Economy. The May SoMP noted that the RBA judged global trade developments to be disinflationary in net terms for Australia.

#### EZ Preliminary CPI

HICP inflation is likely to fall to the 2% headline target in this advance May reading. Core HICP is likely to ease to 2.4% from 2.7%.

#### Euro Area HICP



### US JOLTS (Opening & Quits)

Jolts data are for April and there will be interest in whether firms had begun to pull back on openings given elevated uncertainty. Hires, quits and layoffs rates from the report have been showing unusually low hiring and firing given the relatively low unemployment rate.

### Wednesday 4

#### AU Q1 GDP

NAB expects a Q1 GDP print of 0.5% q/q (1.7% y/y) though partials the prior day will firm up expectations. Consensus is 0.4% q/q. Consumption growth looks to have lost some momentum, but other private sector components will support growth in the quarter. This outcome would be broadly in line with the RBA's forecast in the May SoMP.

#### CA Bank of Canada

The Bank of Canada has moved policy back to 2.75% from a peak of 5.0%. The path forward is muddled by extreme uncertainty from tariffs, so much so that the BoC at its last meeting took the unusual step of presenting two scenarios that explore different paths for US trade policy rather than a baseline forecast. Market pricing leans towards another hold after rates were left unchanged in April.

### EZ/UK/US Final Services PMIs

#### US Services ISM

While services PMI activity across jurisdictions collectively took a hit in April as tariff uncertainty hit, preliminary data from the US showed a rebound. The US ISM measure will be in focus, including the prices paid and employment components. Consensus is a for a lift to 52.0 from 51.6.

#### US Fed Beige Book

The updated qualitative assessment from the Beige Book will be interesting at a time when timely information on how firms are responding to higher tariffs and higher uncertainty is at a premium. The previous update in April noted 'uncertainty around international trade policy was pervasive across report'.

### Thursday 5

#### AU Monthly Household Spending Indicator

The ABS's new experimental household spending indicator provides another lens on consumer momentum after soft April retail sales.

### AU Goods Trade Balance

NAB pencils in a \$6bn surplus, down for \$6.9bn with timely data suggesting lower iron ore shipments in the month.

### CH China Caixin Services PMI

#### EZ ECB June meeting

NAB expect the ECB to deliver its eighth cut of this easing cycle taking the Deposit Rate down to 2% and the seventh back-to-back reduction. The more difficult question is what next? While NAB can see a further and possibly final 25bps cut to 1.75%, but do not think this will happen until September (implying a pause in July). There are risks to both sides of this (either holding at 2% or cutting to 1.5%) but they require more time and data to assess.

### US Jobless Claims

### Friday 6

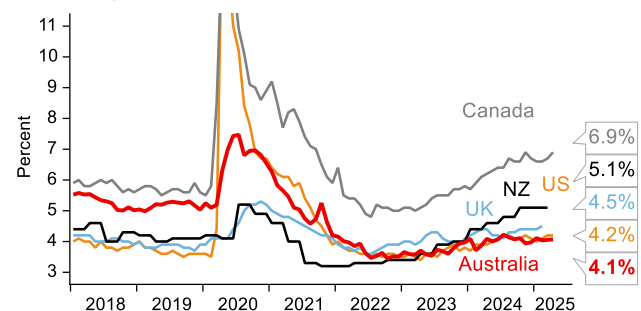
#### US Payrolls

Forecasts look for the unemployment rate to hold at 4.2% and for slowing in payrolls growth to 130k. That would be a continuation of recent data that Fed staff have considered as conditions remaining solid even as higher tariffs and uncertainty are expected to see the unemployment rate rising in coming months.

### CA Unemployment

The unemployment rate jumped 2 tenths last month to 6.9% after tracking broadly sideways since August last year.

#### Unemployment rates



Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), U.K. Office for National Statistics (ONS), Statistics New Zealand, Statistics Canada, Australian Bureau of Statistics

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# Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg: BNZ

NZ front end swap rates moved sharply higher last week, and the curve flattened, following the RBNZ Monetary Policy Statement (MPS). Although the Bank met expectations for a 25bp reduction in the Official Cash Rate (OCR), the decision was reached by a 5-1 majority. The dissenting Committee member preferred to leave the OCR unchanged at 3.50%. There was no discussion of a 50bp cut, and the Bank didn't provide forward guidance about upcoming decisions, which contributed to a significant repricing higher for the terminal OCR.

## Market pricing a higher terminal OCR



The Bank's modelled OCR track was revised lower compared with the February MPS. The projected low point is 2.85%, compared with 3.10% previously, and implies further easing is likely. Despite the downward revision, somewhat confusingly, the RBNZ didn't state a bias. The Committee outlined that policy settings are well placed to respond to domestic and international developments to maintain price stability over the medium term.

The market is pricing around 10bp of easing in July and a cumulative 20bp by the August MPS. This compares with our baseline forecast for a 25bp cut at each meeting. The probability of a scenario, where the OCR is reduced below 2.75%, has decreased following the Bank's messaging. Monthly activity indicators, inflation partials and the Quarterly Survey of Business Opinion are the key releases ahead of the July Policy Review, as the Bank transitions to a more data dependent stance.

Some of the move higher in front end rates during last week appeared to reflect the unwinding of speculative positions. The increase in 2-year swap rates from the recent low peaked at ~30bp, matching the magnitude of previous selloffs, in the past six months. Current OCR terminal pricing is above the trough in the RBNZ's modelled track which hasn't been sustained during the easing cycle. The high level of macro uncertainty and

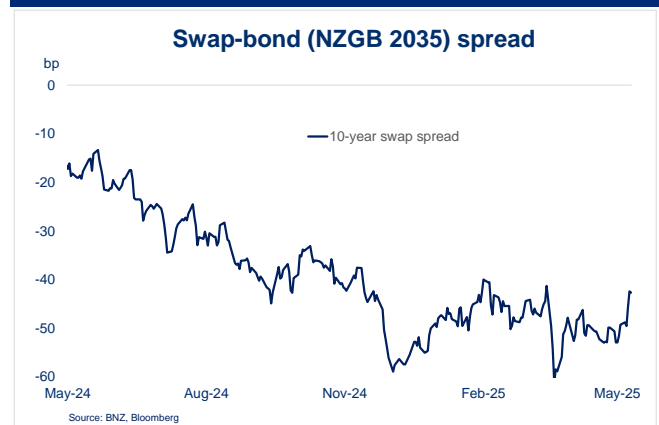
significant spare capacity in the economy, skews risks towards a retracement lower.

The move higher in front end NZ rates has contrasted with comparison markets like Australia and the United States. 2-year NZ swap rates are above Australia for the first time since last September, and look stretched, in the context of the respective domestic economic backdrops.

NZ government bonds (NZGB) outperformed swaps during last week. 10-year swap spreads have increased to -40bp, the top end of the 2025 trading range. Part of the bond outperformance related to month end demand. The May-2026 line was removed from the FTSE World Government Bond Index at the end of May, resulting in a duration extension, for the NZ component of the index. This index adjustment will have been replicated by low tracking error portfolios like passive funds.

We expect government bond outperformance to fade at current levels now month end rebalancing has passed.

## 10-year NZGB swap spreads – at the top of the range



## Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	3.32	3.27 - 3.40
NZ 2yr swap (%)	3.31	3.06 - 3.37
NZ 5yr swap (%)	3.69	3.43 - 3.76
NZ 10yr swap (%)	4.16	3.94 - 4.25
2s10s swap curve (bps)	85	85 - 99
NZ 10yr swap-govt (bps)	-44	-53 - -42
NZ 10yr govt (%)	4.60	4.50 - 4.68
US 10yr govt (%)	4.44	4.26 - 4.62
NZ-US 10yr (bps)	16	7 - 22
NZ-AU 2yr swap (bps)	6	-33 - 7
NZ-AU 10yr govt (bps)	33	11 - 33

\*Indicative range over last 4 weeks

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# Foreign Exchange Market

Reuters pg BNZFWFDS Bloomberg pg BNZ9

Last week, the USD recovered modestly after its hefty loss the previous week. NZD/USD showed a small fall to 0.5965, after trading at a fresh 2025 high just over 0.6030 last Monday. The new week has begun with the NZD probing fresh highs beyond 0.6040, as US-China trade tensions re-escalate and downside pressure on the USD returns. In May, the USD DXY index fell for a fifth successive month. NZD cross movements have been supported since the RBNZ's "hawkish" cut last week.

At its May Monetary Policy Statement, the RBNZ delivered the widely expected 25bps cut to the OCR, taking it down to 3.25%. This took cumulative rate cuts from August last year to 225bps. Market reaction suggested that the policy update was slightly more hawkish than many expected. Despite an extra 25bps rate cut being built into the Bank's projections compared to the February projection and the committee signing off a view that the OCR could fall to as low as 2.85%, policy guidance shifted to "neutral". This caused some confusion regarding the policy outlook.

NZ's 2-year swap rate closed the week 10bps higher and there was a small but positive impact on the NZD. This was most evident in the NZD/AUD cross rate gaining 0.6% for the week to 0.9275. The move has since extended to 0.93, with the AUD showing typical vulnerability whenever US-China trade tensions hog the headlines (see below). BNZ Economics didn't change its projection for an eventual low in the OCR of 2.75% and overall, we maintain our view that NZ monetary policy this year won't be a key driver of the NZD – bigger global forces are more important.

On that note, tariffs were in the spotlight again although the market has become de-sensitised to the fluctuating news on this topic. President Trump backtracked within 48 hours from his threat to impose a 50% tariff on the EU. A US trade court declared many of Trump's tariffs imposed this year under the act of emergency were illegal, dealing a major setback to the policy, but his administration won a reprieve when a federal appeals court temporarily froze the decision. Even if the decision is ultimately upheld, the White House can apply other laws to enact tariffs.

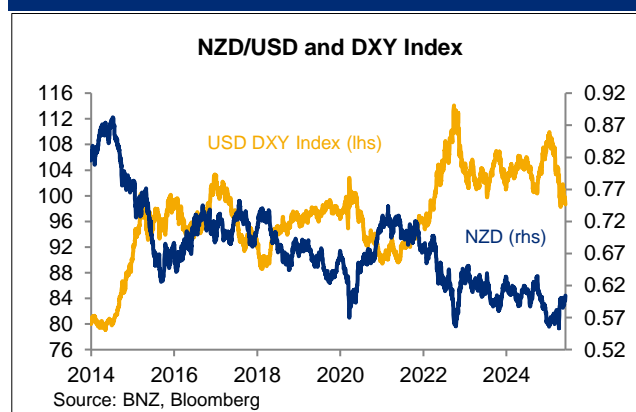
At the end of last week, US-China trade tensions rose a notch, with Trump saying China had violated their agreement, and the US Trade Rep pointing out that China wasn't issuing licences to allow exports of critical minerals to the US. Meanwhile the US is planning to broaden restrictions on China's tech sector with new regulations to capture subsidiaries of companies under US curbs. China denies violating the trade truce. Trump also doubled US tariffs on steel and aluminium to 50%.

The bottom line is that Trump's trade war is still very much alive and contributing to heightened economic uncertainty. The above news kept US fiscal policy off the front pages, but the festering risks around that policy continues regardless.

The only new thing to add around our NZD view is that with resistance around 0.6030 broken, the next target is 0.62. We still see 0.5820 as a near-term support level. Trump's policy agenda is not conducive to attract foreign investment or give confidence about the US economic outlook. We continue to see both cyclical and structural forces being detrimental to the path of the USD, allowing the NZD/USD recovery to extend. Our year-end target remains 0.65.

The economic calendar for the remainder of the week contains top-tier economic releases, including the US ISM services survey and employment report. Elsewhere, euro area CPI and Australian Q1 GDP data will be released. The ECB and Bank of Canada will be giving policy updates, with the former expected to cut 25bps again and the latter expected to keep rates on hold. US-China trade tensions will remain in focus. President Trump wants to speak to President Xi this week as part of the next stage of negotiations.

## NZD looking better as USD probes multi-year lows



## Cross Rates and Recent Ranges

	Current	Last 3-weeks range*
NZD/USD	0.6044	0.5860 - 0.6040
NZD/AUD	0.9300	0.9160 - 0.9300
NZD/GBP	0.4460	0.4390 - 0.4470
NZD/EUR	0.5280	0.5220 - 0.5320
NZD/JPY	86.25	84.60 - 87.70

\*Indicative range over last 3 weeks, rounded figures

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# Technicals

## NZD/USD

Outlook: Upside Risk  
 ST Resistance: 0.62 (ahead of 0.6380)  
 ST Support: 0.5820 (ahead of 0.55)

With resistance around 0.6030 broken we now highlight the next key level around 0.62. The 0.55 mark remains the key support level, but some earlier support might come around 0.5820.



## NZD/AUD

Outlook: Trading range  
 ST Resistance: 0.9390 (ahead of 0.9470)  
 ST Support: 0.9070 (ahead of 0.8950)

No change, with initial support and resistance levels at 0.9070/0.9390.



## NZ 5-year Swap Rate

Outlook: Neutral  
 ST Resistance: 3.85  
 ST Support: 3.47

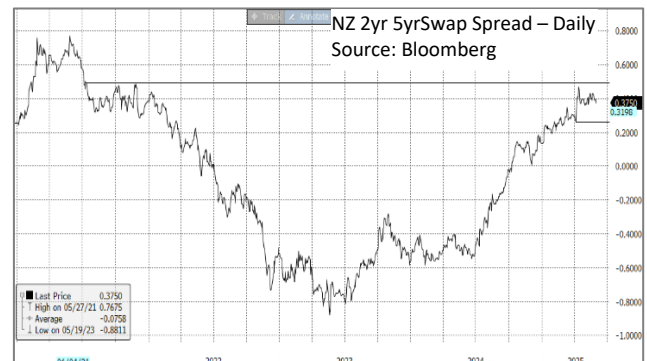
5-year swap moved higher last week primarily due to a hawkish MPS from the RBNZ. This takes the rate back towards the middle of our range.



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

Outlook: Neutral  
 ST Resistance: 0.50  
 ST Support: 0.25

2x5 year swap spread flattened last week as the aforementioned hawkish RBNZ caused short end rates to lead the move higher.



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# Quarterly Forecasts

Forecasts as at 3 June 2025

## Key Economic Forecasts

Quarterly % change unless otherwise specified

Forecasts

	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
GDP (production s.a.)	0.7	0.4	0.4	0.5	0.7	0.8	0.7	0.6	0.6	0.5
Retail trade (real s.a.)	1.0	0.8	0.6	1.0	1.2	1.1	0.9	0.8	0.7	0.7
Current account (ann, % GDP)	-6.2	-5.5	-4.6	-4.2	-3.8	-3.7	-3.8	-4.0	-4.1	-4.0
CPI (q/q)	0.5	0.9	0.6	0.7	0.4	0.5	0.4	0.4	0.3	0.7
Employment	-0.2	0.1	0.0	0.3	0.6	0.7	0.7	0.6	0.5	0.5
Unemployment rate %	5.1	5.1	5.2	5.3	5.3	5.2	5.1	4.9	4.9	4.9
Pr. avg hourly earnings (ann %)	4.0	3.8	3.5	3.0	2.3	3.0	3.1	3.2	3.4	3.3
Trading partner GDP (ann %)	3.2	3.1	2.5	2.3	2.2	2.5	2.6	2.6	2.7	2.8
CPI (y/y)	2.2	2.5	2.8	2.8	2.6	2.2	2.0	1.8	1.7	1.9
GDP (production s.a., y/y)	-1.1	-1.1	0.4	1.9	1.9	2.3	2.6	2.8	2.7	2.4

## 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	SOFR	US 10 yr	NZ-US
		Bank Bills						3 month		Ten year
2024 Mar	5.50	5.66	4.44	4.68	4.92	4.40	4.45	5.30	4.15	0.53
Jun	5.50	5.63	4.56	4.74	5.01	4.53	4.60	5.35	4.45	0.30
Sep	5.33	5.30	3.96	4.31	4.05	3.80	4.05	5.05	3.95	0.37
Dec	4.42	4.44	4.00	4.47	3.65	3.74	4.10	4.50	4.30	0.19
2025 Mar	3.92	3.84	3.99	4.58	3.47	3.71	4.15	4.30	4.45	0.13
Forecasts										
Jun	3.25	3.00	3.55	4.60	2.90	3.35	4.20	4.30	4.40	0.20
Sep	2.75	2.90	3.50	4.50	3.00	3.40	4.20	4.05	4.30	0.20
Dec	2.75	2.90	3.55	4.45	3.15	3.55	4.25	3.65	4.25	0.20
2026 Mar	2.75	2.90	3.65	4.35	3.40	3.70	4.20	3.55	4.10	0.25
Jun	2.75	2.90	3.75	4.25	3.70	3.85	4.15	3.40	4.00	0.25
Sep	2.75	3.30	3.90	4.30	3.95	4.05	4.25	3.15	4.00	0.30
Dec	3.25	3.55	3.95	4.30	4.10	4.15	4.30	3.05	4.00	0.30

## Exchange Rates (End Period)

### USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.60	0.65	1.14	1.35	143
Jun-25	0.61	0.66	1.18	1.37	138
Sep-25	0.63	0.68	1.24	1.43	130
Dec-25	0.65	0.70	1.23	1.41	125
Mar-26	0.65	0.70	1.23	1.41	125
Jun-26	0.68	0.73	1.26	1.45	119
Sep-26	0.68	0.73	1.27	1.46	118
Dec-26	0.68	0.73	1.28	1.47	117
Mar-27	0.69	0.74	1.26	1.45	116

### NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.60	0.93	0.53	0.45	86.5	69.9
Jun-25	0.61	0.92	0.52	0.45	84.2	70.3
Sep-25	0.63	0.93	0.51	0.44	81.9	71.2
Dec-25	0.65	0.93	0.53	0.46	81.3	72.5
Mar-26	0.65	0.93	0.53	0.46	81.3	72.5
Jun-26	0.68	0.93	0.54	0.47	80.9	74.1
Sep-26	0.68	0.93	0.54	0.47	80.2	73.9
Dec-26	0.68	0.93	0.53	0.46	79.6	73.7
Mar-27	0.69	0.93	0.55	0.48	80.0	74.6

### TWI Weights

15.6% 18.4% 9.2% 3.9% 5.5%

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



# Annual Forecasts

Forecasts as at 3 June 2025	March Years					December Years				
	Actuals		2025	2026	2027	Actuals		2025	2026	2027
	2023	2024				2022	2023			
<b>GDP - annual average % change</b>										
Private Consumption	3.4	1.0	0.1	2.1	2.8	4.2	1.0	0.2	1.5	2.9
Government Consumption	2.7	2.0	-0.9	-0.8	-0.1	5.2	0.8	0.0	-0.7	-0.4
Total Investment	3.3	-1.1	-4.9	0.4	5.8	4.2	-0.1	-4.6	-1.7	5.6
Stocks - ppts cont'n to growth	0.3	-1.6	0.4	0.6	0.1	0.0	-1.4	0.2	0.5	0.2
GNE	3.7	-0.9	-0.6	2.0	3.0	4.5	-0.8	-0.8	1.4	3.1
Exports	5.6	8.6	3.5	4.8	3.9	-0.8	11.4	4.2	5.6	3.7
Imports	4.4	-1.3	2.9	5.2	4.9	4.6	-0.6	2.4	4.9	5.0
Real Expenditure GDP	3.9	1.4	-0.6	1.8	2.6	3.2	1.9	-0.1	1.1	2.6
<b>GDP (production)</b>	<b>3.5</b>	<b>1.4</b>	<b>-1.1</b>	<b>1.6</b>	<b>2.6</b>	<b>2.9</b>	<b>1.8</b>	<b>-0.5</b>	<b>0.8</b>	<b>2.6</b>
<i>GDP - annual % change (q/q)</i>	<i>3.0</i>	<i>1.4</i>	<i>-1.1</i>	<i>2.3</i>	<i>2.4</i>	<i>3.1</i>	<i>0.9</i>	<i>-1.1</i>	<i>1.9</i>	<i>2.7</i>
Output Gap (ann avg, % dev)	2.0	1.0	-1.1	-0.8	0.0	1.9	1.2	-0.6	-1.0	-0.1
Nominal Expenditure GDP - \$bn	394	418	430	451	473	386	413	427	445	468
<b>Prices and Employment - annual % change</b>										
CPI	6.7	4.0	2.5	2.2	1.9	7.2	4.7	2.2	2.6	1.7
Employment	3.1	1.0	-0.7	1.6	2.3	1.7	2.8	-1.2	1.0	2.5
Unemployment Rate %	3.4	4.4	5.1	5.2	4.9	3.4	4.0	5.1	5.3	4.9
Wages - ave. hr. ord. time earnings (private sector)	8.2	4.8	3.8	3.0	3.3	8.1	6.6	4.0	2.3	3.4
Productivity (ann av %)	1.3	-1.1	-0.2	1.4	0.2	0.7	-1.2	-0.1	1.3	0.3
Unit Labour Costs (ann av %)	5.7	7.1	4.7	2.2	3.1	6.0	7.6	4.9	2.7	2.9
House Prices (stratified, qtr)	-12.8	2.8	-0.6	7.0	5.4	-13.8	0.6	-0.9	6.8	6.1
<b>External Balance</b>										
Current Account - \$bn	-33.8	-27.6	-23.5	-16.5	-19.1	-35.6	-28.6	-26.4	-17.0	-19.1
Current Account - % of GDP	-8.6	-6.6	-5.5	-3.7	-4.0	-9.2	-6.9	-6.2	-3.8	-4.1
<b>Government Accounts - June Yr, % of GDP</b>										
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-1.8	-2.1	-2.3	-2.6	-1.7					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	38.7	41.7	42.7	43.9	45.7					
Bond Programme - \$bn (Treasury forecasts)	28.0	39.3	43.0	38.0	36.0					
Bond Programme - % of GDP	7.1	9.4	10.0	8.4	7.6					
<b>Financial Variables <sup>(1)</sup></b>										
NZD/USD	0.62	0.61	0.57	0.67	0.69	0.63	0.62	0.57	0.65	0.68
USD/JPY	134	150	149	120	116	135	144	154	125	117
EUR/USD	1.07	1.09	1.08	1.25	1.26	1.06	1.09	1.05	1.23	1.28
NZD/AUD	0.93	0.93	0.91	0.93	0.93	0.94	0.93	0.91	0.93	0.93
NZD/GBP	0.51	0.48	0.44	0.47	0.48	0.52	0.49	0.45	0.46	0.46
NZD/EUR	0.58	0.56	0.53	0.54	0.55	0.60	0.57	0.55	0.53	0.53
NZD/YEN	83.0	91.1	85.4	80.4	80.0	85.6	89.5	88.4	81.3	79.6
TWI	71.0	71.2	67.9	73.6	74.6	72.9	72.0	68.5	72.5	73.7
Overnight Cash Rate (end qtr)	4.75	5.50	3.75	2.75	3.50	4.25	5.50	4.25	2.75	3.25
90-day Bank Bill Rate	5.16	5.64	3.60	2.90	4.05	4.55	5.63	4.26	2.90	3.55
5-year Govt Bond	4.40	4.60	4.00	3.65	4.00	4.30	4.50	3.90	3.55	3.95
10-year Govt Bond	4.35	4.60	4.50	4.35	4.30	4.25	4.65	4.45	4.45	4.30
2-year Swap	5.15	4.91	3.35	3.40	4.15	5.21	4.93	3.53	3.15	4.10
5-year Swap	4.50	4.40	3.65	3.70	4.20	4.62	4.43	3.63	3.55	4.15
US 10-year Bonds	3.65	4.20	4.25	4.10	4.00	3.60	4.00	4.40	4.25	4.00
NZ-US 10-year Spread	0.70	0.40	0.25	0.25	0.30	0.65	0.65	0.05	0.20	0.30
<sup>(1)</sup> 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
<b>Tuesday 03 June</b>				US Fed Releases Beige Book			
AU Inventories SA QoQ 1Q	0.20%	0.40%	0.10%	NZ Government 10-Month Financial Statements			
AU RBA Minutes of May Policy Meeting				NZ Volume of All Buildings SA QoQ 1Q	-0.80%	-1.00%	-4.40%
AU Net Exports of GDP 1Q	0	-0.2	0.2	JN Cash Earnings - Same Sample Base YoY Apr	2.80%		2.70%
AU BoP Current Account Balance 1Q	-A\$12.5b	-A\$14.0b	-A\$12.5b	JN Scheduled FT Pay - Same Base YoY Apr	2.40%		2.10%
CH Caixin China PMI Mfg May	50.7		50.4	NZ ANZ Commodity Price MoM May			0.00%
AU RBA's Hunter Speaks				AU Trade Balance Apr	A\$6000m	A\$6000m	A\$6900m
JN BOJ's Ueda Speaks				AU Household Spending YoY Apr	3.60%		3.50%
EC CPI Estimate YoY May P	2.00%		2.20%	AU Household Spending MoM Apr	0.20%	0.40%	-0.30%
EC CPI Core YoY May P	2.40%		2.70%	CH Caixin China PMI Services May	51.0		50.7
EC Unemployment Rate Apr	6.20%		6.20%	UK BOE's Greene & Breeden Speak			
UK BOE Policymakers Appear at Treasury Committee				<b>Friday 06 June</b>			
<b>Wednesday 04 June</b>				EC ECB Deposit Facility Rate 5-Jun	2.00%		2.25%
US Factory Orders Apr	-3.20%		3.40%	US Trade Balance Apr	-\$66.1b		-\$140.5b
US Durable Goods Orders Apr F	-6.30%		-6.30%	US Initial Jobless Claims 31-May	235k		240k
US JOLTS Job Openings Apr	7100k		7192k	US Continuing Claims 24-May	1910k		1919k
NZ Dairy GDT Auction				EC ECB's Lagarde, Holzmann & Centeno Speak			
US Fed's Goolsbee, Cook & Logan Speak				US Fed's Kugler, Harker & Schmid Speak			
AU S&P Global Australia PMI Services May F			50.5	JN Household Spending YoY Apr	1.50%		2.10%
AU GDP SA QoQ 1Q	0.40%	0.50%	0.60%	EC Retail Sales MoM Apr	0.20%		-0.10%
AU GDP YoY 1Q	1.50%	1.70%	1.30%	EC GDP SA QoQ 1Q T	0.40%		0.30%
EC HCOB Eurozone Services PMI May F	48.9		48.9	EC Employment YoY 1Q F			0.80%
UK S&P Global UK Services PMI May F	50.2		50.2	<b>Saturday 07 June</b>			
<b>Thursday 05 June</b>				US Change in Nonfarm Payrolls May	130k		177k
NZ Cotality Home Value MoM May			0.30%	US Unemployment Rate May	4.20%		4.20%
US ADP Employment Change May	112k		62k	US Av Weekly Hours All Employees May	34.3		34.3
US Fed's Bostic & Cook Speak				CA Unemployment Rate May	7.00%		6.90%
CA Bank of Canada Rate Decision 4-Jun	2.75%		2.75%	JN BOJ's Uchida Speaks			
US S&P Global US Services PMI May F	52.3		52.3	EC ECB's Lagarde & Schnabel Speak			
US ISM Services Index May	52.0		51.6	UK BOE's Greene Speaks			

## Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
<b>CASH AND BANK BILLS</b>					<b>SWAP RATES</b>				
Call	3.25	3.50	3.50	5.50	2 years	3.32	3.16	3.13	5.07
1mth	3.36	3.37	3.55	5.60	3 years	3.45	3.29	3.25	4.80
2mth	3.34	3.32	3.47	5.62	4 years	3.57	3.42	3.39	4.65
3mth	3.32	3.27	3.40	5.62	5 years	3.69	3.56	3.52	4.58
6mth	3.29	3.21	3.24	5.61	10 years	4.17	4.09	4.06	4.61
<b>GOVERNMENT STOCK</b>					<b>FOREIGN EXCHANGE</b>				
04/27	3.43	3.30	3.30	4.71	NZD/USD	0.6044	0.5949	0.6008	0.6177
05/30	3.96	3.88	3.89	4.60	NZD/AUD	0.9293	0.9233	0.9252	0.9290
05/32	4.29	4.25	4.27	4.68	NZD/JPY	86.08	85.85	85.60	95.67
05/35	4.56	4.58	4.57	4.78	NZD/EUR	0.5274	0.5251	0.5284	0.5677
04/37	4.77	4.82	4.78	4.89	NZD/GBP	0.4456	0.4404	0.4495	0.4837
05/41	5.03	5.10	5.02	4.98	NZD/CAD	0.8276	0.8214	0.8278	0.8448
05/54	5.26	5.33	5.24	5.00	TWI	69.7	69.0	69.4	72.6
<b>GLOBAL CREDIT INDICES (ITRXX)</b>									
Nth America 5Y	55	56	65	51					
Europe 5Y	58	58	64	53					

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