

# Research Markets Outlook

30 June 2025

## In confidence . . .

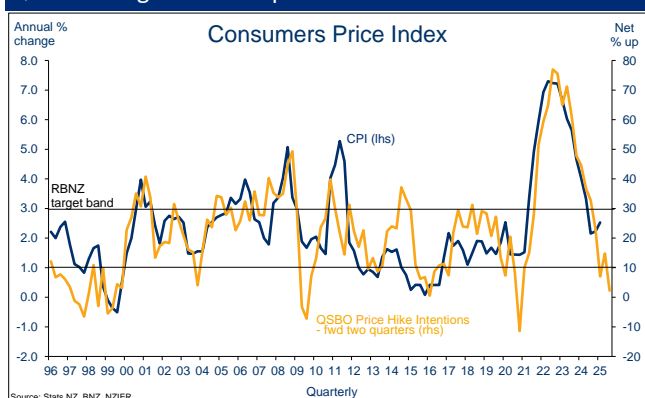
- **QSBO key to RBNZ decision**
- **Inflation indicators paramount**
- **Rate cut looking less likely**
- **ANZBO doesn't settle the debate**
- **More signs of a weak labour market**

It is looking increasingly likely the RBNZ will stand pat when it delivers its July 9 Monetary Policy Review. Our formal view is for a 25 basis point cut but we recognise that the odds of this are diminishing by the day. Be that as it may, we think changing our call before seeing Tuesday's NZIER Quarterly Survey of Business Opinion would be ill-advised.

There is little doubt in our minds that recently published, largely historical, data argue for a pause. But the same cannot be said for the high frequency data nor many of the leading indicators. In our opinion, the QSBO is the "best", longest and most comprehensive of the business surveys and, as such, will provide great insight as to the likely way ahead for New Zealand. But, whatever the message, the challenge for the RBNZ is does it look through the current data or not?

With the control of inflation being the RBNZ's primary objective, we will clearly be studying the QSBO's inflation indicators closely. Pricing intentions, as measured in the QSBO have been in free fall. In the Q1 survey only a net 2.2% of businesses intended to raise prices. To be consistent with CPI inflation at 2.0% you would expect this reading to be close to +20%. A net 7.6% reported price increases, again a much higher reading would be needed to imply the RBNZ's target midpoint was achievable.

### QSBO Pricing intentions plummet

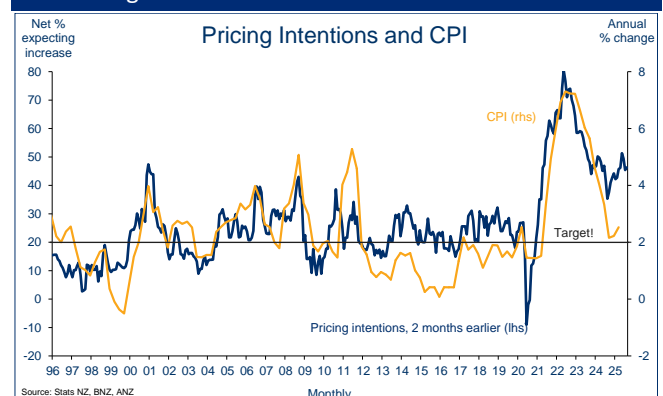


With regard to inflation expectations, we are mindful that the recently released ANZ surveys of both households and businesses are delivering a much higher inflationary profile than the QSBO has been suggesting.

On Friday, it was reported that consumer inflation expectations rose to 4.9% from 4.6% a month earlier. It's been trending higher since December 2024 when it hit a low of 3.8%. Consumer inflation expectations are typically biased to the upside and they have averaged 4.0% since 2014. But where they stand now is certainly not consistent with the RBNZ keeping inflation within its target band. It is also diametrically opposite to what the QSBO has been suggesting.

Today, ANZ's business survey revealed that a net 46.3% of businesses are expecting to raise prices. This is also well above levels traditionally consistent with price stability. The problem, though, is that this series appears to have gone rogue of late so we tend to discount it.

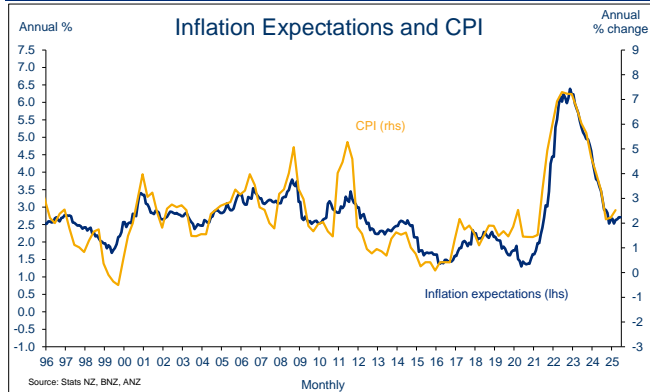
### ANZ Pricing intentions soar



Less rogue are inflation expectations so it was good to see that they remained unchanged at 2.71%. While pricing intentions could give the RBNZ room for concern, inflation expectations should not.

Anyway, back to the QSBO where, labour market indicators will also feed into calculations of inflationary pressure. To the extent the demand for labour remains weak and there is great ease in finding labour, the pressure on wage inflation will be down. Lower wage inflation is a significant driver of lower consumer price inflation particularly in the service sector.

## But inflation expectations anchored



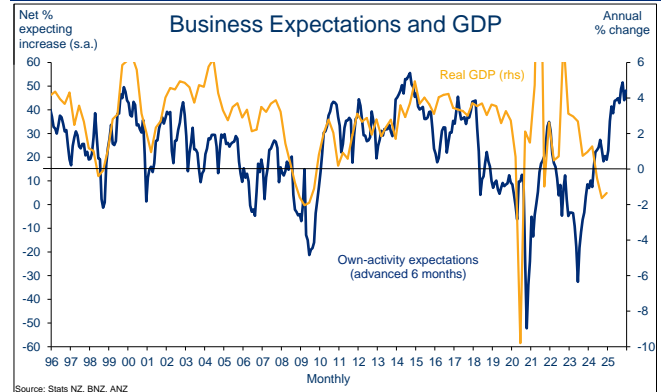
We will be looking for confirmation that the labour market is weaker than the RBNZ has assumed. This morning's employment indicators certainly do that. The 0.1% increase in filled jobs for May, following on from a downwardly revised -0.3% for April, indicates that, at best, there was no employment growth across the quarter. This is below the 0.2% the RBNZ has forecast. Employment growth could well even end up below our zero pick. The QSBO's employment indicators will shed further light on this.

RBNZ followers often overlook the growth indicators in business surveys as the perception is that growth is irrelevant when the inflation objective is dominant. This is true at one level but one shouldn't forget that growth, or lack thereof, directly impacts calculations of the output gap. Currently the economy has a bucket load of spare capacity. While this remains the case inflationary pressures will be greatly diminished. The RBNZ will be looking closely at the key growth indicators to see if the recent bounce in GDP is the start of a trend in more robust economic expansion or whether, as we believe, it is an overstatement of the "truth" with Q2 and Q3 activity reports likely to provide a correction.

An expected activity reading from the QSBO of around +10 would be consistent with the pick up in GDP we are advocating over the remainder of this year.

Again, the ANZ survey doesn't really shed much light with its activity indicator portending very strong growth.

## Don't think so!



We will deliver our interpretation of the QSBO tomorrow and, with it, we will finalise our RBNZ call mindful that whatever our near term view is we are unlikely to change our expectation that the cash rate will ultimately end up at 2.75%.

We also get May Building Consent data on Tuesday. Permit numbers have been poor for both the residential and non-residential sectors. The only good news is that the pace of decline in residential approvals appears to be slowing. There is even a chance it has stalled altogether. Non-residential, on the other hand, continues to look miserable.

Thursday we get June Commodity Prices. New Zealand has been benefitting from soaring returns for our agricultural commodities. Alas, we think prices may have reached their zenith. June may well produce the first evidence of this.

The softening in prices is likely to be led by the dairy sector. We would not be surprised to see Wednesday's GDT auction reveal another decline but remind folk that our expectation for the payout for the year ahead incorporate prices quite a bit lower than where they currently stand so a period of correction should not spread alarm.

Rounding things off, the Crown Financial Statements for the year ended May will also be released on Thursday and should confirm the Government is broadly on track at this early juncture.

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# Global Watch

- ISM manufacturing and services surveys due
- US unemployment rate expected to tick up to 4.3%
- Eurozone CPI data due for June
- Powell & Lagarde speak at the ECB's annual conference

## Week in Review

Offshore, Iran/Israel came to the fore with the US' bombing of key Iranian enrichment targets. Markets interpreted US involvement as bringing the conflict to a close given Iran's lack of any air superiority. Indeed, a truce has since been negotiated and Brent oil has fallen sharply.

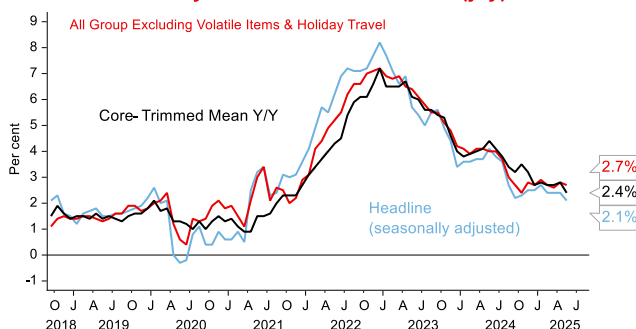
Policy uncertainty may be starting to lessen with US Treasury Secretary Bessent recommending the withdrawal of the proposed s899 from the 'big beautiful tax bill'. The s899 provision was making some investors wary about US investment exposures. The July 9 tariff deadline is the next big uncertainty, although the Administration has played down that as a hard deadline.

There were some dovish comments from Fed Governor Waller and Bowman, both noting the July meeting as a potential meeting to cut rates. Most other Fed speakers (incl. Chair Powell in testimony) still spoke about waiting until the fall. That places a rate cut at the Sep/Oct FOMC meetings. Speculation also picked up on who will be the next Fed Chair.

Across the Atlantic, NATO members agreed to a 5% of GDP defence target, to be reached within 10 years. Meanwhile global PMIs were broadly as expected. The composite still showed US outperformance at 52.8 vs. EZ 50.2.

In Australia, it was all about the Monthly CPI Indicator for May which printed below expectations at 2.1% y/y. The data keeps the RBA on track to ease policy back to a more neutral setting. However, the labour market is still resilient and not arguing policy needs to be below neutral. A few banks pulled forward their RBA rate call to July, matching our colleagues at NAB.

### Australian Monthly CPI Indicator Measures (y/y)



Source: National Australia Bank, Australian Bureau of Statistics, Macrobond

## Week Ahead

In the US it is Payrolls week, brought forward a day to Thursday 3 July due to Independence Day on Friday. The consensus sees the unemployment rate tick higher to 4.3% and for a modest slowing in payrolls growth. That is unlikely to be enough to jolt the FOMC to move as soon as July.

Ahead of Payrolls is ADP Employment Wednesday and JOLTs numbers Tuesday. With soft data in focus to size up momentum and pipeline inflation pressures the Manufacturing ISM (Tuesday) and Services equivalent (Thursday) are worth a look, both sit below their PMI equivalents.

Congress will also be in focus as Trump's 4 July deadline to pass the One Big Beautiful Bill approaches and after some procedural roadblocks in the Senate late last week.

The ECB annual central banking forum from Sintra, Portugal takes place 30 Jun - 2 Jul. Among the speeches and panel sessions the focus will be on a 1 July panel session with Fed's Powell, ECB's Lagarde, BoE's Bailey and BoJ's Ueda, plus a speech from Isabel Schnabel.

On the European data Calendar, it is Eurozone Preliminary CPI for June on Tuesday that takes focus. German and Italian reads are out the day prior.

In Japan, the Q2 Tankan Survey could indicate how much of a hit business confidence has taken from tariffs.

In Australia, our colleagues at NAB look for some payback to be reflected in stronger growth in May for Retail Sales (Wednesday) and the Monthly Spending Indicator (Friday). Also, out during the week are Building Approvals and the Trade Balance.

## Selected Economic Events Preview

### Monday 30

#### EZ Germany & Italy Preliminary June CPI

#### EZ ECB's Sintra Conference (through 2 July)

This year's conference is about '*Adapting to change: macroeconomic shifts and policy responses*' and comes with no shortage of central banking heavy hitters. Among sessions to watch for are ECB President Lagarde's opening remarks, a 'Policy Panel' with Powell, Lagarde, Ueda, Bailey and BoK's Rhee on Tuesday. Full schedule here: [ECB Forum on Central Banking 2025](#).

**Tuesday 1****JN Tankan Survey****CH Caixin Manufacturing PMI****EZ June Preliminary HICP**

EZ headline inflation dropped back below the 2% sustainable target in May with a 1.9% reading and encouraging disinflationary moves in core (2.3%) and services (3.2%). In the Jun preliminary release, NAB look for one-tenth declines in all measures, with the risk skewed to unchanged.

**EZ/US/UK/JN Sintra 'policy panel'**

Powell, Lagarde, Ueda, Bailey and BoK's Rhee appear.

**US JOLTS (May) & ISM Manufacturing (Jun)**

Consensus for the ISM Manufacturing is for a small lift to 48.7 from 48.5. JOLTS meanwhile are for May, and will likely garner a lot of interest given the surprise rise seen in April.

**Wednesday 2****AU Retail Sales (May), Building Approvals (May)**

NAB forecast +0.6% m/m (consensus 0.5%). The consumer had a subdued start to the year, but NAB expect the April 0.1% fall in retail sales understates momentum. NAB transaction data indicates some rebound in May after warmer weather in April weighed on clothing sales and some potential distortions from the proximity of Easter and ANZAC day long weekends.

As for Building Approvals, NAB forecast +5% m/m (consensus 4.0%). Approvals have sunk for two consecutive months due to volatile apartment approvals and NAB pencil in some rebound in May.

**US ADP Employment, Trade Balance****Thursday 3****AU Trade Balance****CH Caixin Services PMI****EZ ECB Minutes (Jun)****US Payrolls, Services ISM, Jobless Claims**

This is the last Payrolls print ahead of the Fed's July meeting and has been brought forward due to Friday's Independence Day Holiday (note markets will close early on Thursday ahead of Friday). The consensus is for the unemployment rate to tick higher to 4.3% from 4.2%. The bar to an increase is low, after the May outcome came within a few bps of tripping the rounding barrier. The median FOMC dot was revised higher in June to an unemployment rate of 4.5% through Q4 2025.

Also out is the Services ISM and Jobless Claims. The Services ISM is expected to lift to 50.6 from 49.9.

**Friday 4****AU Household Spending Indicators**

NAB forecast +0.6% m/m. The ABS's Experimental household spending indicator rose just 0.1% in May. NAB again think the April outcome understates consumer momentum and expect some rebound in May.

**US Independence Day Holiday**

Equity and bond markets are closed.

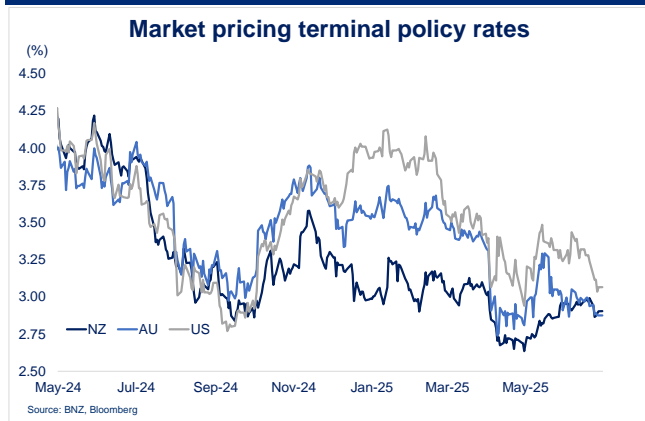
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# Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg: BNZ

NZ rates moved lower last week, largely reflecting global developments as the market increased the amount of easing priced by the Federal Reserve. The implied terminal Fed Funds Rate has declined towards 3.0% with US growth and inflation data surprising to the downside recently. There were limited domestic catalysts. 2-year NZ swap rates have retraced towards the middle of the three-month trading range near 3.15%.

## Repricing of Fed rate cuts



The Quarterly Survey of Business Opinion is the key domestic release in the week ahead and is the final piece of first-tier economic data, ahead of the July 9 RBNZ Monetary Policy Review. The market is pricing an approximately 20% chance for a 25bp cut at the meeting. The domestic fixed income market will also be focused on the anticipated tap syndication of May-2031 nominal government bond.

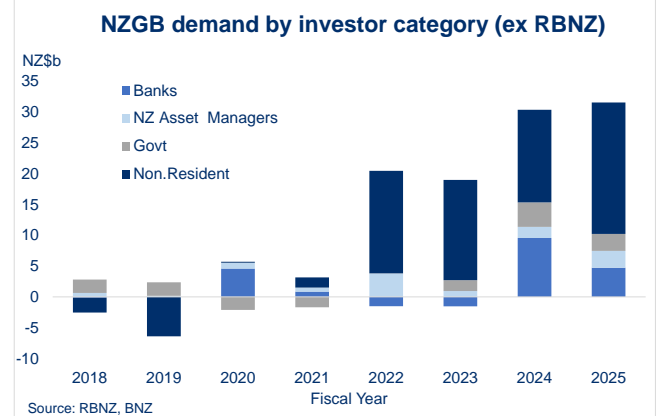
At the Budget Economic and Fiscal Update in May, New Zealand Debt Management (NZDM) announced it expected to undertake three tap syndications of existing nominal NZ Government Bonds (NZGB) in 2025/26. The first was indicated as the May-2031 line, and the announcement of the joint lead managers last week, suggest the deal is imminent. We expect the deal to launch tomorrow for pricing on Wednesday.

A transaction early in the new fiscal year provides flexibility, set against a still large NZ\$38 billion gross issuance programme, and an uncertain macro and geopolitical backdrop. NZDM expects to issue at least NZ\$4 billion and the transaction will be capped at NZ\$6 billion. This is consistent with the four syndications in 2024/25 where volumes were in a range of NZ\$4-6 billion.

NZDM is looking to tap into demand from bank balance sheets and have selected four domestic banks as joint lead managers for the transaction. Bank balance sheets have steadily accumulated government bonds over the past twelve months. Holdings reached NZ\$27 billion at the end

of May, up NZ\$8 billion from a year ago. The dearth of Kauri issuance, and ongoing maturities, have underpinned NZGB demand from banks.

## Non-resident investors continue to absorb supply



Banks have been allocated an average 40% of the four sub-7-year syndications that have been undertaken since March 2023. Matched maturity swap spreads are near the midpoint of the +35bp to +45bp range in the past two months. The May-2031 line sits on the steepest part of the NZGB curve and offers attractive carry and roll outright, and relative to swaps.

NZGBs appear attractive within the developed market government bond universe, given the relatively steep curve and high real yields, which is likely to stimulate non-resident demand. This investor category was allocated 56% in the recent April-2032 tap and have been increasing exposure in the 3 to 5-year curve sector in recent months. The May-2031 screens as one of the cheapest NZGBs on the curve and should provide a tailwind for investor demand.

## Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	3.28	3.28 - 3.32
NZ 2yr swap (%)	3.20	3.16 - 3.33
NZ 5yr swap (%)	3.57	3.53 - 3.73
NZ 10yr swap (%)	4.07	4.02 - 4.21
2s10s swap curve (bps)	87	83 - 89
NZ 10yr swap-govt (bps)	-46	-50 - -43
NZ 10yr govt (%)	4.52	4.52 - 4.62
US 10yr govt (%)	4.28	4.24 - 4.52
NZ-US 10yr (bps)	25	9 - 27
NZ-AU 2yr swap (bps)	5	-5 - 8
NZ-AU 10yr govt (bps)	40	28 - 41

\*Indicative range over last 4 weeks

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# Foreign Exchange Market

Reuters pg BNZFWFDS Bloomberg pg BNZ9

Last week, the USD was broadly weaker, with geopolitical risk fading as the Iran-Israel war abruptly ended. NZD/USD rose 1½% to 0.6055. European currencies outperformed, resulting in modest falls in NZD/EUR and NZD/GBP, while the NZD was modestly stronger against the AUD and JPY.

Last week began with heightened geopolitical risk after the US entered the Iran-Israel war by bombing three Iranian nuclear sites. Iran retaliated by bombing an empty US military base in Qatar, a symbolic move to play to its domestic audience and a signal to the world that it wasn't interested in targeting oil infrastructure. A ceasefire deal brokered by the US and Qatar brought a quick end to the conflict, which President Trump coined "The 12-Day War".

USD strength after the war first kicked off on 13-June was quickly reversed, with some additional forces adding further downward pressure, which saw USD indices trade down to fresh three-year lows. There was increased market focus on the appointment of the next Fed Chair, with reports of an early announcement to undermine Chair Powell's role, ahead of his exit in May next year, and President Trump said he would appoint "somebody that wants to cut rates".

The prospect of a more dovish Chair supported lower US short-term rates and was USD-negative. US economic data were mixed and two high-profile Fed Governors – Waller and Bowman – support rate cuts as soon as July. The market now prices more chance of three Fed rate cuts this year than two cuts. Many FX majors rose to fresh 2025 highs against the USD – in some cases multi-year highs – but in the case of the NZD, the 0.6088 high of 17-June wasn't surpassed.

Last week we outlined two short-term scenarios for the NZD playing out, depending on how the Iran-Israel war progressed. In the end, the optimistic one prevailed, with a quick passing of weaker risk sentiment supporting a recovery towards the recent high. Our risk appetite index closed Friday at 68%, its highest level since February.

Our next focus is on 9-July, the end of the 90-day pause period of Trump's reciprocal tariffs policy. Market consensus is that the 10% baseline tariffs that are already in place remain as a permanent feature, but at this juncture we don't have clarity on whether the punitive "reciprocal" tariffs outlined on Liberation Day will be re-imposed for some countries, or not. It is difficult to see the NZD galloping away until this risk event is cleared.

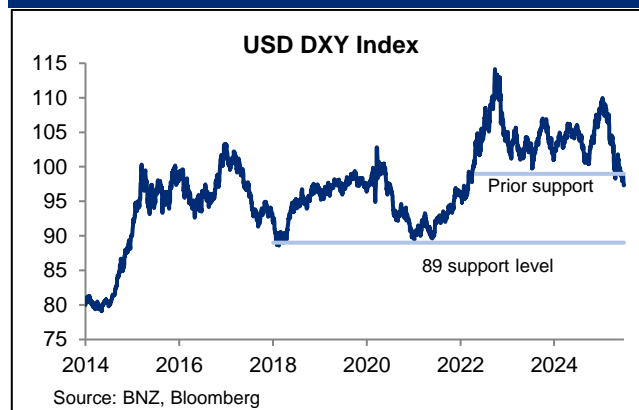
A favourable clearing of this risk event would ease the path towards the NZD extending its upward trend this year, via further broad USD weakness. Of note, USD indices – such

as the DXY index or the slightly broader Bloomberg DXY index – have fallen below key technical support levels. For the DXY index, the next major support level is some 8% lower at 90 (see chart).

The US and China signed a trade framework which put into writing the agreement reached in negotiations in Geneva last month and re-agreed in London earlier this month. The deal has not been publicly released, but Commerce Secretary Lutnick said China will deliver rare earths to the US and once they do that, the US will take down "countermeasures". Thus, China will not be part of the early-July risk event regarding trade agreements, which could mitigate any impact on the NZD.

In the week ahead, domestic interest will lie in the Quarterly Survey of Business Opinion, due tomorrow, for its rich dataset on activity, capacity and inflation pressures, the last key release ahead of the July OCR review. There are plenty of top-tier global data releases, including the ISM manufacturing and services surveys and employment report in the US, and euro area inflation data. The ECB's annual conference in Sintra, Portugal also takes place, where Central Bank heads from the major countries will be speaking.

## Key USD DXY support broken; paves way for lower USD



## Cross Rates and Recent Ranges

	Current	Last 3-weeks range*
NZD/USD	0.6048	0.5880 - 0.6090
NZD/AUD	0.9254	0.9220 - 0.9310
NZD/GBP	0.4411	0.4400 - 0.4500
NZD/EUR	0.5154	0.5130 - 0.5310
NZD/JPY	87.33	85.80 - 88.00

\*Indicative range over last 3 weeks, rounded figures

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# Technicals

## NZD/USD

Outlook: Trading range  
 ST Resistance: 0.62 (ahead of 0.6380)  
 ST Support: 0.5820 (ahead of 0.55)

We see the next resistance level around 0.62, ahead of a stronger resistance level of 0.6380. The first support level is around 0.5820.



## NZD/AUD

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

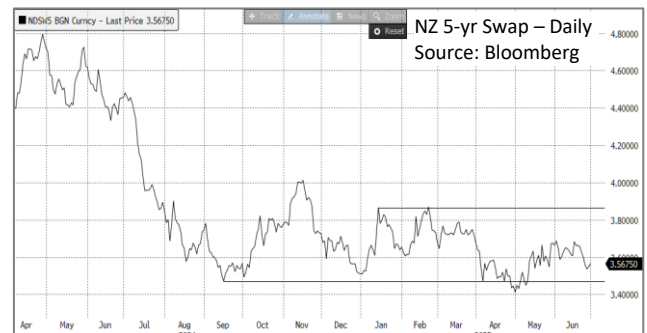
No change, with initial support and resistance levels at 0.9070/0.9390.



## NZ 5-year Swap Rate

Outlook: Neutral  
 ST Resistance: 3.85  
 ST Support: 3.47

5-year swap moved lower last week in line with global markets, but remains comfortably within our defined range.



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

Outlook: Neutral  
 ST Resistance: 0.50  
 ST Support: 0.25

2x5 year swap spread failed to move materially last week, even with the directional move lower in the curve.



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# Quarterly Forecasts

Forecasts as at 30 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.)	0.5	0.8	0.0	0.5	0.7	0.8	0.8	0.6	0.6	0.5
Retail trade (real s.a.)	1.0	0.8	0.4	0.8	1.2	1.1	0.9	0.8	0.7	0.7
Current account (ann, % GDP)	-6.1	-5.7	-5.1	-4.9	-4.6	-4.4	-4.5	-4.6	-4.6	-4.5
CPI (q/q)	0.5	0.9	0.8	0.8	0.5	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 %)	3.3	3.2	2.8	2.4	2.1	2.1	2.5	2.7	2.9	2.9
CPI (y/y)	2.2	2.5	2.9	3.1	3.0	2.6	2.3	1.8	1.7	1.9
GDP (production s.a., y/y)	-1.3	-0.7	0.3	1.8	2.0	2.0	2.9	3.0	3.0	2.6

## 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
Jun	3.33	3.38	3.85	4.55	3.19	3.57	4.10	4.30	4.35	0.19
Forecasts										
Sep	2.75	2.90	3.65	4.50	3.00	3.40	4.10	4.10	4.30	0.20
Dec	2.75	2.90	3.70	4.50	3.15	3.50	4.15	3.70	4.25	0.25
2026 Mar	2.75	2.90	3.85	4.40	3.40	3.65	4.05	3.60	4.10	0.30
Jun	2.75	2.90	4.00	4.40	3.70	3.85	4.10	3.45	4.00	0.35
Sep	2.75	3.30	4.10	4.40	3.95	4.05	4.20	3.20	4.00	0.40
Dec	3.25	3.55	4.10	4.45	4.00	4.10	4.30	3.10	4.00	0.45

## Exchange Rates (End Period)

### USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.61	0.65	1.17	1.37	145
Sep-25	0.63	0.68	1.24	1.43	130
Dec-25	0.65	0.70	1.23	1.41	125
Mar-26	0.67	0.72	1.25	1.44	120
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
Jun-27	0.70	0.75	1.25	1.44	115

### NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.61	0.93	0.52	0.44	87.5	69.7
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	72.6
Mar-26	0.67	0.93	0.54	0.47	80.4	73.6
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
Jun-27	0.70	0.93	0.56	0.49	80.5	75.5

### 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 30 June 2025	March Years					December Years				
	Actuals			Forecasts		Actuals		Forecasts		
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
<b>GDP - annual average % change</b>										
Private Consumption	3.4	1.0	0.2	2.3	2.8	1.0	0.0	1.9	2.8	2.4
Government Consumption	2.7	2.0	-0.7	-0.4	-0.1	0.8	-0.1	0.1	-0.6	0.4
Total Investment	3.3	-1.1	-5.3	0.4	6.5	-0.1	-5.1	-1.6	6.2	4.1
Stocks - ppts cont'n to growth	0.3	-1.5	0.2	0.6	0.1	-1.4	0.2	0.3	0.3	0.0
GNE	3.7	-0.9	-1.0	1.7	3.2	-0.7	-1.1	0.8	3.2	2.4
Exports	5.6	8.6	2.7	1.8	3.9	11.4	4.1	2.1	3.4	3.8
Imports	4.5	-1.3	1.7	3.0	4.8	-0.5	1.9	2.0	4.9	3.4
Real Expenditure GDP	3.9	1.5	-0.9	1.7	2.9	2.0	-0.5	1.2	2.7	2.4
<b>GDP (production)</b>	<b>3.5</b>	<b>1.4</b>	<b>-1.1</b>	<b>1.5</b>	<b>2.9</b>	<b>1.8</b>	<b>-0.6</b>	<b>0.8</b>	<b>2.7</b>	<b>2.4</b>
<i>GDP - annual % change (q/q)</i>	3.0	1.3	-0.7	2.0	2.6	1.0	-1.3	2.0	3.0	2.3
Output Gap (ann avg, % dev)	2.0	1.0	-1.0	-1.2	-0.3	1.2	-0.5	-1.3	-0.5	-0.2
Nominal Expenditure GDP - \$bn	394	418	431	456	479	413	427	450	474	495
<b>Prices and Employment - annual % change</b>										
CPI	6.7	4.0	2.5	2.6	1.9	4.7	2.2	3.0	1.7	2.0
Employment	3.1	1.0	-0.7	1.6	2.3	2.8	-1.2	1.0	2.5	1.9
Unemployment Rate %	3.4	4.4	5.1	5.2	4.9	4.0	5.1	5.3	4.9	4.9
Wages - ave. hr. ord. time earnings (private sector)	8.2	4.8	3.8	3.0	3.3	6.6	4.0	2.3	3.4	3.2
Productivity (ann av %)	1.2	-1.1	-0.2	1.3	0.4	-1.2	-0.2	1.3	0.4	0.3
Unit Labour Costs (ann av %)	5.7	7.1	4.7	2.3	2.9	7.6	5.0	2.7	2.8	2.9
House Prices (stratified, mth)	-12.8	2.8	-0.6	3.9	6.2	0.6	-0.9	3.4	5.1	5.0
<b>External Balance</b>										
Current Account - \$bn	-33.8	-27.6	-24.7	-20.2	-21.5	-28.6	-26.2	-20.6	-21.8	-20.7
Current Account - % of GDP	-8.6	-6.6	-5.7	-4.4	-4.5	-6.9	-6.1	-4.6	-4.6	-4.2
<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	8.3	7.5					
<b>Financial Variables <sup>(1)</sup></b>										
NZD/USD	0.62	0.61	0.57	0.67	0.69	0.62	0.57	0.65	0.68	0.69
USD/JPY	134	150	149	120	116	144	154	125	117	116
EUR/USD	1.07	1.09	1.08	1.25	1.26	1.09	1.05	1.23	1.28	1.23
NZD/AUD	0.93	0.93	0.91	0.93	0.93	0.93	0.91	0.93	0.93	0.93
NZD/GBP	0.51	0.48	0.44	0.47	0.48	0.49	0.45	0.46	0.46	0.49
NZD/EUR	0.58	0.56	0.53	0.54	0.55	0.57	0.55	0.53	0.53	0.56
NZD/YEN	83.0	91.1	85.4	80.4	80.0	89.5	88.4	81.3	79.6	80.0
TWI	71.0	71.2	67.9	73.6	74.6	72.0	68.5	72.6	73.7	75.0
Overnight Cash Rate (end qtr)	4.75	5.50	3.75	2.75	3.50	5.50	4.25	2.75	3.25	4.00
90-day Bank Bill Rate	5.16	5.64	3.60	2.90	4.05	5.63	4.26	2.90	3.55	4.15
5-year Govt Bond	4.40	4.60	4.00	3.85	4.10	4.50	3.90	3.70	4.10	4.05
10-year Govt Bond	4.35	4.60	4.50	4.40	4.50	4.65	4.45	4.50	4.45	4.60
2-year Swap	5.15	4.91	3.35	3.40	4.00	4.93	3.53	3.15	4.00	4.00
5-year Swap	4.50	4.40	3.65	3.65	4.15	4.43	3.63	3.50	4.10	4.20
US 10-year Bonds	3.65	4.20	4.25	4.10	4.00	4.00	4.40	4.25	4.00	4.00
NZ-US 10-year Spread	0.70	0.40	0.25	0.30	0.50	0.65	0.05	0.25	0.45	0.60
<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>Monday 30 June</b>				<b>Thursday 3 July</b>			
UK Current Account Balance 1Q	-20.3b		-21.0b	NZ Cotality Home Value MoM Jun			-0.10%
EC ECB's Guindos Speaks				US ADP Employment Change Jun	90k		37k
<b>Tuesday 1 July</b>				EC ECB's Lagarde Speaks			
GE CPI EU Harmonized YoY Jun P	2.20%		2.10%	NZ Government 11-Month Financial Statements			
US MNI Chicago PMI Jun	42.9		40.5	NZ ANZ Commodity Price MoM Jun			1.90%
US Fed's Bostic & Goolsbee Speak				JN BOJ's Takata Speaks			
AU Cotality Home Value MoM Jun			0.50%	AU Trade Balance May	A\$5000m	A\$5000m	A\$5413m
EC ECB's Lagarde, Schnabel & Others Speak				CH Caixin China PMI Services Jun	50.9		51.1
NZ NZIER Business Opinion Survey				UK BOE Bank Liabilities/Credit Conditions Surveys			
NZ Building Permits MoM May			-15.60%	EC ECB Publishes Account of June Policy Meeting			
JN Tankan Large Mfg Index 2Q	10		12	<b>Friday 4 July</b>			
CH Caixin China PMI Mfg Jun	49.3		48.3	US Trade Balance May	-\$71.1b		-\$61.6b
GE Unemployment Claims Rate SA Jun	6.40%		6.30%	US Change in Nonfarm Payrolls Jun	113k		139k
EC ECB 3 Year CPI Expectations May	2.50%		2.50%	US Unemployment Rate Jun	4.30%		4.20%
EC ECB 1 Year CPI Expectations May			3.10%	US Av Weekly Hours All Employees Jun	34.3		34.3
EC CPI Estimate YoY Jun P	2.00%		1.90%	US Initial Jobless Claims 28-Jun	241k		236k
EC CPI Core YoY Jun P	2.30%		2.30%	US Continuing Claims 21-Jun	1950k		1974k
<b>Wednesday 2 July</b>				US Factory Orders May	8.10%		-3.70%
US Fed's Powell Speaks				US ISM Services Index Jun	50.6		49.9
EC ECB Lagarde, Lane & Others Speak				US Fed's Bostic Speaks			
UK BOE's Bailey & Taylor Speak				JN Household Spending YoY May	1.20%		-0.10%
JN BOJ's Ueda Speaks				AU Household Spending MoM May	0.50%	0.60%	0.10%
US ISM Manufacturing Jun	48.7		48.5	GE Factory Orders MoM May	-0.20%		0.60%
US Construction Spending MoM May	-0.20%		-0.40%	EC ECB's Elderson Speaks			
US JOLTS Job Openings May	7300k		7391k	<b>Saturday 5 July</b>			
US Dallas Fed Services Activity Jun			-10.1	EC ECB's Villeroy, Centeno & Others Speak			
NZ Dairy GDT Auction				UK BOE's Taylor Speaks			
AU Building Approvals MoM May	4.00%	5.00%	-5.70%	<b>Sunday 6 July</b>			
AU Retail Sales MoM May	0.50%	0.60%	-0.10%	UK BOE's Bailey Speaks			
EC Unemployment Rate May	6.20%		6.20%				

## 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	3.25	3.25	5.50	2 years	3.20	3.28	3.29	4.93
1mth	3.33	3.33	3.36	5.60	3 years	3.31	3.40	3.42	4.65
2mth	3.31	3.31	3.34	5.62	4 years	3.44	3.53	3.54	4.51
3mth	3.28	3.30	3.32	5.63	5 years	3.57	3.65	3.67	4.45
6mth	3.28	3.29	3.29	5.59	10 years	4.06	4.13	4.14	4.49
<b>GOVERNMENT STOCK</b>					<b>FOREIGN EXCHANGE</b>				
04/27	3.29	3.41	3.43	4.64	NZD/USD	0.6052	0.5977	0.6035	0.6076
05/30	3.85	3.96	3.96	4.51	NZD/AUD	0.9262	0.9252	0.9290	0.9123
05/32	4.21	4.30	4.29	4.59	NZD/JPY	87.37	87.34	86.11	98.08
05/35	4.52	4.58	4.56	4.70	NZD/EUR	0.5161	0.5163	0.5275	0.5657
04/37	4.71	4.78	4.77	4.81	NZD/GBP	0.4415	0.4419	0.4456	0.4803
05/41	4.96	5.03	5.03	4.93	NZD/CAD	0.8284	0.8209	0.8275	0.8345
05/54	5.21	5.28	5.26	4.97	TWI	69.6	68.6	69.6	72.1
<b>GLOBAL CREDIT INDICES (ITRXX)</b>									
Nth America 5Y	52	55	55	52					
Europe 5Y	55	60	58	58					

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