

Research Markets Outlook

1 September 2025

Q2 GDP partial indicators trickling in

- **Focus on Q2 GDP partials after retail upside surprise**
- **Trade volumes expected to imply a net drag on Q2 GDP**
- **Q2 building work seen subdued**
- **Terms of trade eyes record on strong export prices**
- **Commodity price annual inflation to ease**

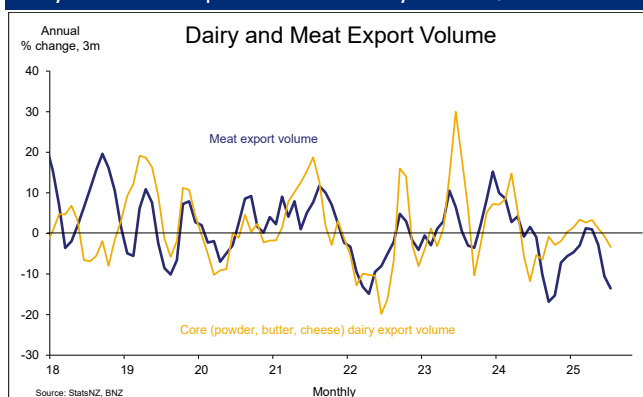
The upside surprise in retail sales last week only adds to our interest in the Q2 GDP partials still to come. We get a couple more of those this week covering international trade and building work put in place.

While we are of the view that economic activity will show some improvement ahead, the extent of weakness (or otherwise) in Q2 activity is important to keep assessing as it establishes the position of the economy and estimates of the output gap at that time. This has direct implications for assessments of medium-term inflationary pressure and policy.

Tomorrow's Q2 international trade data includes a heap of detail. We will be looking for it to affirm our thoughts that net trade volumes were a direct drag on economic growth in the quarter, while we expect goods trade prices to reveal record terms of trade.

Trade volumes have been generally positive over the past year, but we expect a net negative contribution to quarterly economic growth driven by lower dairy and meat products as indicated by already published monthly trade figures. Import volumes are expected to show a small gain.

Dairy and meat export volumes likely fell in Q2



We will also be interested in estimates of visitor spending from the trade data. As well as feeding into exports of

services, they will provide additional context to last week's retail sales data. Softer visitor spending in NZ would indicate that last week's Q2 retail strength was driven mostly by local consumers, as some of the store category detail suggested. However, if visitor spending was stronger, it would suggest less strength in spending by locals. Visitor arrival numbers dipped in Q2, but it is still difficult to fully trust seasonal adjustment of such things post-Covid disruption and, in any case, it matters how much each visitor spends.

It could be argued it doesn't matter whether the lift in retail sales was driven by tourists or local consumers. One way or another it is more demand and is included in GDP. However, the split is worth contemplating to gauge how much oomph lower interest rates is giving local consumers. In a similar vein, estimates of NZers spending offshore in the trade data will be worth a look too.

Over the weekend, a US court has found most of the Trump administration's tariffs to be illegal. However, the tariffs will stay in place pending a further appeal to the US Supreme Court. That will take time. Uncertainty around future US tariffs remains elevated.

Returning to the GDP partial indicators, Q2 Building Work Put in Place data is scheduled for release on Thursday. A quarterly dip in total building work in the order of 1% would be most consistent with our thoughts on building investment and construction activity regards GDP.

After Tuesday's and Thursday's data we will have a little more understanding of whether the balance of risk around our current Q2 GDP pick of -0.2% and/or the RBNZ's -0.3% is meaningfully changing or not.

Last week's retail sales data raised the possibility of some potential upside. Indicative of this we note that the RBNZ's KiwiGDP nowcast for Q2 has ticked up to -0.1% from -0.2%. But we will have a better feel for Q2 activity after both this week and especially after next week's manufacturing, wholesale sales, and selected services data.

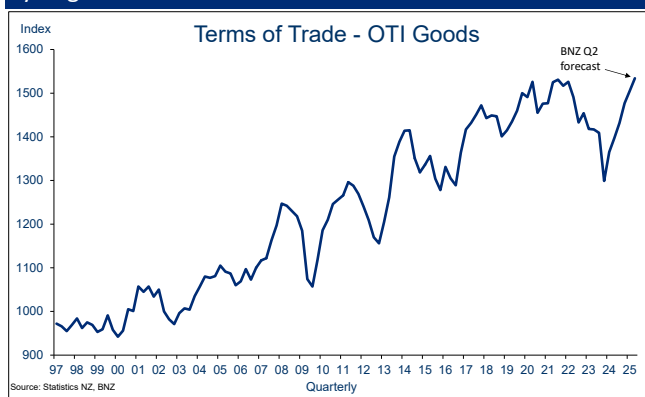
This morning's 5.4% m/m bounce in July's residential building consents needs to be seen in the context of June's 6.0% m/m dip. Through the monthly volatility, the annual number of consents issued met our expectations by remaining in a stable and tight range as it has for more

than a year now. The 33,879 residential consents issued in the year to July is 0.1% fewer than a year earlier.

The remainder of this week's data has a heavy dose of commodity price information. Despite expected differences across the various indicators, we expect slowing annual inflation to be an overriding theme.

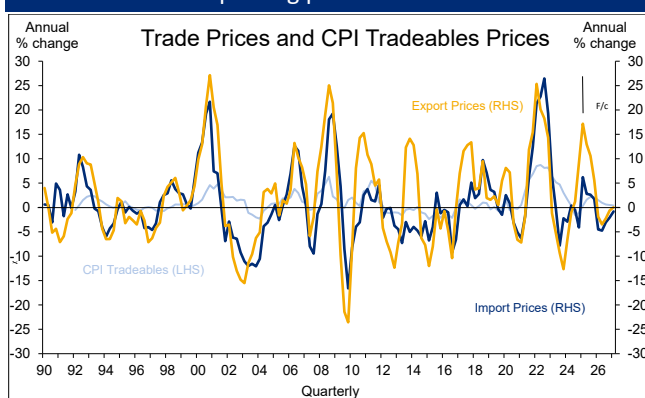
Starting with the most dated, the price information in tomorrow's Q2 trade data is expected to show a further increase in NZ's merchandise terms of trade. We have pencilled in a 1.9% quarterly gain, which happens to be the consensus. This would see the terms of trade rise to a record high and 9.8% higher than a year ago. Higher terms of trade represent an increase in the purchasing power of the nation's exports.

Eyeing a record



Elevated terms of trade follow from significant strength in primary product export prices. Overall export prices in Q2 are expected to be up nearly 13% on a year ago. Anything around that rate would represent a slowing from Q1's 17.2% y/y pace.

Tradeable inflation passing peak



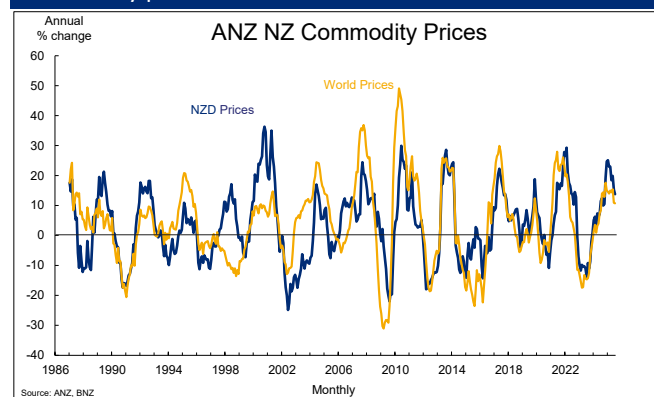
For import goods prices we have less reliable indicators but have pencilled in annual inflation slowing to 2.8% in Q2 from 6.2% in Q1. If export and import price inflation slows over time as we expect it to, it will be reflected in tradeable CPI inflation in due course.

On Wednesday afternoon, ANZ's commodity price index is expected to show annual inflation in NZ's major primary

export product prices continued to ease in August, albeit more so in world price terms than NZ dollar terms. In the month, world prices are seen near flat while prices in NZ dollar terms are expected to be supported by a lower average NZD through the month.

The latest GDT dairy auction on Wednesday will provide the week's timeliest commodity price information. GDT prices often dip at this time of year as the NZ milking season cranks up proper. Early season NZ milk production has been strong. The balance of indicators suggests a clear decline in the GDT price index this week. If this is the case, it will result in further slippage in its annual rate of inflation. GDT prices could ease from current levels and remain consistent with strong cashflows to farmers.

Commodity price inflation to ease further



Finally, we note the resignation of the RBNZ Board Chair last Friday. The Deputy Chair will exercise functions of the Chair until a new appointment is made. We also continue to await an announcement of a replacement for MPC member Bob Buckle, who departs at the end of September, and await an announcement of a new RBNZ Governor. On the latter, the finance minister has noted that the Governor recruitment process is well advanced with an announcement expected in the next few weeks. The PM essentially reiterated that timing this morning.

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Global Watch

- **US payrolls in focus ahead of Fed's September meeting**
- **ISM manufacturing and services surveys due**
- **Australia Q2 GDP data due**
- **Euro area CPI seen unchanged at 2.0%**

Week in Review

The US core PCE deflator, which is the Fed's favoured inflation gauge, increased 0.3% m/m taking the annual rate to 2.9%. The inflation data was broadly in line with consensus estimates and didn't alter expectations the Federal Reserve will cut rates later in the month.

In Australia, the key release last week was the July Monthly CPI Indicator. The series jumped to 2.8% y/y from 1.9% and the annual trimmed mean lifted to 2.7% from 2.1%. The surprise came from the delayed payment of Q3 NSW electricity rebates and a surge in travel prices. Neither of those contain much information about the underlying pulse of inflation. The implications of the surprise then are minimal, but risk does look to be to a 0.7% q/q outcome for trimmed mean (RBA had 0.64%).

Week Ahead

Internationally, a China diplomatic summit, US Payrolls, and Eurozone inflation are the key events.

In the US, Payrolls on Friday dominates the calendar and is the key data point ahead of the Fed's 17 September meeting. The consensus looks for 75k jobs and an unemployment rate scraping higher to 4.3%. Heightened sensitivity to downside employment risk should mean even an inconclusive report on the trajectory of labour market spare capacity is consistent with a September cut. Also during the week are ISMs, which have recently been much weaker than the PMI equivalents, and JOLTS and ADP in the runup to payrolls.

In Europe, August preliminary CPI is on Tuesday. Final PMIs are also published. UK Retail Sales for July are out Friday. BoE's Bailey appears in front of Parliament's Treasury Committee Wednesday.

The Shanghai Cooperation Organization Summit started over the weekend in Tianjin. President Xi Jinping is hosting the leaders of Russia and India, among others. Also in China, PMIs for August are out during the week. Japan sees labour cash earnings numbers on Friday.

In Australia, Q2 GDP on Wednesday highlights. Our colleagues at NAB expect a 0.3% q/q outcome for 1.4% y/y. The RBA was at 0.5% q/q at their August SoMP. Firmer consumption growth looks set to contrast softness in the other private components, with the public sector to provide an only modest contribution. Partial data in the form of Business Indicators (Monday) and Balance of

Payments and Public Demand (Tuesday) will firm up estimates. Elsewhere during the week are monthly (July) indicators for Building Approvals (Monday), Goods Trade (Thursday) and Household Spending (Thursday).

Selected Economic Events Preview

Monday 1

AU Q2 Business Indicators, Building Approvals

The Business indicators release contains updates on the private wage bill, company profits, total sales, and inventories. NAB pencil in a broadly flat contribution to growth from inventories in the quarter, consistent with growth of around 0.7% q/q.

Tuesday 2

AU Q2 Balance of Payments & Government Demand

The final GDP partials ahead of Wednesday's print reveal the trade contribution and the details of public demand.

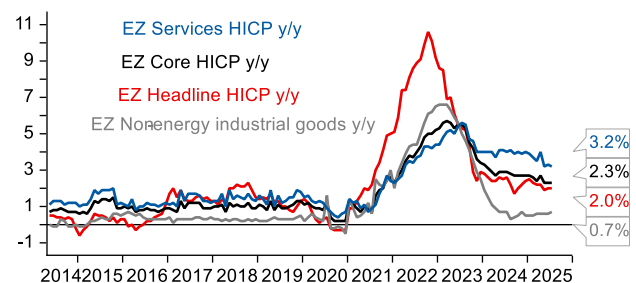
NAB pencil in a flat contribution from trade in the quarter with growth in export and import volumes and a modest contribution from public demand.

As for the Balance of payments more broadly, the current account moved back into deficit alongside the fallback in prices for key commodity exports into mid-2024, and has steadied since, NAB expect a current account deficit around 16bn in Q2. The BoP also contains updates on services trade, after education exports softened in Q1.

EZ Preliminary August CPI

The expectation for the Eurozone-wide measure is for no change in the headline rate at 2.0% y/y, but where core HICP eases from 2.3% y/y to 2.2%. Services inflation should remain benign around 3.2% and could soften slightly.

Eurozone inflation



Source: National Australia Bank, Bloomberg

US Manufacturing ISM, final PMIs

The Manufacturing ISM is providing a much softer signal of US momentum than the PMI equivalent.

Wednesday 3**AU Q2 GDP**

NAB expects a Q2 GDP print of 0.3% q/q (below the RBA's 0.5% pick and the 0.5% consensus). Consumption growth looks to have gained some momentum, but the investment partials point to weakness elsewhere in the private sector. Partial on Monday and Tuesday will firm up expectations ahead of the release.

AU RBA's Bullock

Governor Bullock delivers the Shann Memorial Lecture in Perth on Technology, Trust, and the Future of Central Banking in Australia.

US JOLTS, Beige Book

JOLTS data for July will be watched for any hints on which way the low hiring low firing equilibrium is likely to break. While the Beige Book provides an update on how firms have responded to the most recent round of tariff increases, with employment and pricing intentions in focus. The previous iteration modestly upgraded the activity characterisation to 'increased slightly' between late May and early July based on responses to 7 July.

Thursday 4**AU Monthly Spending, Goods Trade Balance, RBA's Hauser**

The newly introduced Monthly Spending Indicator has indicated some firming in household consumption growth in recent months after a disappointing start to 2025, consistent

with the signal from NAB's internal spending data. NAB pencil in 0.6% m/m for July, near consensus for 0.5%.

Deputy Governor Hauser also appears in an interview with Reuters.

US Services ISM, ADP

Like the manufacturing counterparts, the US PMI is showing much more strength in the US services sector than has been apparent in the ISM.

Friday 5**US Payrolls**

Powell at Jackson Hole noted marked slowing in both the supply of and demand for workers suggested downside risks to employment are rising, and that, if materialised, could see sharply higher layoffs and rising unemployment. It is that shifting risk assessment that means even an inclusive payrolls print is unlikely to stand in the way of a September cut.

Continuing claims have steadied in recent weeks but showed a rise into June that is not (yet?) reflected in unemployment in the household survey. The consensus leans to an unemployment rate a 4.3%, but so far, the low hiring and low firing dynamic has seen little change in the unemployment rate over the past year.

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Fixed Interest Market

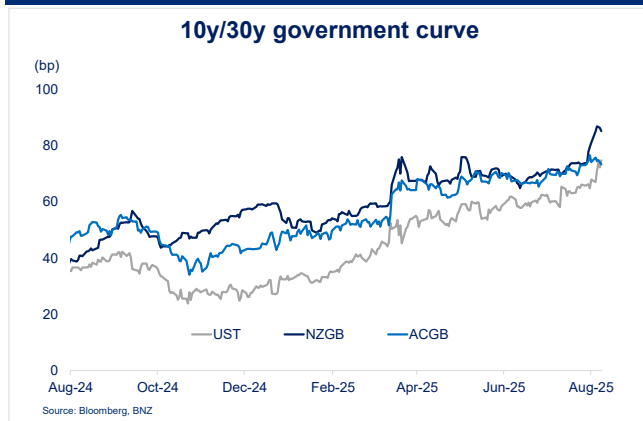
Reuters: BNZL, BNZM Bloomberg: BNZ

NZ swap rates have made fresh cycle lows during the past week, extending the rally which began after the dovish RBNZ pivot. The front end of the curve outperformed and the 2y/10y swap curve has traded back above 100bp. The dip in 2-year rates towards 2.85%, aligns with our estimate of fair value, based on 25bp cuts at the next two meetings before an extended pause. While positive market momentum can support the rally, we would view the risks for front end rates as evenly balanced.

There is limited domestic data of note to provide the market with direction this week. The key releases are US-centric including the manufacturing and services ISM along with labour market data. Several Federal Reserve officials have outlined support for a cut at the September FOMC which is almost fully discounted by market pricing. US nonfarm payrolls will be key for the global rates outlook, after the weak July release, which prompted Chair Powell to note that downside risks to employment are rising.

Steeper yield curves is a notable theme across global fixed income markets. This is typical in easing cycles where the longer ends of yield curves exhibit reduced sensitivity to rate cuts. Another driver has been central banks, including the RBNZ, undertaking quantitative tightening at a time when supply is elevated due to large and persistent fiscal deficits. Along with these factors, term premium has been rising in the US, associated with the politicisation of the Federal Reserve.

Steepening trend for long end of global yield curves

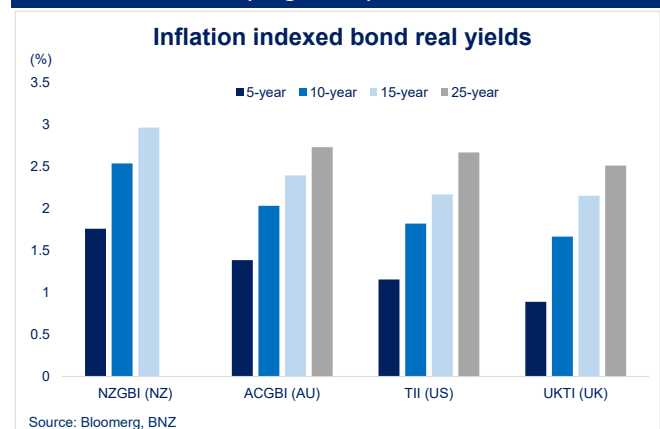


Set against this backdrop, the 10y/30y NZGB curve has reached a fresh cycle high of 87bp. The sharp move wider followed the RBNZ Monetary Policy Statement. This curve segment appears to have overshot relative to the level of 10-year NZGB yields and compared with US and Australian government bond curves. There has been limited tendering into the two longest nominal lines this fiscal year. However, NZ Debt Management (NZDM) has announced the syndication of the 20 September 2050

inflation-indexed bond (IIB) will be launched on the week beginning 8 September.

The new IIB line, which extends the real yield curve, was first disclosed as part of the funding programme update alongside the Budget in May. Issuance volumes are expected to be at least NZ\$1.0 billion and the transaction will be capped at NZ\$2.0 billion. The upcoming syndication demonstrates NZDM's commitment to the IIB market, as an enduring component of its funding strategy. However, linkers represent a declining proportion of outstanding government bonds as nominal issuance has surged.

NZGBIs offer relatively high real yields



NZ IIBs offer relatively high real yields within developed market inflation linked bonds, which may contribute to non-resident participation in the upcoming syndication, alongside demand from domestic asset managers. Break even inflation rates are close the midpoint of the 1.8% to 2.0% trading range for this year. The combination of conservative volume guidance, captive demand from investor curve extension requirements, and elevated real yields is expected to support the upcoming transaction.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	3.01	-0.01 - 3.20
NZ 2yr swap (%)	2.87	2.85 - 3.17
NZ 5yr swap (%)	3.31	3.30 - 3.55
NZ 10yr swap (%)	3.88	3.86 - 4.07
2s10s swap curve (bps)	101	89 - 102
NZ 10yr swap-govt (bps)	-48	-49 - -44
NZ 10yr govt (%)	4.36	4.35 - 4.51
US 10yr govt (%)	4.23	4.18 - 4.41
NZ-US 10yr (bps)	13	5 - 25
NZ-AU 2yr swap (bps)	-38	-39 - -9
NZ-AU 10yr govt (bps)	8	5 - 21

*Indicative range over last 4 weeks

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Foreign Exchange Market

Reuters pg BNZFWFDS Bloomberg pg BNZ9

Last week commodity currencies outperformed against a backdrop of positive risk sentiment, with global equities rising to fresh record highs and our risk appetite index hovering around its highest level this year. However, currency movements were modest, with NZD/USD trading within a range of less than a cent and closing the week up ½% to just under 0.59. During the week, NZD/AUD traded down to 0.8989, its lowest level since February, before closing the week around 0.9015, down 0.3%. The NZD made gains of 0.6-0.8% against JPY, GBP and EUR.

At the end of last week NZD/USD was back trading close to the 0.59 level that prevailed just ahead of the RBNZ's dovish pivot, with the subsequent dovish pivot from Fed Chair Powell at Jackson Hole helping the NZD recover lost ground. At its low, the NZD never traded below 0.58, making that a notable support level. The dip below the 200-day moving average level, which sits near 0.5830, proved to be short-lived. Therefore, one might suggest the NZD's upward trend that began early 2025 remains intact, even though the currency has largely tracked sideways over the past four months.

In the week ahead the key focus will be on the US employment report on Friday night, which is a key risk event for financial markets and could have a bearing on prospects for the NZD through September. The nonfarm payrolls print is widely seen as the only real hurdle getting in the way of a September rate cut by the Fed. The market sees payrolls rising 75k and the unemployment rate ticking up to 4.3%. Stronger employment and a lower unemployment rate would add some uncertainty about the rate decision and challenge market pricing, where 22bps of rate cuts have been priced. A weak print would lock in a rate cut as a done deal and, if it considerably weaker than expected, then the chance of a 50bps cut might well be priced.

The Fed restarting the easing cycle, with at least two rate cuts this year, is a key assumption behind our projections for NZD/USD to head higher into year end. Historically, rate cutting cycles are negative for the USD.

Recent US economic data suggest that the US economy is showing some resilience, running stronger than many believed, evidenced by Citigroup's economic surprise index rising to its highest level this year. The Atlanta Fed GDPnow estimate for Q3 has jumped up to 3.5%. The Dallas Fed's weekly economic index has been picking up over recent weeks, rising to a 7-week high of 2.6% (scaled to represent a smoothed annual GDP run-rate). One can only justify Fed rate cuts if the recent pick-up in US growth proves to be temporary, following weak growth in the first half of the year.

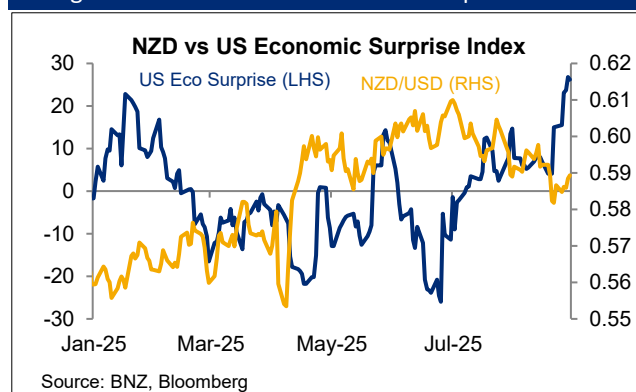
Last week President Trump fired Fed Governor Cook based on allegations that she had "made false statement on one or more mortgage agreements". Trump has legal grounds to fire a Fed Governor "for cause by the president", which has been taken to mean for serious misconduct, although the decision will be contested in court.

The prevailing view is that this was another attempt by Trump to undermine the independence of the Federal Reserve, alongside recent public attacks and threats on Chair Powell. Firing Cook gives Trump another opportunity to nominate someone friendly to his policy agenda of lower rates. To date, the market hasn't priced the Fed losing its independence. US Treasuries and the USD seem to have only been marginally affected by this overhanging risk. A loss of Fed independence would be significantly USD-negative.

As expected, another court ruled Trump's country tariffs imposed under emergency laws were illegal. The tariffs will remain for now and the battle will likely move to the Supreme Court. Uncertainty under Trump's policy agenda remains an ongoing feature of the economic environment and a risk factor that overhangs the market.

Ahead of the noted US employment report, US ISM manufacturing and services data will also be of some interest. The domestic calendar is light. Globally the only other top tier data will be that of euro area CPI inflation and Australian GDP.

Stronger US economic data flow over the past month



Cross Rates and Recent Ranges

	Last wk		
	Current	% chg	Last 3-wks range*
NZD/USD	0.5894	0.5%	0.5800 - 0.6000
NZD/AUD	0.9004	-0.3%	0.8990 - 0.9140
NZD/CAD	0.8096	-0.1%	0.8060 - 0.8250
NZD/GBP	0.4367	0.6%	0.4310 - 0.4430
NZD/EUR	0.5039	0.8%	0.4980 - 0.5120
NZD/JPY	86.69	0.6%	85.60 - 88.40

*Indicative range over last 3 weeks, rounded

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Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.6120 (ahead of 0.62)
 ST Support: 0.5800 (ahead of 0.55)

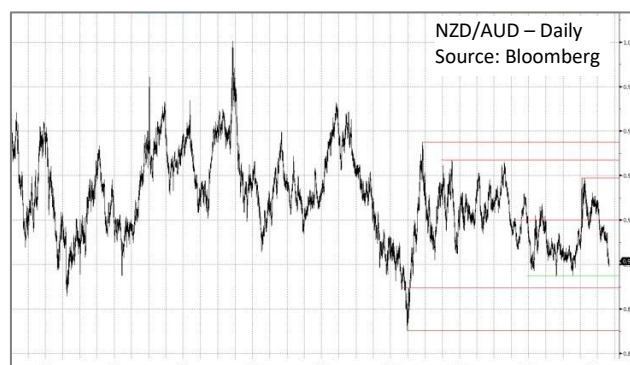
After last week's recovery, support at 0.5800 has been reaffirmed, while resistance remains at 0.6120.



NZD/AUD

Outlook: Trading range
 ST Resistance: 0.92 (ahead of 0.9390)
 ST Support: 0.8950 (ahead of 0.89)

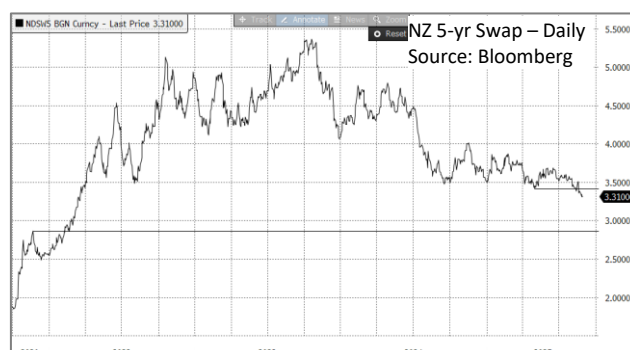
Support remains at 0.8950, with resistance at 0.92.



NZ 5-year Swap Rate

Outlook: Lower
 ST Resistance: 3.40
 ST Support: 2.85

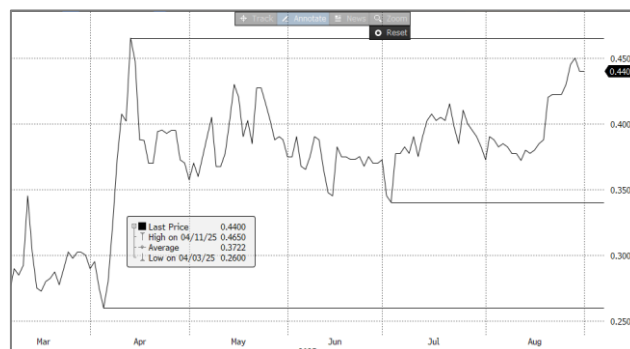
5-year swap was largely unchanged on the week. We continue to target a lower rate going forward.



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

Outlook: Lower
 ST Resistance: 0.47
 ST Support: 0.26

2x5 year swap spread steepened to just below out resistance. We look to enter a flattener trade targeting a move back towards the middle of the range.



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Quarterly Forecasts

Forecasts as at 1 September 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	-0.2	0.5	0.7	0.8	0.8	0.7	0.6	0.6
Retail trade (real s.a.)	1.0	0.8	0.5	0.8	1.2	1.1	0.9	0.8	0.7	0.7
Current account (ann, % GDP)	-6.1	-5.7	-5.3	-5.1	-4.8	-4.6	-4.4	-4.3	-4.3	-4.3
CPI (q/q)	0.5	0.9	0.5	0.9	0.3	0.4	0.5	0.4	0.3	0.5
Employment	-0.2	0.0	-0.1	0.3	0.6	0.7	0.7	0.6	0.5	0.5
Unemployment rate %	5.1	5.1	5.2	5.3	5.2	5.1	5.0	4.8	4.8	4.7
Pr. avg hourly earnings (ann %)	4.0	3.8	4.6	4.1	3.4	4.1	3.1	3.2	3.4	3.3
Trading partner GDP (ann %)	3.2	3.2	3.0	2.5	2.2	2.3	2.5	2.7	2.9	2.9
CPI (y/y)	2.2	2.5	2.7	3.0	2.7	2.2	2.1	1.7	1.7	1.8
GDP (production s.a., y/y)	-1.3	-0.7	0.1	1.6	1.8	1.9	2.9	3.1	3.0	2.7

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	3.00	2.75	3.55	4.50	2.85	3.30	4.10	4.00	4.30	0.20
Dec	2.50	2.65	3.45	4.50	2.80	3.25	4.15	3.60	4.25	0.25
2026 Mar	2.50	2.65	3.45	4.40	2.85	3.25	4.05	3.50	4.10	0.30
Jun	2.50	2.65	3.60	4.40	3.10	3.45	4.10	3.35	4.00	0.35
Sep	2.50	2.65	3.75	4.40	3.45	3.70	4.20	3.10	4.00	0.40
Dec	2.50	2.80	4.10	4.45	4.00	4.10	4.30	3.00	4.00	0.45

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.59	0.65	1.17	1.35	147
Sep-25	0.60	0.66	1.20	1.36	142
Dec-25	0.62	0.68	1.23	1.38	138
Mar-26	0.64	0.71	1.24	1.39	130
Jun-26	0.65	0.72	1.26	1.41	128
Sep-26	0.67	0.73	1.27	1.44	126
Dec-26	0.67	0.73	1.28	1.45	126
Mar-27	0.68	0.74	1.26	1.45	124
Jun-27	0.69	0.75	1.25	1.44	121

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.59	0.90	0.50	0.44	86.7	68.0
Sep-25	0.60	0.91	0.50	0.44	84.8	68.5
Dec-25	0.62	0.91	0.50	0.45	84.6	69.4
Mar-26	0.64	0.90	0.52	0.46	83.2	71.0
Jun-26	0.65	0.90	0.52	0.46	83.2	71.4
Sep-26	0.67	0.92	0.53	0.47	84.4	73.1
Dec-26	0.67	0.92	0.52	0.46	84.4	72.9
Mar-27	0.68	0.92	0.54	0.47	84.3	73.7
Jun-27	0.69	0.92	0.55	0.48	83.5	74.5

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 1 September 2025	March Years					December Years				
	Actuals			Forecasts		Actuals		Forecasts		
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
GDP - annual average % change										
Private Consumption	3.4	1.0	0.2	2.1	2.8	1.0	0.0	1.8	2.8	2.4
Government Consumption	2.7	2.0	-0.7	-0.5	-0.1	0.8	-0.1	0.0	-0.6	0.4
Total Investment	3.3	-1.1	-5.3	0.4	6.7	-0.1	-5.1	-1.6	6.3	4.3
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	1.5	3.3	-0.7	-1.1	0.7	3.2	2.5
Exports	5.6	8.6	2.7	1.4	4.1	11.4	4.1	1.7	3.6	3.8
Imports	4.5	-1.3	1.7	2.9	4.8	-0.5	1.9	1.9	4.9	3.4
Real Expenditure GDP	3.9	1.5	-0.9	1.6	3.0	2.0	-0.5	1.0	2.8	2.5
GDP (production)	3.5	1.4	-1.1	1.3	2.9	1.8	-0.6	0.7	2.7	2.5
GDP - annual % change (q/q)	3.0	1.3	-0.7	1.9	2.7	1.0	-1.3	1.8	3.0	2.4
Output Gap (ann avg, % dev)	2.0	1.0	-1.0	-1.3	-0.4	1.2	-0.5	-1.4	-0.6	-0.2
Nominal Expenditure GDP - \$bn	394	418	431	456	479	413	427	450	474	495
Prices and Employment - annual % change										
CPI	6.7	4.0	2.5	2.2	1.8	4.7	2.2	2.7	1.7	2.1
Employment	2.9	0.9	-0.7	1.5	2.3	2.7	-1.2	0.8	2.5	1.9
Unemployment Rate %	3.5	4.4	5.1	5.1	4.7	4.0	5.1	5.2	4.8	4.7
Wages - ave. hr. ord. time earnings (private sector)	8.2	4.8	3.8	4.1	3.3	6.6	4.0	3.4	3.4	3.2
Productivity (ann av %)	1.4	-1.0	-0.2	1.2	0.5	-1.1	-0.2	1.2	0.5	0.4
Unit Labour Costs (ann av %)	5.5	7.0	4.7	2.4	2.8	7.5	5.0	2.7	2.7	2.8
House Prices (stratified, mth)	-12.8	2.8	-0.6	1.0	4.6	0.6	-0.9	0.8	4.4	4.3
External Balance										
Current Account - \$bn	-33.8	-27.6	-24.7	-21.0	-20.7	-28.6	-26.2	-21.6	-20.5	-21.0
Current Account - % of GDP	-8.6	-6.6	-5.7	-4.6	-4.3	-6.9	-6.1	-4.8	-4.3	-4.2
Government Accounts - June Yr, % of GDP										
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					
Financial Variables ⁽¹⁾										
NZD/USD	0.62	0.61	0.57	0.64	0.68	0.62	0.57	0.62	0.67	0.68
USD/JPY	134	150	149	130	124	144	154	138	126	123
EUR/USD	1.07	1.09	1.08	1.24	1.26	1.09	1.05	1.23	1.28	1.23
NZD/AUD	0.93	0.93	0.91	0.90	0.92	0.93	0.91	0.91	0.92	0.92
NZD/GBP	0.51	0.48	0.44	0.46	0.47	0.49	0.45	0.45	0.46	0.48
NZD/EUR	0.58	0.56	0.53	0.52	0.54	0.57	0.55	0.50	0.52	0.55
NZD/YEN	83.0	91.1	85.4	83.2	84.3	89.5	88.4	84.6	84.4	83.6
TWI	71.0	71.2	67.9	71.0	73.7	72.0	68.5	69.4	72.9	73.9
Overnight Cash Rate (end qtr)	4.75	5.50	3.75	2.50	2.75	5.50	4.25	2.50	2.50	4.00
90-day Bank Bill Rate	5.16	5.64	3.60	2.65	3.30	5.63	4.26	2.65	2.80	4.15
5-year Govt Bond	4.40	4.60	4.00	3.45	4.10	4.50	3.90	3.45	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	2.85	4.00	4.93	3.53	2.80	4.00	4.00
5-year Swap	4.50	4.40	3.65	3.25	4.15	4.43	3.63	3.25	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
⁽¹⁾ Average for the last month in the quarter										

Source: Statistics NZ, BNZ, RBNZ, NZ Treasury

Key Upcoming Events

All times and dates NZT

	Median	Fcast	Last		Median	Fcast	Last
Monday 01 September				Thursday (continued)			
AU Inventories SA QoQ 2Q	0.20%	0.70%	0.80%	US JOLTS Job Openings Jul	7373k		7437k
AU ANZ-Indeed Job Advertisements MoM Aug			-1.00%	US Factory Orders Jul	-1.40%		-4.80%
AU Building Approvals MoM Jul	-5.00%		11.90%	US Fed Releases Beige Book			
CH RatingDog China PMI Mfg Aug	49.8		49.5	NZ Volume of All Buildings SA QoQ 2Q	-1.00%	-1.00%	0.00%
EC Unemployment Rate Jul	6.20%		6.20%	AU RBA's Hauser Speaks			
Tuesday 02 September				AU Trade Balance Jul	A\$4900m	A\$5000m	A\$5365m
NZ Terms of Trade Index QoQ 2Q	1.90%	1.90%	1.90%	AU Household Spending YoY Jul	5.00%		4.80%
AU Net Exports of GDP 2Q	0.1	0.0	-0.1	AU Household Spending MoM Jul	0.50%	0.60%	0.50%
AU BoP Current Account Balance 2Q	-A\$16.0b	-A\$16.0b	-A\$14.7b	EC Retail Sales MoM Jul	-0.20%		0.30%
JN BOJ's Himino Speaks				EC ECB's Cipollone Speaks			
EC CPI Estimate YoY Aug P	2.00%		2.00%	Friday 05 September			
EC CPI Core YoY Aug P	2.20%		2.30%	US ADP Employment Change Aug	80k		104k
Wednesday 03 September				US Initial Jobless Claims 30/08/2025	230k		229k
EC ECB's Lagarde & Muller Speak				US Continuing Claims 23/08/2025	1960k		1954k
US ISM Manufacturing Aug	49		48	US Trade Balance Jul	-\$78.0b		-\$60.2b
US Construction Spending MoM Jul	-0.10%		-0.40%	US ISM Services Index Aug	50.9		50.1
NZ Dairy GDT Auction				US Fed's Williams & Goolsbee Speak			
NZ ANZ Commodity Price MoM Aug			-1.80%	JN Cash Earnings - Same Sample Base YoY Jul	3.50%		3.40%
AU GDP SA QoQ 2Q	0.50%	0.30%	0.20%	JN Scheduled FT Pay - Same Base YoY Jul	2.50%		2.30%
AU GDP YoY 2Q	1.60%	1.40%	1.30%	JN Household Spending YoY Jul	2.30%		1.30%
CH RatingDog China PMI Services Aug	52.5		52.6	GE Factory Orders MoM Jul	0.50%		-1.00%
AU RBA's Bullock Speaks				UK Retail Sales Inc Auto Fuel MoM Jul	0.40%		0.90%
UK BOE's Breeden Speaks				EC GDP SA QoQ 2Q T	0.10%		0.10%
Thursday 04 September				Saturday 06 September			
NZ Cotality Home Value MoM Aug			-0.20%	US Change in Nonfarm Payrolls Aug	75k		73k
US Fed's Musalem Speaks				US Average Weekly Hours All Employees Aug	34.3		34.3
UK BOE Rate-Setters Appear in Parliament				US Unemployment Rate Aug	4.30%		4.20%

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	3.00	3.00	3.25	5.25	2 years	2.87	2.91	3.10	3.96
1mth	3.10	3.10	3.24	5.36	3 years	3.01	3.05	3.23	3.79
2mth	3.06	3.06	3.20	5.29	4 years	3.17	3.20	3.36	3.75
3mth	3.00	3.01	3.15	5.21	5 years	3.31	3.34	3.49	3.78
6mth	2.93	2.94	3.13	4.97	10 years	3.88	3.89	4.02	4.05
GOVERNMENT STOCK					FOREIGN EXCHANGE				
04/27	2.97	3.02	3.20	3.90	NZD/USD	0.5897	0.5848	0.5908	0.6233
05/30	3.59	3.62	3.77	4.01	NZD/AUD	0.9017	0.9022	0.9135	0.9176
05/32	3.99	4.01	4.14	4.21	NZD/JPY	86.77	86.42	86.89	91.54
05/35	4.35	4.38	4.47	4.37	NZD/EUR	0.5047	0.5034	0.5105	0.5629
04/37	4.59	4.62	4.70	4.53	NZD/GBP	0.4368	0.4347	0.4447	0.4741
05/41	4.91	4.94	4.97	4.71	NZD/CAD	0.8105	0.8105	0.8139	0.8410
05/54	5.21	5.23	5.18	4.80	TWI	68.1	67.8	68.6	71.7
GLOBAL CREDIT INDICES (ITRXX)									
Nth America 5Y	51	50	52	49					
Europe 5Y	56	51	56	53					

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