

Research Markets Outlook

20 October 2025

Inflation at top of the band

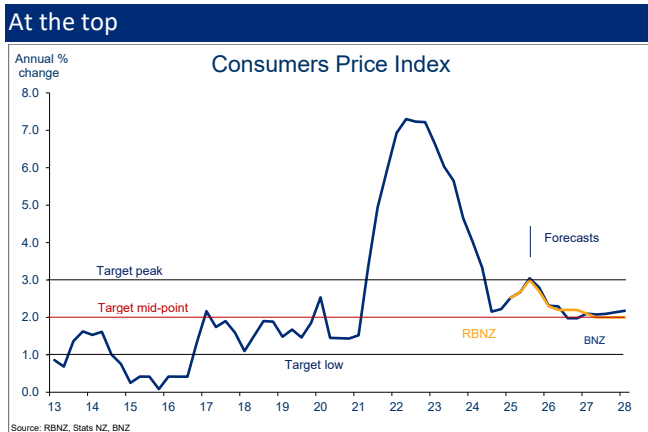
- Annual inflation hits 3.0%, as expected
- Seen easing from here
- ‘Essentials’ inflation a squeeze on disposable incomes
- NZD forecast lowered, lessening expected inflation drop
- Annual trade deficit expected to narrow further

Today’s September quarter CPI inflation figures came in very close to expectations. Annual inflation rose to 3.0% from 2.7% in the previous quarter.

This matched expectations of the market, our own, and the RBNZ. So, no surprise from the headline outcome.

The quarterly outcome of 1.0% q/q was a tick higher than the 0.9% expected by the above. Non-tradeable prices rose 1.1% q/q, matching the market and our expectations albeit a tick higher than the RBNZ had projected in its August MPS. The quarterly results gave the outcome a firmer feeling but only at the margin and hardly a major surprise.

We doubt it will materially change anyone’s view of the world. That looks to be the case judging by the lack of material market movement post the data release.

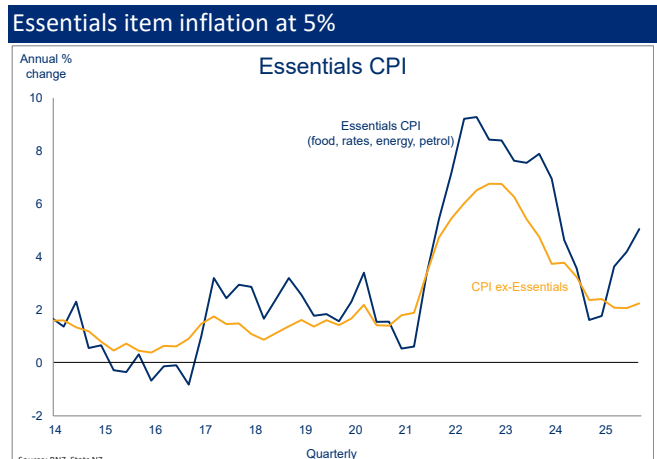


The CPI details saw strong price gains in areas we thought would be the case – including many ‘essential items’. There were strong quarterly gains in food prices (+1.7%), household energy (+2.9%), and local authority rates (+8.8%). In contrast, rent inflation continues to slow with the 0.3% quarter gain its slowest since 2014.

Consumers Price Index - September Quarter 2025		
Group	Qtly % Change	Annual % Change
Food	1.7	4.6
Alcoholic beverages and tobacco	0.5	2.3
Clothing and footwear	0.6	0.0
Housing and household utilities	1.4	3.5
Household contents and services	-1.0	-1.7
Health	0.4	0.6
Transport	0.6	1.8
Communication	0.5	2.5
Recreation and culture	0.8	3.6
Education	0.6	9.6
Miscellaneous goods and services	0.1	2.9
All groups	1.0	3.0

Household energy (mainly electricity and gas) prices rose 11.4% over the year, their largest annual increase since 1989. Local authority rate inflation, while historically high at 8.8%, was less than last year’s 12.2% increase.

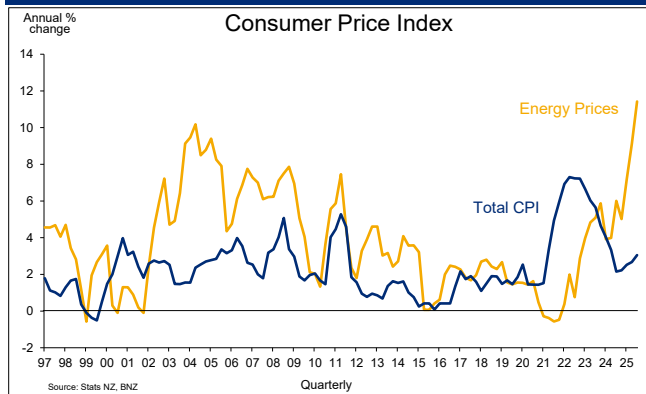
Our ‘essentials’ index is 5.0% higher than a year ago, while the remainder of the CPI rose 2.2%. With essential items more difficult to substitute, price increases here represent a drag on disposable income and remain a headwind for household spending on other goods and services.



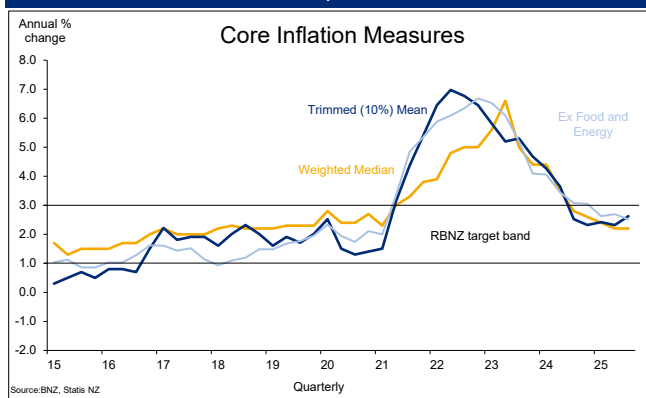
Core inflation measures look contained, although still in the top half of the inflation band. For example, annual CPI inflation excluding food and energy prices eased to 2.5% from 2.7%, the weighted median was steady at 2.3%, while the 10% trimmed mean edged up to 2.6% from 2.5%. The

seasonally adjusted CPI rose 0.7% in the quarter, matching the previous quarter. The RBNZ's sectoral factor model result is due at 3pm today.

Energy prices soar



Core inflation contained in top half of band



None of that suggests any major change of thinking from the central bank. It is likely to 'remain open' to further easing. We remain of the view that the OCR will be cut another 25 basis points in November.

In cutting its cash rate, the RBNZ has had focus on spare capacity and the risk that precaution among households and businesses persist. Those factors are important drivers of inflation over the medium term.

Tradeables annual inflation rose to 2.2% from 1.2%, driven by food prices and overseas accommodation prepaid in NZ. Non-tradeables annual inflation eased to 3.5% from 3.7%.

We remain of the view that Q3 will represent a peak in annual inflation. We, like the RBNZ, see annual inflation easing from here.

That said, we need to look closer at today's details to gauge what they may mean for the specific trajectory ahead. At first glance, we see nothing to alter our pick for Q4 CPI annual inflation at 2.8%.

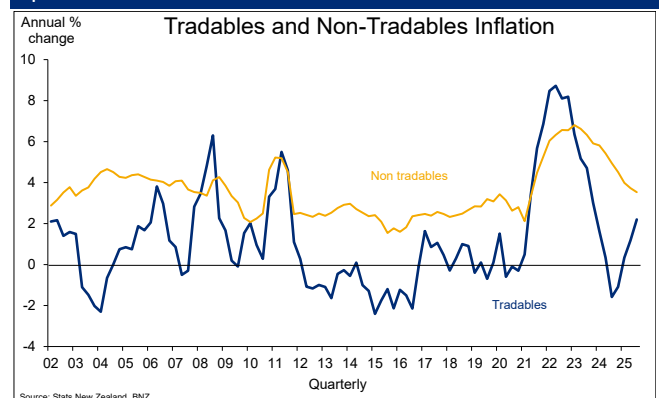
In general, a large negative output gap is expected to exert downward pressure on core inflation, while easing commodity price inflation will have downward influence on tradeable inflation.

Note that late last week we revised our currency projections as we pared the projected decline in the US dollar against all the majors. This lowered our NZD forecasts, including for the NZ TWI by as much as 5% over the coming year or so relative to what was previously built into our CPI forecasts. This has nudged our CPI inflation forecasts higher over the coming year or so.

While our initial Q4 annual inflation pick is lower than Q3's outcome, it is not that much lower. And with many core inflation indicators sitting in the top half of the target band, it suggests some caution on taking the cash rate much lower.

If annual inflation were to linger around the top of the RBNZ's target band for too long, it would become more problematic for the Bank as it would risk adding more to inflation expectations and threaten inflation becoming persistent.

Ups and downs



There is minimal data scheduled for the rest of the week, with September's merchandise trade tomorrow and the latest GDT auction very early Wednesday morning.

In tomorrow's trade data we expect the annual trade deficit to continue narrowing, to around \$2.5b in the year to September from \$3.0b in the year to August. We also have some interest in the export volume indicators, to see if they are as positives to support gains we have built in regards Q3 GDP.

For the GDT auction, the balance of indicators suggest another moderate price decline. A record start to NZ's milk production season has been one headwind to near term pricing.

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Global Watch

- US core CPI seen at 0.3% m/m
- CPI also out in Canada, Japan and the UK
- China annual GDP growth expected to slow
- PMIs to give latest global activity pulse

Week in Review

A jump in Australia's unemployment rate to 4.5% last week means the RBA looks set to be meeting in early November, facing an upside surprise on both inflation and unemployment. Higher unemployment makes a November cut a higher probability than would have been the case. Even so, our colleagues at NAB continue to expect a hold as the RBA awaits more clarity on the outlook given the inherent month-to-month volatility in labour data and ongoing uncertainties around capacity utilisation across product and labour markets.

Week Ahead

China is in focus. GDP data today should confirm slower growth in Q3. September month activity indicators are also released. China holds its Fourth Plenum from Monday through Thursday. A brief report outlining the general scope of the 15th five-year development plan is likely to be released on Thursday when the plenum ends.

In the US, the September CPI, is set for publication Friday. Other data releases remain suspended due to the government shutdown, which began 1 October and is set to continue. Consensus is for core CPI is 0.3% m/m, leaving the y/y rate at 3.1%. Too high, but not enough to shift the balance of risks calculus for a forward looking FOMC. The Fed is in its pre-meeting quiet period.

US Earnings season continues, including reports from Netflix and Tesla and Amazon.

S&P Global preliminary PMIs are out Friday and are the focus in an otherwise quiet European data calendar. Lagarde speaks again on Thursday, with appearances by Lane, Schnabel and others also scheduled.

In the UK, CPI (Wednesday) is the last important data point before the BoE 6 November rate meeting.

Canada sees CPI Tuesday which could tilt the BoC more clearly toward either a hold or a cut at their 29 October meeting. Japan gets CPI Friday.

It is a near blank calendar in Australia as we await the Q3 CPI on 29 October ahead of the RBA's 4 November decision. Governor Bullock is scheduled to speak at the Bradfield Oration in Sydney on Friday and Assistant Governor Brad Jones speaks on a panel at the ISDA/AFMA Derivatives Trading Forum in Sydney. US President Trump hosts PM Albanese at the White House Monday.

Key Event Previews

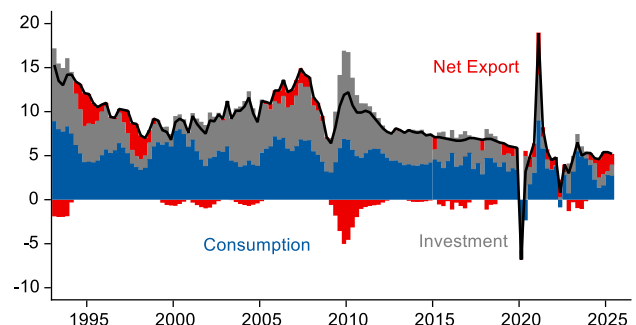
Monday 20

CH Q3 GDP and September activity

China Q3 GDP is expected to slow from its H1 2025 pace. Subsidy supports for consumption have waned and a pick-up in exports is unlikely to be enough to offset softness in investment and the property market. The analyst consensus is 0.8% q/q and 4.7% y/y.

Monthly activity indicators including retail sales and industrial production for September are released at the same time.

GDP Growth



Source: National Australia Bank, China National Bureau of Statistics (NBS), Macrobond

Tuesday 21

CA CPI

Follows stronger than expected September employment data. Core inflation remains around 3% on trimmed mean and weighted median measures, though BoC analysis has argued a truer underlying inflation signal is nearer 2.5%.

UK Public Finances (Sep)

EZ Current Account (Aug), ECB Lagarde Speech

Wednesday 22

UK CPI

This report is the last important data point before the BoE 6 November rate meeting. NAB think the latest average earnings and labour report was benign enough for a rate cut, but for Governor Bailey to propose such a move, September inflation needs not to surprise on the upside relative to consensus estimates. The BoE has forecast a cyclical peak in the headline of 4% for this month. Motor fuel and airfares will help push it higher. Core CPI is expected to rise to 3.7% from 3.6%, while services prices rise to 4.9% from 4.7%.

Thursday 23

US Jobless Claims

EZ Consumer Confidence (Oct)

Friday 24**JN CPI**

Japan's CPI is expected to rise two tenths to 2.9% on the headline measure, fall to 3.1% from 3.3% on the ex-fresh food and energy measure, comfortably above the BoJ's 2% target. The downside surprise in the September Tokyo CPI was due to childcare and water fee cuts in the city which will have a smaller impact on the national figures. The political, not the data backdrop, remains the hurdle to further normalisation.

AU RBA's Bullock

RBA Governor Bullock speaks at the Bradfield oration in Sydney. The event has a Q&A, so there may be some opportunity to gauge her thinking on the tension between CPI and labour market developments. If not, a fireside chat at an Australian Business Economists event next Monday (27th) provides another opportunity, with nothing scheduled between Q3 CPI on 29 October and the 4 November decision.

US CPI

Analyst expectations are for a 0.3% m/m for core, which would leave the year ended rate at 3.1%. Hotel and airfare prices should moderate in the month and may make services inflation trends look marginally less threatening. It would take a notable surprise and uncomfortable breadth in price pressures for the inflation data to stand in the way of further near-term adjustment from the FOMC.

EZ, UK, US Manf/Services PMIs (preliminary Oct)

As far as the S&P PMI surveys go, the US stands above its peers in both manufacturing and services activity. That said the EZ has seen an impressive rebound in both, that belies its actual growth data. The UK lags seriously on manufacturing and has seen its services activity revised lower recently.

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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg: BNZ

Last week saw notable activity in rates markets, with global factors driving yields lower and domestic influences reinforcing this downward trend. This was further supported by shifts in investor positioning following the RBNZ's dovish rate cut the previous week.

Key themes that influenced markets included: (1) persistent uncertainty surrounding the US-China trade war, which was reignited the week prior; (2) the ongoing US government shutdown; (3) heightened credit concerns in the US following several high-profile incidents; (4) a weaker-than-expected Australian employment report, prompting the market to reconsider the timing of RBA rate cuts; and (5) continued investor interest in NZ rates after the RBNZ's October Monetary Policy Review.

The yield on the US 2-year Treasury reached a three-year low of 3.37%, as the market fully priced in two Federal Reserve rate cuts for the October and December meetings, with some probability of a larger 50 basis point cut at either meeting. The US government shutdown has resulted in a shortage of official economic data, with key employment, inflation, and retail sales reports already delayed. The longer the shutdown persists, the greater the negative impact on the US economy and the higher the likelihood of more accommodative monetary policy.

In a speech, Fed Chair Powell indicated that the outlook has not changed significantly since the September FOMC meeting, and his remarks did little to dissuade markets from expecting rate cuts at the year's remaining two meetings. The speech focused on the Fed's balance sheet, with Powell mentioning that quantitative tightening could end in the coming months.

Beyond macroeconomic factors, attention also shifted to credit risk in the US. The recent collapse of subprime auto lender Tricolour and auto parts supplier First Brands has raised concerns among investors about a potential emerging pattern. Additionally, a few regional US banks came under scrutiny after revealing issues with loans tied to allegations of fraud. By week's end, the market concluded that these incidents were idiosyncratic rather than indicative of systemic risk.

Despite these developments, the US 10-year Treasury yield dropped as low as 3.93% during the week, only slightly above the April low of 3.86% following turmoil around Liberation Day.

Australia's unemployment rate increased 0.2 percentage points more than expected and led the market to anticipate the next RBA rate cut as early as the December meeting. However, we do not expect the RBA to overreact to a single monthly labour report; the third-quarter CPI will

be pivotal to its decision. While the likelihood of another RBA rate cut this year has risen, we believe it is more probable that the next cut will occur in May 2026.

These global influences exerted considerable downward pressure on New Zealand rates last week, with the NZGB 10-year yield declining by 18 basis points to 3.96%, its lowest level since early 2023. NZGB and swap rates across the curve reached new cycle lows. Investors remain attracted to NZ rates, despite historically low NZ-global rate spreads, motivated by the RBNZ's 50 basis point cut at the October MPR and the bank's openness to further reductions.

The OIS market is fully pricing a rate cut in November and sees a greater probability of the OCR ending at 2.0% rather than 2.25%. Today's CPI result, which met expectations, had minimal impact on the market. Based on our view that the OCR will bottom out at 2.25%, we believe 2-year and 5-year swap rates have likely reached their lows for now, or are close to them, and that risks are tilted upward later in 2025 and into 2026.

NZ-US government rate spreads remain historically low, with negative spreads across most maturities up to 10 years (the 10-year spread is near zero). We see limited relative global value in NZ bonds at current spreads, and believe the US Federal Reserve has considerably more room to cut rates over the coming year compared to the RBNZ, given current policy settings.

Looking ahead, the US government shutdown will continue to create a void in official economic data; however, enough staff have been assembled to publish the September CPI report on Friday.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.53	2.53 - 2.84
NZ 2yr sw ap (%)	2.47	2.43 - 2.70
NZ 5yr sw ap (%)	2.96	2.92 - 3.16
NZ 10yr sw ap (%)	3.57	3.51 - 3.75
2s10s sw ap curve (bps)	110	104 - 113
NZ 10yr sw ap-govt (bps)	-45	-50 - -43
NZ 10yr govt (%)	4.01	3.96 - 4.25
US 10yr govt (%)	4.01	3.93 - 4.20
NZ-US 10yr (bps)	0	-3 - 13
NZ-AU 2yr sw ap (bps)	-84	-94 - -66
NZ-AU 10yr govt (bps)	-14	-24 - -4
*Indicative range over last 4 weeks		

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Foreign Exchange Market

Reuters pg BNZFWFDS Bloomberg pg BNZ9

Last week, the NZD remained largely unchanged, ending the week at 0.5725. Movements in NZD cross rates were modest, all contained within half a percent, but they consistently reflected NZD underperformance against all major currencies except NZD/CAD, which experienced a slight increase. Notably, NZD/GBP and NZD/EUR fell to fresh 10-year and 15-year lows, respectively, during the week.

The renewed US-China trade war, which reignited just over a week ago, influenced FX performance last week. The NZD started the week positively after President Trump reassured markets by saying, "don't worry, it'll all be fine," and closed the week with similar sentiments. During the week, China defended its rare earth export control measures and imposed sanctions on the US units of Hanwha Ocean shipping giant. Following these developments, the NZD dipped to a new six-month low of 0.5683 before rebounding.

The US government shutdown created an economic vacuum in the market, with key US economic releases suspended. The longer the shutdown persists, the greater the negative impact on the US economy and the increased likelihood of a more accommodative Federal Reserve policy. This sentiment is reflected in market pricing, which now fully anticipates two 25 basis point cuts at the Fed's October and December meetings. A speech by Fed Chair Powell did not challenge these market expectations.

NZ rates followed US rates lower during the week, and NZ-US rate spreads fell as well. Currently, NZ-US government rate spreads are negative out to the 10-year maturity, which continues to be a headwind for the NZD.

NZD/AUD weakened slightly over the week, even though a softer-than-expected Australian employment report increased the likelihood of another RBA policy easing as early as next month. A full RBA rate cut is now priced in by the December meeting. Although this report caused NZ-Australian rate spreads to increase (becoming less negative), optimism regarding positive outcomes from US-China trade talks later this month outweighed this effect. Consequently, the AUD regained some lost ground at the end of the previous week after Trump had threatened a 100% tariff increase on Chinese goods.

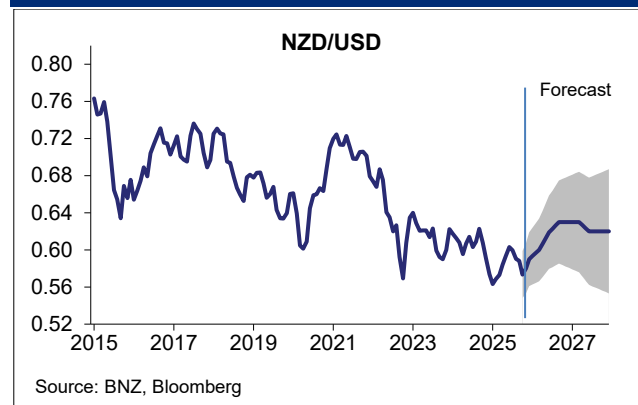
As previously indicated, we revised our FX projections last week. We reduced the expected extent of US dollar decline against all major currencies. Updated NZD crosses now also reflect the impact of NZ's recently disappointing macroeconomic performance, which is widely recognised. Our new year-end target for NZD/USD is 0.59. Despite current depressed levels, we still see a clear path for a positive medium-term trajectory, although next year's target has been revised down to 0.63.

Our positive medium-term outlook for NZD/USD is based on the conviction that the NZD is currently trading at a very cheap level, while the USD remains broadly overvalued on medium-term valuation metrics. The report highlighted both the positive and negative factors affecting this outlook. On balance, we believe much of the bad news is already reflected in the NZD's price, and seasonal factors, which are typically favourable for the NZD during November and December, should provide some support (partly due to negative seasonal factors for the USD).

Our projections for NZD cross rates are relatively flat for the next three to six months, with modest near-term downside risk against the AUD and EUR persisting for now but diminishing over time. NZD/GBP projections are flat to slightly higher over the coming year. Our NZD/JPY projections remain lower in the medium term, though greater patience will be required in the short term.

On the economic calendar, NZ Q3 CPI data were in line and this afternoon, China activity data for September and Q3 will be released. The US shutdown means that a void of official US data remains, although some staff have returned to allow a September CPI print on Friday. UK, Canada and Japan CPI data will also be released this week as well as flash estimates for October of global PMI data.

NZD outlook downgraded, but +ve med.-term bias remains



Cross Rates and Recent Ranges

	Last wk		
	Current	% chg	Last 3-wks range*
NZD/USD	0.5734	0.1%	0.5680 - 0.5850
NZD/AUD	0.8814	-0.2%	0.8740 - 0.8870
NZD/CAD	0.8034	0.2%	0.8000 - 0.8160
NZD/GBP	0.4270	-0.5%	0.4250 - 0.4340
NZD/EUR	0.4919	-0.2%	0.4880 - 0.5000
NZD/JPY	86.49	-0.3%	85.30 - 88.60

*Indicative range over last 3 weeks, rounded

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Technicals

NZD/USD

Outlook: Downside risk
 ST Resistance: 0.6000 (ahead of 0.6120)
 ST Support: 0.56 (ahead of 0.55)

No change after modest FX moves last week. We see support to 0.56, while 0.55 remains a more solid and critical support level. Resistance is currently far away at 0.60.



NZD/AUD

Outlook: Downside risk
 ST Resistance: 0.8950 (ahead of 0.92)
 ST Support: 0.87

No change. The 0.87 mark, close to the 2022 low, represents a key support level. A break below that would open up significant downside risk.

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NZ 5-year Swap Rate

Outlook: Lower
 ST Resistance: 3.32
 ST Support: 2.85

5-year swap rallied aggressively last week in sympathy with global rates. We have shifted our resistance to be the downward trend line.



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

Outlook: Higher
 ST Resistance: 0.76
 ST Support: 0.26

2x5 swap spread remained flat on the week with steepening momentum beginning to stall.

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Quarterly Forecasts

Forecasts as at 20 October 2025

Key Economic Forecasts

Quarterly % change unless otherwise specified

Forecasts

	Dec-24	Mar-25	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27
GDP (production s.a.)	0.4	0.9	-0.9	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)	-4.7	-4.2	-3.7	-3.6	-3.5	-3.4	-3.3	-3.3	-3.3	-3.3
CPI (q/q)	0.5	0.9	0.5	1.0	0.3	0.5	0.5	0.7	0.3	0.6
Employment	-0.2	0.0	-0.1	0.1	0.5	0.7	0.7	0.6	0.5	0.5
Unemployment rate %	5.1	5.1	5.2	5.3	5.3	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	2.6	2.3	2.4	2.5	2.7	2.9	2.9
CPI (y/y)	2.2	2.5	2.7	3.0	2.8	2.3	2.3	2.0	2.0	2.1
GDP (production s.a., y/y)	-1.4	-0.6	-0.6	0.9	1.2	1.1	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
Sep	3.08	3.09	3.67	4.42	2.99	3.40	3.95	4.20	4.25	0.17
Forecasts										
Dec	2.25	2.40	3.25	4.20	2.50	2.95	3.75	3.50	4.25	0.00
2026 Mar	2.25	2.40	3.30	4.20	2.60	3.00	3.75	3.45	4.10	0.10
Jun	2.25	2.40	3.45	4.20	2.85	3.20	3.80	3.25	4.00	0.20
Sep	2.25	2.40	3.75	4.30	3.25	3.50	3.90	3.00	4.00	0.30
Dec	2.25	2.55	3.95	4.35	3.65	3.75	4.00	2.95	4.00	0.35

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.57	0.65	1.17	1.34	151
Dec-25	0.59	0.67	1.19	1.35	146
Mar-26	0.60	0.69	1.20	1.35	144
Jun-26	0.62	0.71	1.21	1.36	140
Sept-26	0.63	0.72	1.23	1.38	135
Dec-26	0.63	0.71	1.22	1.37	135
Mar-27	0.63	0.70	1.21	1.36	135
Jun-27	0.62	0.69	1.20	1.35	135

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.57	0.88	0.49	0.43	86.4	66.5
Dec-25	0.59	0.88	0.50	0.44	86.1	67.6
Mar-26	0.60	0.87	0.50	0.44	86.4	68.0
Jun-26	0.62	0.87	0.51	0.46	86.4	69.3
Sept-26	0.63	0.88	0.51	0.46	85.1	69.8
Dec-26	0.63	0.89	0.52	0.46	85.1	69.9
Mar-27	0.63	0.90	0.52	0.46	85.1	70.0
Jun-27	0.62	0.90	0.52	0.46	83.7	69.1

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 20 October 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	0.9	-0.1	2.6	2.9	0.9	-0.3	2.1	2.9	2.4
Government Consumption	2.7	1.3	0.3	0.4	-0.4	0.1	0.4	1.3	-0.9	0.4
Total Investment	3.3	-1.1	-5.2	1.0	6.5	-0.4	-5.1	-0.8	6.1	4.3
Stocks - ppts cont'n to growth	0.3	-1.5	0.2	0.6	0.2	-1.3	0.2	0.3	0.4	0.0
GNE	3.7	-1.1	-1.1	2.0	3.3	-1.0	-1.2	1.2	3.2	2.5
Exports	5.7	8.6	3.3	2.2	4.2	11.5	4.7	2.3	4.0	3.7
Imports	4.2	-1.4	1.5	4.3	4.9	-0.7	1.6	3.0	5.3	3.4
Real Expenditure GDP	4.0	1.3	-0.7	1.1	3.0	1.8	-0.4	0.9	2.6	2.5
GDP (production)	3.5	1.4	-1.1	0.6	2.9	1.8	-0.6	0.2	2.5	2.5
GDP - annual % change (q/q)	3.0	1.2	-0.6	1.1	2.7	0.9	-1.4	1.2	3.0	2.4
Output Gap (ann avg, % dev)	2.1	1.1	-0.8	-1.4	-0.4	1.3	-0.4	-1.4	-0.6	-0.2
Nominal Expenditure GDP - \$bn	394	417	432	453	477	412	427	447	472	493
Prices and Employment - annual % change										
CPI	6.7	4.0	2.5	2.3	2.1	4.7	2.2	2.8	2.0	2.1
Employment	2.9	0.9	-0.7	1.2	2.3	2.7	-1.2	0.5	2.5	1.9
Unemployment Rate %	3.5	4.4	5.1	5.1	4.7	4.0	5.1	5.3	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	0.7	0.6	-1.1	-0.3	0.9	0.5	0.4
Unit Labour Costs (ann av %)	5.5	7.0	4.7	2.9	2.7	7.5	5.1	3.1	2.7	2.8
House Prices (stratified, mth)	-12.8	2.8	-0.6	1.0	4.6	0.6	-0.8	0.8	4.4	4.3
External Balance										
Current Account - \$bn	-32.6	-23.8	-18.3	-15.5	-15.6	-25.8	-20.0	-15.6	-15.5	-15.5
Current Account - % of GDP	-8.3	-5.7	-4.2	-3.4	-3.3	-6.3	-4.7	-3.5	-3.3	-3.1
Government Accounts - June Yr, % of GDP										
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-1.8	-2.1	-2.1	-2.6	-1.7					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	38.7	41.8	41.8	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	7.5					
Financial Variables ⁽¹⁾										
NZD/USD	0.62	0.61	0.57	0.60	0.63	0.62	0.57	0.59	0.63	0.62
USD/JPY	134	150	149	144	135	144	154	146	135	133
EUR/USD	1.07	1.09	1.08	1.20	1.21	1.09	1.05	1.19	1.22	1.20
NZD/AUD	0.93	0.93	0.91	0.87	0.90	0.93	0.91	0.88	0.89	0.90
NZD/GBP	0.51	0.48	0.44	0.44	0.46	0.49	0.45	0.44	0.46	0.47
NZD/EUR	0.58	0.56	0.53	0.50	0.52	0.57	0.55	0.50	0.52	0.52
NZD/YEN	83.0	91.1	85.4	86.4	85.1	89.5	88.4	86.1	85.1	82.5
TWI	71.0	71.2	67.9	68.0	70.0	72.0	68.5	67.6	69.9	69.2
Overnight Cash Rate (end qtr)	4.75	5.50	3.75	2.25	2.50	5.50	4.25	2.25	2.25	4.00
90-day Bank Bill Rate	5.16	5.64	3.60	2.40	3.05	5.63	4.26	2.40	2.55	4.15
5-year Govt Bond	4.40	4.60	4.00	3.30	4.10	4.50	3.90	3.25	3.95	4.10
10-year Govt Bond	4.35	4.60	4.50	4.20	4.40	4.65	4.45	4.20	4.35	4.50
2-year Swap	5.15	4.91	3.35	2.60	3.90	4.93	3.53	2.50	3.65	4.00
5-year Swap	4.50	4.40	3.65	3.00	3.95	4.43	3.63	2.95	3.75	4.10
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	0.10	0.40	0.65	0.05	-0.05	0.35	0.50
⁽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 20 October				Friday 24 October			
CH GDP SA QoQ 3Q	0.80%		1.10%	US Initial Jobless Claims 18-Oct	226k		
CH GDP YoY 3Q	4.70%		5.20%	US Continuing Claims 11-Oct			
CH Retail Sales YoY Sep	3.00%		3.40%	EC Consumer Confidence Oct P	-15		-14.9
CH Industrial Production YoY Sep	5.00%		5.20%	US Existing Home Sales Sep	4.06m		4.00m
CH Fixed Assets Ex Rural YTD YoY Sep	0.10%		0.50%	AU S&P Global Australia PMI Mfg Oct P			51.4
CH Surveyed Jobless Rate Sep	5.30%		5.30%	AU S&P Global Australia PMI Services Oct P			52.4
JN BOJ's Takata Speaks				UK GfK Consumer Confidence Oct	-20		-19
EC ECB Current Account SA Aug			27.7b	JN Natl CPI YoY Sep	2.90%		2.70%
EC ECB's Schnabel Speaks				JN Natl CPI Ex Fresh Food, Energy YoY Sep	3.10%		3.30%
Tuesday 21 October				AU RBA's Bullock Speaks			
EC ECB's Nagel, Lane & Others Speak				UK Retail Sales Inc Auto Fuel MoM Sep	-0.20%		0.50%
NZ Trade Balance NZD Sep			-1185m	EC HCOB Eurozone Manufacturing PMI Oct P	49.9		49.8
AU RBA's Jones Speaks				EC HCOB Eurozone Services PMI Oct P	51.3		51.3
UK Public Sector Net Borrowing Sep	20.8b		17.7b	UK S&P Global UK Services PMI Oct P	51		50.8
Wednesday 22 October				UK S&P Global UK Manufacturing PMI Oct P	46.7		46.2
EC ECB's Lagarde, Kocher & Nagel Speak				Saturday 25 October			
US Philadelphia Fed Non-Manufacturing Activity Oct			-12.3	US Core CPI MoM Sep	0.30%		0.30%
CA CPI YoY Sep	2.20%		1.90%	US Core CPI YoY Sep	3.10%		3.10%
CA CPI Core - Median YoY% Sep	3.00%		3.10%	EC ECB's Nagel & Villeroy Speak			
CA CPI Core - Trim YoY% Sep	3.00%		3.00%	US S&P Global US Manufacturing PMI Oct P	51.8		52
NZ Dairy GDT Auction				US S&P Global US Services PMI Oct P	53.5		54.2
JN Trade Balance Sep	¥22.5b		-¥242.8b	US New Home Sales Sep	707k		800k
UK CPI YoY Sep	4.00%		3.80%	US U. of Mich. Sentiment Oct F	55		55
UK CPI Core YoY Sep	3.70%		3.60%	US Kansas City Fed Services Activity Oct			-9
UK CPI Services YoY Sep	4.90%		4.70%	Monday 27 October			
Thursday 23 October				NZ Holiday, Labour Day			
EC ECB's Lagarde & Guindos Speak							

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	2.50	2.50	3.00	4.75	2 years	2.47	2.55	2.68	3.64
1mth	2.65	2.65	2.98	4.88	3 years	2.64	2.73	2.83	3.61
2mth	2.56	2.60	2.91	4.67	4 years	2.81	2.90	3.00	3.67
3mth	2.53	2.54	2.84	4.59	5 years	2.96	3.05	3.15	3.75
6mth	2.49	2.52	2.79	4.32	10 years	3.57	3.64	3.74	4.11
GOVERNMENT STOCK					FOREIGN EXCHANGE				
04/27	2.53	2.62	2.77	3.79	NZD/USD	0.5733	0.5725	0.5868	0.6031
05/30	3.15	3.29	3.42	4.09	NZD/AUD	0.8814	0.8788	0.8891	0.9058
05/32	3.57	3.71	3.84	4.30	NZD/JPY	86.49	87.17	86.67	90.97
05/35	3.96	4.10	4.23	4.53	NZD/EUR	0.4919	0.4949	0.4972	0.5577
04/37	4.20	4.35	4.46	4.68	NZD/GBP	0.4270	0.4294	0.4343	0.4645
05/41	4.55	4.72	4.79	4.87	NZD/CAD	0.8033	0.8035	0.8108	0.8341
05/54	4.86	5.04	5.09	5.01	TWI	66.5	66.5	67.4	70.2
GLOBAL CREDIT INDICES (ITRXX)									
Nth America 5Y	54	57	52	52					
Europe 5Y	58	59	56	56					

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