

Research Markets Outlook

28 October 2025

Q3 Labour Market Preview

- Labour market soft
- Q3 unemployment rate expected to edge higher
- But some signs employment improving
- Wage inflation seen still easing
- Business and consumer confidence updates due
- RBNZ speakers on the circuit

Next Wednesday's suite of Q3 labour market indicators is the next major release of economic data. We expect the data to show a soft labour market reflecting previous economic weakness, but with some signs of stabilisation. The labour market tends to lag the economic cycle.

We anticipate the combination of the Q3 Household Labour Force Survey (HLFS), Quarterly Employment Survey (QES), and Labour Cost Index (LCI) to indicate minimal employment growth, a nudge higher in the unemployment rate, and easing annual wage inflation.

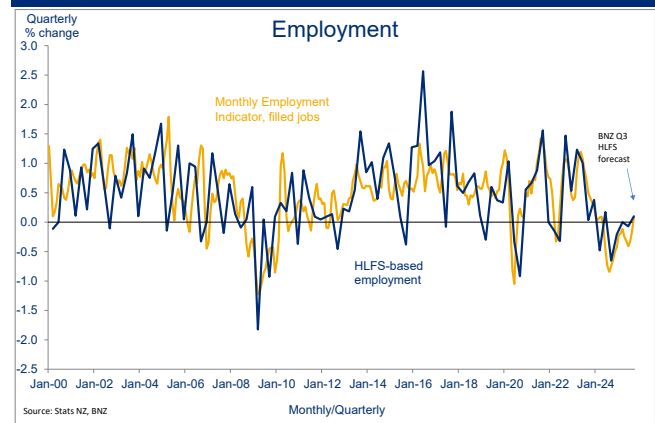
Recent labour market indicators have shown mixed signals of late. Firms' employment intentions are positive and SEEK job ads have turned upward. But we suspect it is too soon for such things to meaningfully show up in HLFS employment just yet. Indeed, the PMI and PSI recently revealed subdued employment readings as did firms' reported employment in the latest Quarterly Survey of Business Opinion (QSBO).

This morning's September filled jobs rose 0.3% m/m. A decent push higher in the month offering more evidence that we are past the worst for employment. But, as we suspected would be the case, downward revisions took a bit of the gloss off such that filled jobs rose 0.1% q/q in Q3.

All considered for Q3, our HLFS employment forecast remains unchanged at a minimal 0.1% q/q gain. This would see annual employment growth become less negative at -0.2% in Q3 from -0.9% in the previous quarter. That would see a modest lift in the unemployment rate, up to 5.3% from 5.2%, assuming the labour force participation rate remains steady at 70.5%.

Our Q3 unemployment rate forecast matches the RBNZ's August MPS forecast, albeit with our employment growth and participation rate assumptions both a tick higher than the Bank's projections.

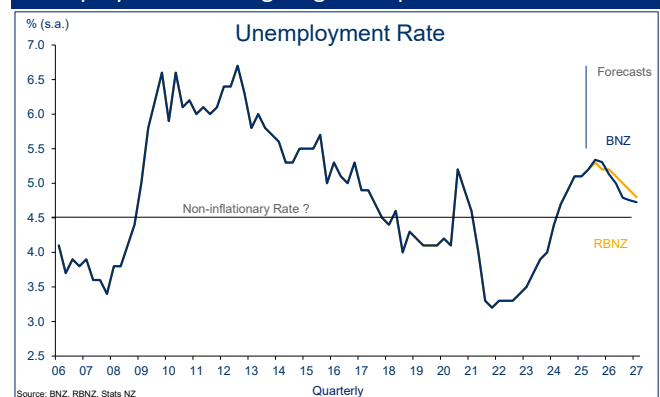
Employment growth to turn positive in Q3?



Employment and demand for labour looks to be edging higher from a low level. There are hints that this may be changing market dynamics as growth in labour supply is also slow. Even with stated subdued employment, QSBO respondents reported it is relatively less easy to find staff compared to three months ago.

Stats NZ estimates the working age population grew 0.2% q/q in Q3. That is historically slow and reflects low net inward migration. And, along with subdued labour force participation, it has limited the upward pressure on the unemployment rate from weak labour demand.

Unemployment to nudge higher to peak?



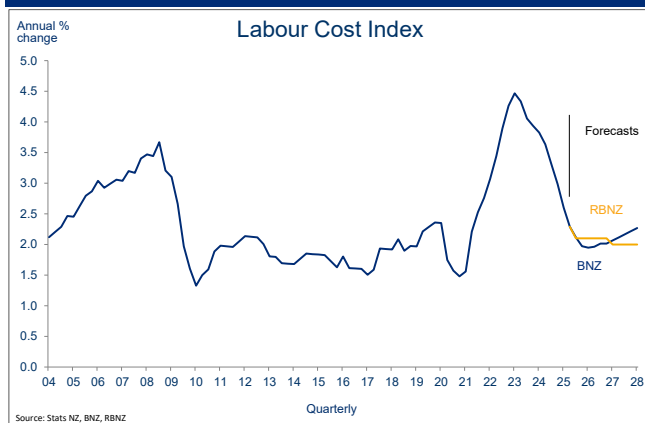
We see risk around our Q3 HLFS forecasts as broadly balanced, but always wary of the potential for the HLFS to produce a surprise outcome.

We will also monitor hours worked from the HLFS and the QES's filled jobs and paid hours data to get further insight into labour market and economic activity in the quarter. HLFS actual hours worked and QES paid hours have been tracking below year ago levels for at least a year. Any stabilisation in the quarter would see the rate of annual decline ease.

The recent balance of labour demand and supply continues to place downward pressure on wage inflation. We forecast the private-sector Labour Cost Index to rise 0.4% q/q and 2.1% y/y. This measure of annual wage inflation was 2.3% in Q2 and 3.6% a year before that.

Like our unemployment rate forecast, our LCI forecast is in line with the RBNZ's August MPS projections. Thus, we are not expecting Q3's labour market data to instigate a material rethink of the policy outlook at the Bank.

Wage inflation easing



It is worth noting a few areas of New Zealand have been belted by spring storms over the past week or so. High winds, in particular, have caused localised damage, and power, water, and communication outages in some areas. There will be a material reduction in output for those directly affected. Increased activity can be expected during the clean-up and repair phase. Insurance will cover some of the cost. But more supply side disruption can only add to cost pressures at the margin.

Now turning to this week's domestic economic data and events. There are a few bits and pieces to note.

ANZ's business and consumer confidence surveys for October are scheduled for release on Thursday and Friday respectively. There is some interest in these monthly instalments to see if there are any initial signs of response to the RBNZ's 50 basis point OCR cut earlier in the month.

Bear in mind that in the previous month's survey businesses were already optimistic and had positive expectations for activity ahead. It would not surprise if it was more of the same in October. If adverse weather had any influence on the survey, one would think it would only be on the later responses.

Attention will also be on business employment and investment intentions, reported activity, and cost and inflation expectations. The latter has been reasonably steady over the past year and sat at 2.71% in September.

The ANZ consumer confidence index nudged up from 92.0 to 94.6 in September. For October, it seems to be a case of assessing potentially opposing influences. Higher headline and essential item price inflation will impose a negative bias while the 50-point OCR cut by the Reserve Bank may move the dial upward.

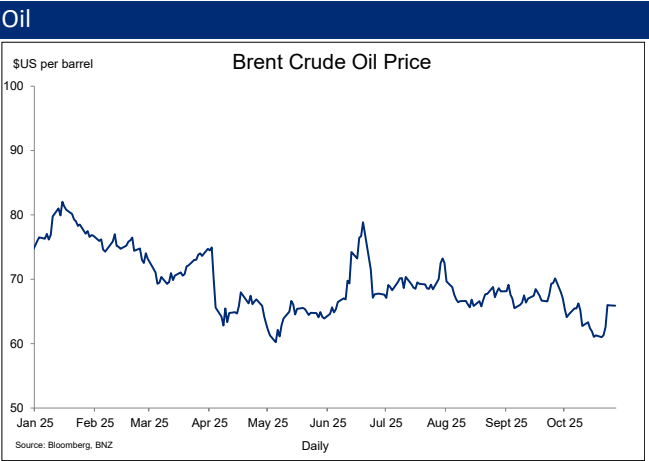
Some RBNZ and MPC members are on the speaking circuit this week. In chronological order:

- Wednesday morning, RBNZ Director of Financial Markets Adam Richardson is speaking at the 2025 Commonwealth Bank Global Markets Conference in Sydney on the transmission of OCR cuts to domestic financial conditions. The RBNZ has said there will be no new information related to monetary policy decision-making in the speech, which will be published on the RBNZ website at 11:00am (NZT).
- Wednesday afternoon, RBNZ Governor Christian Hawkesby is speaking on the importance of central bank operational independence at an RBNZ event with industry stakeholders in Auckland. The speech will be published on the RBNZ website at 4:30pm (NZT).
- Friday afternoon, RBNZ MPC external member Prasanna Gai is speaking on a policy panel at the Melbourne Annual Macro Policy Meeting. Professor Gai will be talking about monetary policy in the context of global uncertainty, and his remarks will be published on the RBNZ website at 3:30pm (NZT).

Professor Gai's panel discussion will also be followed by a question-and-answer session. Speeches and public comment from external MPC members have been relatively rare so we look forward to Professor Gai's comments. The RBNZ noted, however, that the views expressed by Professor Gai do not necessarily reflect the view of the Reserve Bank's MPC.

Finally, we continue to watch crude oil prices. Brent crude prices rose just over 7% last week following new US sanctions on major Russian oil producers. This abruptly arrested a previously developing price downtrend.

If crude oil prices were to maintain or extend their recent pop higher, it suggests some upside risk to our Q4 CPI forecast that currently sits at 0.3% q/q and 2.8% y/y. That increases the chance that annual headline inflation lingers close to 3% in Q4. In turn it raises the risk of filtering more into inflation expectations. That is something that should attract RBNZ attention.



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Global Watch

- **FOMC expected to cut 25bps**
- **ECB and BoJ seen on hold**
- **Euro area GDP and CPI data due**
- **Australia Q3 CPI in focus ahead of RBA Nov meeting**

Week in Review

In the US, softer than expected core CPI data (0.2% m/m vs 0.3% consensus) reinforced expectations for a 25bp rate cut when the Federal Reserve meets later this week. The drumbeat of simmering US China trade tensions continued, injecting some caution into markets as we look towards the anticipated Trump Xi meeting expected alongside the APEC summit in Korea Thursday.

The chances of a BoE rate cut before the end of the year have risen quite sharply following the lower than forecast UK inflation reading for September (3.8% y/y vs consensus 4.0%) and softer wage data in the prior week. The data suggests UK inflation may have peaked a little lower than the BoE had forecast back in August. Our colleagues at NAB have long maintained a November ease is a much closer call and a move will be seen by December.

China's fourth plenary session ended on Thursday, with some high-level detail on priorities for the next 5-year plan. The key focus areas appear little changed, with continued efforts to achieve industrial modernisation, self-sufficiency in technology, as well as expand domestic demand and improve people's quality of life.

Week Ahead

Central banks are back in focus with the US Federal Reserve, Bank of Canada, ECB and BoJ all holding policy meetings. The FOMC is expected to deliver another 25bp cut, with the assessment around the shifting balance of risks that motivated that September adjustment still intact.

The ECB will leave rates unchanged once again with the Deposit rate at 2%. The Bank of Japan is widely seen on hold as political dynamics delay a hike that remains supported by the data backdrop. December or January are more likely for the next move.

The Bank of Canada's easing bias and heightened sensitivity to short term data flow given an uncertain outlook has been met with stronger than expected labour market and inflation updates since the last meeting.

In the eurozone, preliminary October HICP inflation data is on Friday, which should see the three main measures of inflation drop one-tenth, with headline to 2.1% y/y.

Globally, focus will also be on the Trump-Xi meeting alongside the APEC summit. The meeting is set to take place on Thursday.

In Australia, Q3 CPI is Wednesday and is the key remaining data point ahead of the RBA's Cup Day (4 Nov) decision. NAB expect the CPI to confirm that inflation in Q3 was materially stronger than the RBA was anticipating back in their August SoMP and expect trimmed mean of 0.9% q/q. Communication since the September meeting has confirmed that the RBA has noticed stronger housing and services components, which has given them some pause about their assessment of spare capacity in the economy.

The ongoing government shutdown means September CPI is set to remain an exception to the US data drought. In the absence of the shutdown, we would see Advanced goods trade Tuesday ahead of personal income and spending data, including the Fed's preferred PCE measure, Friday.

Key Event Previews

Tuesday

US Conference Board Consumer Confidence

Wednesday

AU Q3 CPI

NAB expect Q3 trimmed mean inflation of 0.9% q/q (2.8% y/y), which is materially higher than the RBA's August SoMP forecast of 0.64% q/q. Consensus is for 0.8% but reasonably finely balanced between 0.8% and 0.9%.

Headline inflation could be around 1.1% q/q (3.0% y/y), driven by the anticipated unwind of electricity subsidies. Based on information in the Monthly CPI indicator and NAB's forecasts, the main driver of trimmed mean inflation is the expected broad reacceleration in market services and rents inflation.

CA BoC October Meeting (Cut 25bps to 2.25%)

BoC is expected to cut interest rates by 25bps from 2.50% to 2.25% on Wednesday. Further policy easing is consistent with its changed risk assessment in Sept, but it indicated that it would move cautiously. Labour market data was stronger than expected and inflation surprised higher this month, so a cut may take until the December meeting.

US FOMC October Meeting (Cut 25bps to 3.75-4.0%)

The September cut and accompanying projections suggested enough of the committee had seen evidence that the balance of risks had shifted sufficiently to reduce the level of restrictiveness. The shutdown has meant there is no new payrolls print since the September decision, but the picture from alternate data sources point to more of the same: low hiring, low firing, and a risk the unemployment rate bleeds higher from here.

US Advanced Goods Trade Balance

EZ Q3 Preliminary GDP

Thursday**JN BoJ October Meeting (Unch. at 0.5%)**

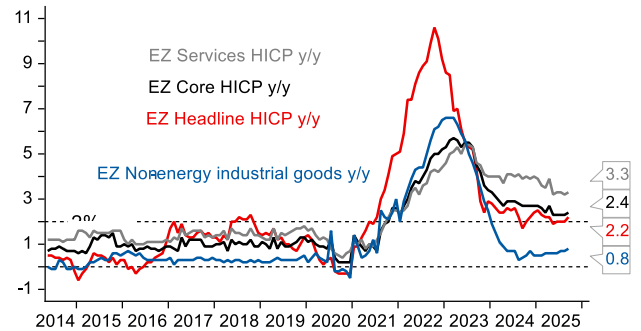
Markets have slashed the pricing of a BoJ rate hike at its October meeting following the voting in of Sanae Takaichi as Japan's first female PM. While Takaichi has refrained from comments on the pace of monetary tightening, her support for fiscal expansion, with a just ordered fresh package of stimulus measures, has resulted in no change expected for this meeting.

EC ECB October Meeting (Unch. at 2.0%)

The ECB will leave rates unchanged once again with the Deposit rate at 2%, not least with respect to the slight rise in the headline rate to 2.2% in September. Despite weak EZ economic growth and the threat of a further hit from re-routed Chinese exports and US tariffs, EZ inflation looks set to hold at or just above 2% for the coming months. That leaves the ECB continuing to talk about policy settings being in a 'good place' and waiting on more data and new forecasts at the 18 December meeting. NAB continue to see the possibility of a further ECB easing from such headwinds and a stronger EUR, but this now looks more like a risk for well into 2026.

EZ Final Consumer, Econ, Ind and Service Confidence**Friday****CH Manufacturing PMI****EZ October Preliminary HICP Inflation**

After a rise from 2% to 2.2% in the headline rate in September, and a 0.1% rise in core HICP, NAB expect a temporary slip back in October on account of peaking energy prices and easier food, alcohol and tobacco prices. The headline should slip to 2.1%, the core to 2.3%, with services down to 3.2%.

Eurozone Inflation

Source: National Australia Bank, Bloomberg

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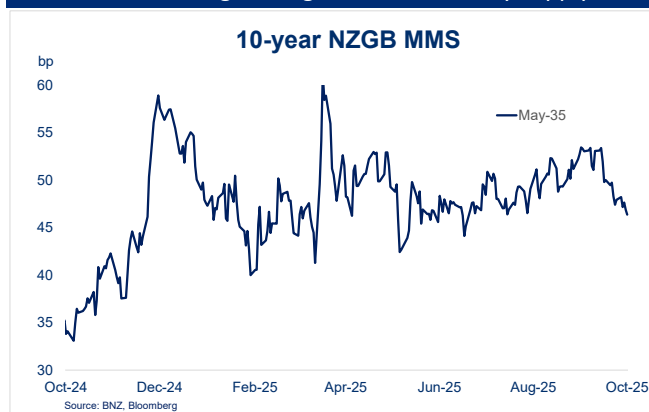
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg: BNZ

After an almost one-way move lower since the 8 October Monetary Policy Review, NZ swap rates appear to have found a base and moved modestly higher. There is only second tier domestic data this week which is unlikely to materially impact the outlook for RBNZ monetary policy. Speeches by Governor Hawkesby and Committee Member Prasanna Gai are not expected to provide any additional guidance for the rates outlook. It is likely the front end will remain stable and anchored by the RBNZ cycle while the longer end of the curve is impacted by global drivers.

There are several central bank meetings this week including the Federal Reserve, European Central Bank and Bank of Japan. Of these, only the Fed is expected to cut rates. A 25bp cut is widely anticipated and fully discounted by market pricing. Investors will be looking for indications from policy makers on the likelihood of a follow-up cut in December and guidance on when quantitative tightening might end. The Fed has characterised recent cuts as insurance against a weaker labour market. With the market pricing terminal rates near 3.0%, we don't see much downside for 10-year treasury yields below 4.0%.

Will further MMS tightening be constrained by supply?



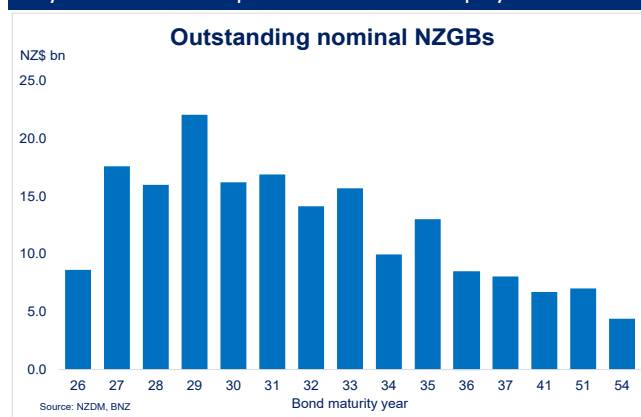
10-year NZGB matched maturity swap (MMS) spreads have tightened towards +45bp, 7bp below the recent peak in early October. We think spreads are likely to tighten over the medium term. Our view is underpinned by a forecast decline in net NZGB supply as a proportion of GDP, to be absorbed by private sector investors. However, there is chance that NZ Debt Management (NZDM) launches a tap syndication of an existing nominal line in November which would likely constrain further near-term MMS tightening.

At the Budget in May, NZDM announced it expected to undertake three tap syndications of nominal lines in 2025/26. A NZ\$6 billion tap of the May-2031 maturity took place in July. If there isn't a transaction next month, NZDM may need to wait until late February for the next optimal issuance window. Our analysis reveals there hasn't been a consistent pattern for MMS spreads ahead of a

syndication, though we wouldn't expect further tightening if a transaction is announced for next month.

Although NZDM is ahead of its pro-rated issuance requirement, current favourable NZGB demand conditions could tip the balance in favour of a November transaction. Tender statistics have been consistently strong since the new fiscal year began on 1 July. Bid-cover ratios have averaged near 4 for the NZ\$450 million of bonds offered each week. And although NZDM doesn't attempt to time the market cycle, NZGB yields near multi-month lows could also be of interest.

May-2036 NZGB is a potential line for a tap syndication



After consecutive tap syndications of nominal bonds in the belly of the curve, we expect a near-ten-year maturity for the next transaction. Given relatively small outstanding volumes, the May-2036 maturity is a potential candidate. After the typical two-month issuance blackout period post-syndication, this would enable tendering into what will be the benchmark 10-year line next year from February. We will be monitoring the release of the Monthly Tender Schedule on Wednesday at 08:00 (NZT), which has been used by NZDM in the past to announce syndication details, and could indicate if a transaction is likely in November.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.51	2.51 - 2.82
NZ 2yr swap (%)	2.52	2.43 - 2.68
NZ 5yr swap (%)	3.01	2.92 - 3.15
NZ 10yr swap (%)	3.59	3.51 - 3.75
2s10s swap curve (bps)	107	106 - 113
NZ 10yr swap-govt (bps)	-42	-50 - -42
NZ 10yr govt (%)	4.01	3.98 - 4.22
US 10yr govt (%)	3.98	3.93 - 4.18
NZ-US 10yr (bps)	3	-3 - 13
NZ-AU 2yr swap (bps)	-88	-94 - -78
NZ-AU 10yr govt (bps)	-15	-24 - -10

*Indicative range over last 4 weeks

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Foreign Exchange Market

Reuters pg BNZFWFDS Bloomberg pg BNZ9

Over the past week or so, there has been more price action in commodity markets than in currency markets. Oil prices rose sharply due to increased US sanctions on Russia, while gold prices dropped significantly after meeting selling pressure following a parabolic rally. Commodity-linked currencies showed mild outperformance. NZD/USD has traded within a narrow range, posting a modest gain to 0.5770, and the NZD strengthened against most major crosses, recovering some of its recent underperformance.

Only the JPY and GBP experienced notable price action last week. In Japan, LDP leader Takaichi won a parliamentary vote to become Prime Minister, supported by a coalition agreement with Ishin and six other opposition lawmakers. With a minority government, fiscal policy is likely to be more accommodative than otherwise, and the new administration provides the Bank of Japan another reason to delay raising interest rates. The yen weakened immediately after Takaichi secured the LDP leadership earlier this month and has remained under pressure since. Reflecting these developments, our NZD/JPY forecasts were recently revised upwards to account for the likelihood of a weaker yen persisting for longer.

The GBP struggled after UK CPI data came in softer than expected, increasing the chances of the Bank of England cutting rates again this year. Declining NZ-UK rate spreads have been a key driver behind the weaker NZD/GBP cross rate throughout the year; however, we believe this process is now mostly complete, which should result in a more balanced trading environment going forward. Following our recent forecast update, our NZD/GBP targets for the next three to six months are close to 0.44.

Looking ahead, the meeting between Presidents Trump and Xi in South Korea on Thursday will be a key event. Trade talks concluded over the weekend were positive, with preliminary consensus reached on rare earth export controls, fentanyl, and shipping levies. Treasury Secretary Bessent stated that Trump's threat of an additional 100% tariff on China is "effectively off the table." China may also see a 20% reduction in import tariffs related to fentanyl. Details of the agreement will be clarified on Thursday.

The NZD has already recovered losses incurred after the recent escalation in US-China trade tensions earlier this month, and positive developments on Thursday should help cement this recovery. After a downward trend in NZD/USD over the past few months, our projections indicate a more favourable outlook towards year-end, with a target of 0.59, consistent with a trading range of 0.57 to 0.61.

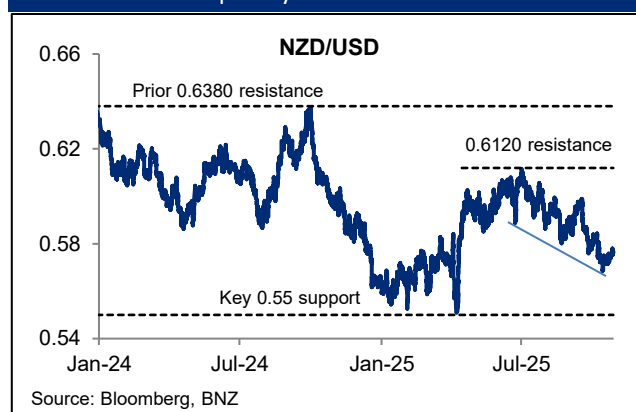
This week, four major central banks are set to provide policy updates. The European Central Bank is expected to

keep rates unchanged for a third consecutive meeting, likely resulting in little market reaction. The Bank of Japan is also anticipated to hold steady, with the probability of a rate hike close to zero so soon after the formation of a new government. However, markets might react if guidance about a possible December rate hike is provided. The BoJ last raised rates in January, and the justification for further delay is becoming less convincing.

Most economists expect the Bank of Canada to cut rates again, although there is a slight chance of a hold. The market is pricing in a 22 basis points cut. The US Federal Reserve is widely expected to lower rates by 25 basis points, which is nearly fully priced in. However, some dissenting voices could emerge—Miran may favour a larger 50 basis point cut, and a few hawkish members might prefer maintaining current rates. Additionally, there is a possibility that the Fed could announce an end to quantitative tightening. The market remains confident of another 25 basis points cut in December, and we will be watching for any comments from Chair Powell that might challenge this expectation.

On the economic calendar, domestic attention will focus on the ANZ business outlook and consumer confidence surveys. Internationally, watch for Australian and euro area CPI data, euro area GDP, and China PMI figures.

NZD downtrend hopefully arrested



Cross Rates and Recent Ranges

	Current	Last wk % chg	Last 3-wks range*
NZD/USD	0.5768	0.5%	0.5680 - 0.5810
NZD/AUD	0.8801	-0.5%	0.8740 - 0.8870
NZD/CAD	0.8071	0.2%	0.8000 - 0.8100
NZD/GBP	0.4326	0.7%	0.4250 - 0.4350
NZD/EUR	0.4952	0.1%	0.4880 - 0.4990
NZD/JPY	88.21	1.1%	85.40 - 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 over the past two weeks. We see support at 0.56, while 0.55 remains a more solid and critical support level. Resistance is currently far away at 0.60.

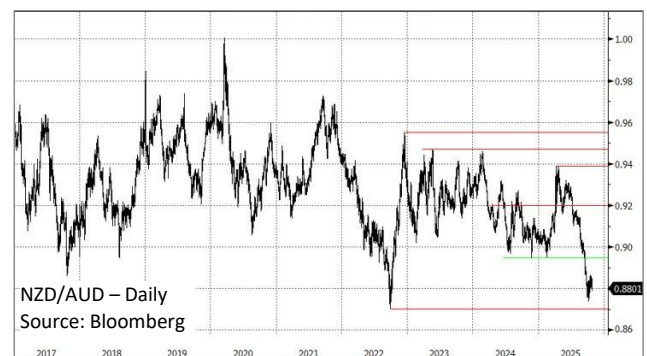


NZD/AUD

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. First line of resistance looks to be 0.8950.

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NZ 5-year Swap Rate

Outlook: Lower
 ST Resistance: 3.30
 ST Support: 2.85

5-year swap rebounded higher last week following a strong rally. Resistance moves lower again with our downward trend.



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

Outlook: Higher
 ST Resistance: 0.76
 ST Support: 0.26

2x5 swap spread steepened slightly last week sitting near the middle of our range. We continue to favour further steepening.

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Quarterly Forecasts

Forecasts as at 28 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	-3.4	-3.4	-3.3	-3.2	-3.2	-3.2
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	3.70	4.30	3.20	3.45	3.90	3.00	4.00	0.30
Dec	2.25	2.55	3.95	4.35	3.60	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	0.58	0.66	1.17	1.33	153
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	0.58	0.88	0.50	0.43	88.2	66.9
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 28 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	1.2	6.5	-0.4	-5.1	-0.7	6.2	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	3.3	2.5
Exports	5.7	8.6	3.3	2.5	4.3	11.5	4.7	2.5	4.2	3.7
Imports	4.2	-1.4	1.5	4.6	5.0	-0.7	1.6	3.2	5.5	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	0.4	0.4
Unit Labour Costs (ann av %)	5.5	7.0	4.7	2.9	2.7	7.5	5.1	3.1	2.8	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	-15.2	-15.3	-25.8	-20.0	-15.3	-15.3	-15.8
Current Account - % of GDP	-8.3	-5.7	-4.2	-3.4	-3.2	-6.3	-4.7	-3.4	-3.2	-3.2
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	3.60	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
Tuesday 28 October				Friday 31 October			
GE GfK Consumer Confidence Nov	-22		-22.3	US Initial Jobless Claims 25-Oct	229k		
EC ECB Bank Lending Survey				US Continuing Claims 18-Oct	1931k		
EC ECB 1 Year CPI Expectations Sep		2.80%		US GDP Annualized QoQ 3Q A	3.00%		3.80%
EC ECB 3 Year CPI Expectations Sep	2.50%		2.50%	GE CPI YoY Oct P	2.20%		2.40%
EC ECB's Panetta Speaks				EC ECB Deposit Facility Rate 30-Oct	2.00%		2.00%
Wednesday 29 October				EC ECB's Lagarde Speaks			
US Richmond Fed Manufact. Index Oct	-12		-17	US Fed's Bowman & Logan Speak			
US Richmond Fed Business Conditions Oct			-7	NZ ANZ Consumer Confidence Index Oct			94.6
US Conf. Board Consumer Confidence Oct	93.4		94.2	JN Jobless Rate Sep	2.50%		2.60%
US Conf. Board Expectations Oct			73.4	JN Retail Sales MoM Sep	0.80%		-0.90%
US Dallas Fed Services Activity Oct			-5.6	JN Industrial Production MoM Sep P	1.50%		-1.50%
AU CPI QoQ 3Q	1.10%	1.10%	0.70%	AU PPI QoQ 3Q			0.70%
AU CPI YoY 3Q	3.00%	3.00%	2.10%	AU Private Sector Credit MoM Sep	0.60%	0.60%	0.60%
AU CPI Trimmed Mean QoQ 3Q	0.80%	0.90%	0.60%	CH Manufacturing PMI Oct	49.6		49.8
AU CPI Trimmed Mean YoY 3Q	2.70%	2.80%	2.70%	CH Non-manufacturing PMI Oct	50.2		50
NZ RBNZ's Hawkesby and Richardson Speak				NZ RBNZ MPC's Gai Speaks			
Thursday 30 October				EC ECB Survey of Professional Forecasters			
US Advance Goods Exports MoM SA Sep			-1.30%	EC CPI Estimate YoY Oct P	2.10%		2.20%
US Advance Goods Imports MoM SA Sep			-7.00%	EC CPI Core YoY Oct P	2.30%		2.40%
CA Bank of Canada Rate Decision 29-Oct	2.25%		2.50%	Saturday 01 November			
US Pending Home Sales MoM Sep	1.50%		4.00%	NZ Cotality Home Value MoM Oct			0.10%
US FOMC Rate Decision (Upper Bound) 29-Oct	4.00%		4.25%	US Personal Income Sep	0.40%		0.40%
NZ ANZ Business Confidence Oct			49.6	US Personal Spending Sep	0.40%		0.60%
JN BOJ's Ueda Speaks				US Real Personal Spending Sep	0.20%		0.40%
EC Consumer Confidence Oct F			-14.2	US Core PCE Price Index MoM Sep	0.20%		0.20%
EC Economic Confidence Oct	96		95.5	US Core PCE Price Index YoY Sep	2.90%		2.90%
EC GDP SA QoQ 3Q A	0.10%		0.10%	US Fed's Logan, Hammack & Bostic Speaks			
EC Unemployment Rate Sep	6.30%		6.30%	US MNI Chicago PMI Oct	42.3		40.6
JN BOJ Target Rate 30-Oct	0.50%		0.50%				

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	2.53	2.46	2.63	3.64
1mth	2.62	2.64	2.93	4.86	3 years	2.69	2.62	2.79	3.62
2mth	2.52	2.55	2.89	4.61	4 years	2.86	2.78	2.95	3.68
3mth	2.51	2.52	2.79	4.53	5 years	3.01	2.94	3.11	3.77
6mth	2.49	2.49	2.76	4.28	10 years	3.60	3.53	3.70	4.15
GOVERNMENT STOCK					FOREIGN EXCHANGE				
04/27	2.53	2.51	2.71	3.75	NZD/USD	0.5776	0.5741	0.5794	0.5973
05/30	3.17	3.14	3.36	4.06	NZD/AUD	0.8809	0.8849	0.8761	0.9105
05/32	3.60	3.57	3.79	4.29	NZD/JPY	88.24	87.22	85.69	91.60
05/35	4.00	3.97	4.19	4.52	NZD/EUR	0.4958	0.4950	0.4938	0.5522
04/37	4.24	4.20	4.43	4.66	NZD/GBP	0.4330	0.4294	0.4309	0.4589
05/41	4.60	4.56	4.76	4.83	NZD/CAD	0.8077	0.8050	0.8064	0.8311
05/54	4.91	4.87	5.06	4.96	TWI	66.9	66.4	66.8	69.8
GLOBAL CREDIT INDICES (ITRXX)									
Nth America 5Y	50	53	52	52					
Europe 5Y	53	56	56	57					

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