Research
Markets Outlook

3 November 2025

Labour market soft, but more signs of life appearing

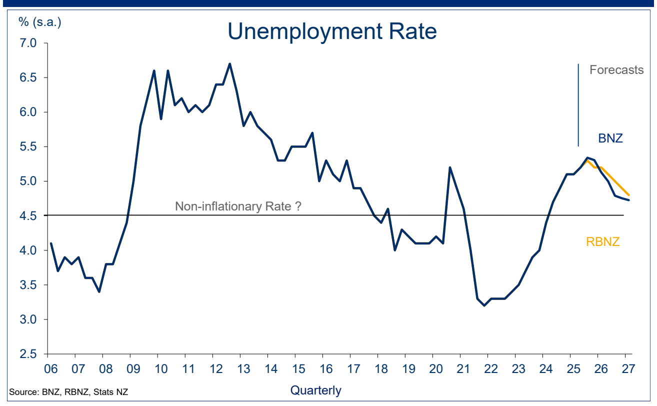
- **Unemployment rate to edge up to 5.3%**
- **As labour market lags economic recovery**
- **Job ads, credit growth, building consents show some life**
- **Commodity price inflation to slow further**
- **RBNZ's FSR and Crown accounts due**

The main data event this week is Wednesday's Q3 labour market release. To summarise our full preview last week, we expect the data to portray a soft labour market. We forecast a 0.1% q/q gain in Q3 HLFS employment. 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 expectation 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. On wages, we expect 0.4% q/q for the private-sector LCI. Such a quarterly move would see annual wage inflation continuing to ease, to 2.1% in Q3 from 2.3% in Q2. These wage expectations match the RBNZ's.

If the labour market data come in close to our expectations, they should not materially alter the RBNZ's thinking on monetary policy.

Peaking?



The RBNZ's Financial Stability Report (FSR) is also scheduled for release on Wednesday. The FSR is the Bank's semi-annual assessment of the soundness and efficiency of the NZ financial system, with risk identification a key part. The Bank has already announced minor changes to LVR settings and released bank stress test results this morning. The full report will be released at 9am on Wednesday, with the press conference at 1pm. There will also be RBNZ FSR testimony to Parliament Thursday morning, from 8am.

Monetary policy is not a focus of the FSR. However, any comments from RBNZ officials at the press conference on the likes of global trade and recent economic developments, including the Q3 labour market data, could have folk inferring monetary policy implications.

We continue to monitor the NZD downward drift, as the NZ TWI dips more than 2% below what the RBNZ had built into its forecasts. This represents an easing in financial conditions relative to the Bank's previous forecasts. If the currency weakness were to persist it would ease some of the downward pressure on the OCR.

Financial conditions are worth monitoring in their entirety including elevated term premia as the RBNZ's Richardson reminded folk of in his speech last week. That isn't news but it is a reminder to keep an eye on such things as financial measures put in place during the early stages of the pandemic continue to unwind, and global uncertainty waxes and wanes.

External MPC member Gai's speech last week appeared consistent with recent RBNZ messaging around trade and tariff uncertainty and its chilling influence on domestic activity, all presented in a neat framework. The tone of the speech read a touch dovish to us, albeit the views of Professor Gai are not necessarily that of the full MPC. The recent drop in QSBO investment intentions was explicitly noted.

We continue to monitor business and household sentiment and behaviour. Regards sentiment, last week's ANZ survey saw strongly positive business confidence and intentions to invest. The latter contrasts with the QSBO indicators. In contrast, consumers remain distinctly pessimistic.

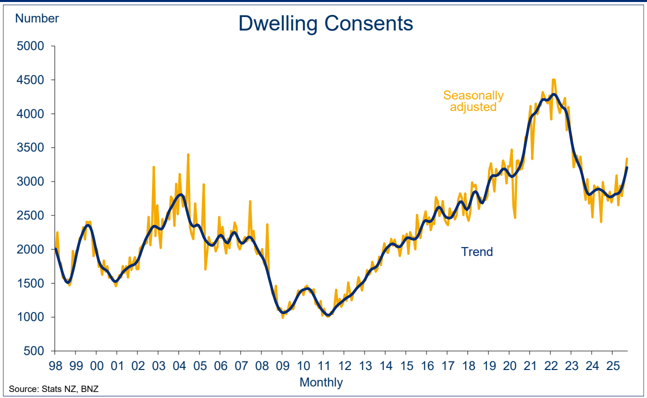
Sentiment and intentions are one thing, activity is another. In that context, it is notable that business (ex-agriculture) credit growth rose to 3.7% y/y in last week's September data. Its strongest pace since early 2023 and perhaps a sign of some lift in activity. And MBIE's September quarter job ads posted their first positive annual growth figure in three years, at 3.5% y/y.

We think the latter is too soon to show up in this week's employment data, but it is positive and much in line with what we have already seen in the SEEK job ads data. It supports the idea of some employment expansion ahead.

More signs of life appeared in this morning's building consents for September. Residential monthly consents can be volatile, so it wasn't so much the 7.2% m/m gain that spoke to improvement but rather that it followed 6.1% and 5.5% increases in the previous two months. This strongly supports our view that residential construction activity will pick up from its recent subdued level.

In contrast, non-residential building consents looked less constructive with their Q3 value 2.1% below year earlier levels.

Recovery taking shape



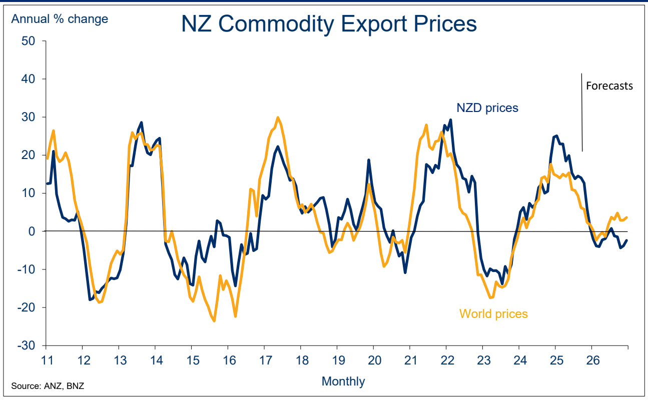
On Thursday, the Crown Financial Accounts for the three months to September are to be released. These will show how the fiscal operating deficit is tracking compared to Budget baselines. They will help us assess the persistence or otherwise of the smaller-than-forecast deficit in FY 2024/25. We will also be interested in the latest tax data to see what they infer about the economy. These accounts will be foundational for the government's Half Year Economic and Fiscal Update due for release on 16 December.

The latest GDT dairy auction takes place early on Wednesday morning. Dairy product prices are under some downward pressure from more supply, including more milk from NZ. The balance of indicators suggests another price decline at this week's event.

On Wednesday afternoon, the ANZ commodity price index is expected to show annual inflation in NZ's major primary product prices continued to ease in October.

Lastly, we look for Thursday's September livestock slaughter numbers to add support to the notion of a Q3 bounce back from their Q2 weakness. It is part of our expectation that food processing will be a positive contributor to manufacturing and economic growth in Q3.

Commodity price inflation to fall



doug_steel@bnz.co.nz

Global Watch

- **RBA widely seen on hold**
- **BoE meeting more interesting**
- **US government shutdown continues**
- **ISM manufacturing and services surveys due**

Week in Review

Central banks were back in focus with the US Federal Reserve and Bank of Canada delivering as expected 25bp rate cuts, while the ECB and BoJ kept policy on hold.

The FOMC saw two-way dissent, with Stephen Miran again voting for a 50bps cut, while Jeff Schmid preferred to keep rates on hold. Fed chair Jerome Powell's asserted that a December cut, "is not a foregone conclusion; far from it." The BoC implied the cut to 2.25% may be the last, by noting rates were now "about right," unless the outlook were to change. Jobs data on Friday the next test.

The BoJ again voted 7:2 to keep rates on hold and while Governor Ueda is keeping the door open to a December 19 hike, his comments on wanting to see more data on wage behaviour, alongside the Fed's less dovish commentary has left the JPY weaker amid a broadly firmer USD.

The ECB held rates unchanged for the third straight meeting as expected. Our colleagues at NAB remain of the view further easing could be seen later in 2026.

Presidents Trump and XI met in South Korea and agreed a one-year truce on trade sanctions. The meeting eased the tensions that have been building in recent months, with China suspending its proposed rare earth licensing program, while the US eased fentanyl tariffs.

Week Ahead

Offshore, the US government shutdown continues. If it extends through 5 November, it will be the longest on record. For now, the data drought continues, with a second payrolls report, ordinarily due Friday, likely to be delayed. Private data continues in the absence of the official data. The Manufacturing ISM is Monday, followed by the Services version Thursday.

Central banks remain in focus, with decisions from the RBA, BoE, Swedish Riksbank and Norges Bank. Markets expect the BoE to stay on hold. NAB continue to lean towards a cut, though the BoE could delay the easing until its December meeting. Both the Riksbank and Norges Bank will keep rates on hold.

In China, RatingDog PMIs are release. The Manufacturing index is Monday and Services Wednesday, the same day as final S&P Global PMIs elsewhere. Trade data is due Friday.

Data in Japan include labour cash earnings (Thursday).

In Australia, with Q3 CPI confirming the RBA's fears on housing and services, the RBA will be on hold at their Cup Day meeting. Inflation is the material surprise relative to the RBA's August forecast and NAB expect the Board to offer little guidance on the next move. On the data side is Monthly Household Spending (Monday), which NAB expect to show a pickup after a slower outcome last month.

Key Event Previews

Monday

AU Household Spending Indicator, ANZ-Indeed Job Ads, Building Approvals
The Monthly Household Spending Indicator slowed over the past couple of months after a surge in May. NAB expect a stronger outcome in September to suggest the firmer underlying trend in consumption remains intact, pencilling in a 0.7% m/m increase. Also released are quarterly volumes estimates, which could show a 0.7% q/q rise in inflation adjusted spending.

ANZ-Indeed job ads fell 3.3% in September, which was at odds with the small increase in SEEK job ads in the month.

CH RatingDog China Manufacturing PMIs (SME)

EZ, UK Final Manufacturing PMI (Oct)

US Manufacturing ISM, Final Manf PMI (Oct)
US manufacturing activity continues to outperform its peers, according to the S&P measure. This is in contrast to the ISM report, which continues to see manufacturing activity contract, broadly flatlining between 48 and 49.5.

Tuesday

AU RBA (Hold at 3.60%) & November SoMP
NAB expect the RBA to be on hold and expect little guidance (on either timing or direction) on the next move, instead emphasising elevated uncertainty as it seeks to gain more understanding of labour market and inflation dynamics.

Forecasts will be conditioned on a higher path for the cash rate than in August, with the most material revisions being a much higher near-term underlying inflation profile.

The RBA has also said they will provide more information on their approach to the monthly CPI in the November SoMP. The first release of the new series is 26 November

US JOLTS (Openings, Quits, Hirings) report. Factory Orders, Final Durable Goods (Sep) – likely delayed due to government shutdown

EU ECB's Lagarde

Wednesday

CH RatingDog China Services, Composite PMI (SME)

SE Swedish Riksbank Policy Meeting (hold at 1.75%)

EZ, UK Services PMI (Sep)
The stand-out development in the services activity preliminary readings for October was the EZ's ramp up from 51.3 to 52.6, boosted as it was by Germany's increased activity from 51.5 to 54.5. As a consequence, the Composite measure rose to 52.2 with Germany at 53.8. These are the best levels since 2023.

US Services ISM & PMI, ADP Private Payrolls (Oct)
In any other month the aforementioned surge in EZ Services (and Composite) activity in October would have seen it outperforming that in the US. But the US Service sector simply expanded at an even faster pace and at 55.2 remains above that in Europe. That said the ISM Services measure remains lower at the 50 breakeven.

Thursday

AU Trade Balance
The trade surplus is seen widening in September after a sharp fall in gold exports in August saw the narrowest surplus since 2018.

US Initial Jobless Claims, Challenger Job Cuts (Oct) & Wholesale Inventories (Sep) – ex-Challenger, likely delayed due to government shutdown

EZ Retail Sales (Sep)

NO Norges Bank Policy Meeting

EZ ECB Schnabel speech

UK BoE Nov Meeting
NAB have long said they believe the BoE can cut rates at the 6 November. While NAB have greater confidence the next cut will come at either the November or December meetings, they do think the November decision is a much closer call than markets price (at circa 30%) or for that matter by December (at circa 70%). The recent softer wage and CPI inflation data paves the way for an easing before year end and plays to the BoE forecasts of a peak in inflation being seen, before a gradual decline. The take-away from public statements by the nine MPC members is three can be identified as wanting to ease in November, while three will want to hold. That leaves three members, including Governor Bailey as the swing voters.

Friday

US Unemployment Rate, Payrolls (Oct) & Univ. Michigan Consumer Sentiment, Infl. (prelim Nov)
US Payrolls is likely to be delayed due to the government shutdown.

CH Trade balance
Trade data for October on Friday could show a slowing in export growth, partly due to base effects, and partly on slower exports to the US. So far though, a reduction in exports to the US has been offset by a pickup elsewhere, and last week's agreement to lower fentanyl related tariffs narrows the gap between US tariffs on many Chinese exports those from other countries.

CA Employment

matt_brunt@bnz.co.nz

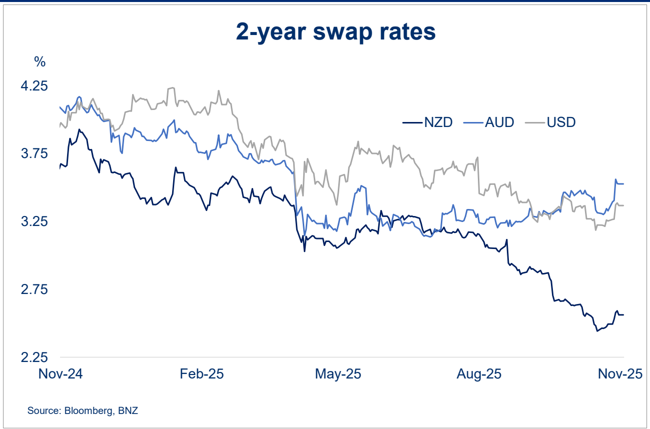
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg: BNZ

The move higher in NZ swap rates gained momentum last week, driven by developments in offshore market markets, which contributed to a squeeze on positions. 2-year rates reached a peak of 2.63%, 20bp higher than the mid-October cyclical low. There were limited domestic catalysts to provide the market with direction. The key driver was a material upside for Q3 Australian CPI which spilled over to NZ rates markets. Pricing for the terminal Official Cash Rate increased to 2.16% from the recent 2.08% low.

NZ 2-year rates retraced off the 2.63% high, a level which we expect will form the topside of the near-term trading range. There were no fundamental reasons for the sell-off and market positioning is likely cleaner now. Consumer confidence data declined in October and remains below levels that would be consistent with forecast economic recovery. Q3 labour market data is expected to remain soft on Wednesday.

Offshore-driven squeeze higher in NZ swap rates

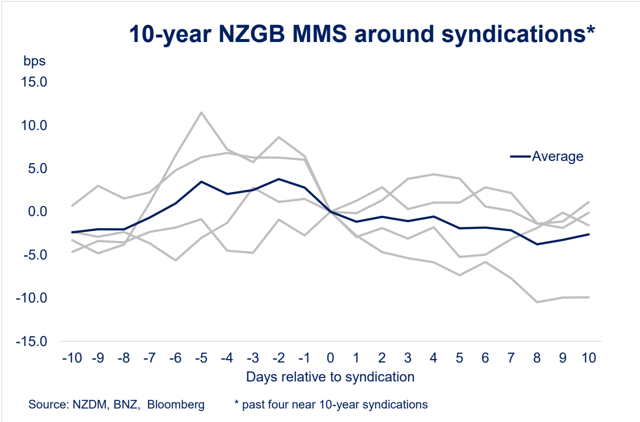


The NZ swap curve remains steep, compared with developed market peers, which is likely to attract fresh receiving flow from speculative accounts. For example, the 1y1y (one-year forward, one-year) rate is 2.72%, compared with a 1-year swap rate of 2.41%. There is likely to be ongoing demand for carry positions while cross-market implied volatility, which has recently fallen to multi-month lows, remains subdued.

NZ government bonds continue to outperform swaps. 10-year matched maturity spreads (MMS) have tightened to +44bp, 10bp below the level at the start of last month. The move has correlated with a narrowing in offshore spreads. Bonds outperformed, despite NZ Debt Management's (NZDM) announcement that a syndicated tap of the existing 15 May 2036 nominal bond, will be undertaken before calendar year end. We expect the transaction will take place in November.

There are several potential windows for the tap in the month of November. We think the week beginning 17 November is the most likely. This window provides a decent gap before the RBNZ Monetary Policy Statement on 26 November and is free of major data releases and market holidays in countries where NZGB holders are typically domiciled. We expect NZDM will target issuance in the NZ$4-6 billion range. A NZ$5 billion transaction would increase the outstanding in the May-2036 maturity to NZ$14 billion increasing liquidity in the soon-to-be benchmark 10-year line.

Modest MMS widening for recent 10-year syndications



The chart above shows there hasn't been a clear trend for MMS spreads, in the lead up, and out of syndicated transactions. For this reason, even after the bond outperformance during October, we don't expect a reversal, though further tightening is likely restrained. Interim government financial statements for the three months ended 30 September are released on Thursday. The statements will provide an update on how fiscal metrics are tracking relative to the Budget baseline. The government's borrowing programme will be updated alongside the Half-Year Update Economic and Fiscal Update on 16 December.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.52	2.50 - 2.77
NZ 2yr swap (%)	2.56	2.43 - 2.65
NZ 5yr swap (%)	3.07	2.92 - 3.15
NZ 10yr swap (%)	3.66	3.51 - 3.75
2s10s swap curve (bps)	110	105 - 110
NZ 10yr swap-govt (bps)	-39	-49 - -39
NZ 10yr govt (%)	4.06	3.98 - 4.22
US 10yr govt (%)	4.08	3.93 - 4.18
NZ-US 10yr (bps)	-2	-4 - 13
NZ-AU 2yr swap (bps)	-97	-98 - -82
NZ-AU 10yr govt (bps)	-24	-24 - -10

*Indicative range over last 4 weeks

stuart_ritson@bnz.co.nz

Foreign Exchange Market

Reuters pg BNZWFWDS Bloomberg pg BNZ9

Last week the USD was broadly stronger, with USD indices hitting fresh three-month highs following a more hawkish than expected Fed policy update. The AUD was an outlier, with AUD/USD showing a modest gain for the week, supported by stronger than expected Australian CPI data. NZD/USD fell 0.4% to 0.5725, with a larger fall of 0.9% against the AUD to 0.8750. The NZD showed gains between 0.4-0.9% against EUR, JPY and GBP.

The US Fed cut rates by 25bps for the second consecutive meeting, bringing the Fed Funds target range to 3.75–4.0%. There were two dissenting votes at opposite ends of the spectrum: Governor Miran advocated for a larger 50bp cut, while Kansas City Fed President Schmid voted for no change. While none of that came as much surprise, at the press conference, Chair Powell struck a hawkish tone, saying in his opening remarks that "a further reduction in the policy rate at the December meeting is not a foregone conclusion, far from it." This resulted in a repricing of Fed easing expectations towards less scope for cuts and a broadly stronger USD.

US-China trade negotiations produced a positive outcome, resulting in a one-year truce. Following a meeting between Presidents Trump and Xi, Trump agreed to reduce China's import tariffs by 10% (half of the additional 20% rate linked to fentanyl trade) and withdrew the threat of an additional 100% tariff after China agreed to pause its new export controls on rare earth minerals for a year. China also committed to purchasing US soybeans and other agricultural products. Although a positive outcome from the meeting was well anticipated, this news was a supportive factor for commodity currencies like the NZD, which outperformed against European currencies and JPY.

Our view on NZD/USD remains unchanged. Seasonal factors are positive for the NZD over November and December, and this could ease the path for a modest recovery into year end. However, the Fed could be a swing factor, after Powell's warning about the December meeting. From its current depressed level, we see limited downside risk for the NZD, while our year-end target is 0.59.

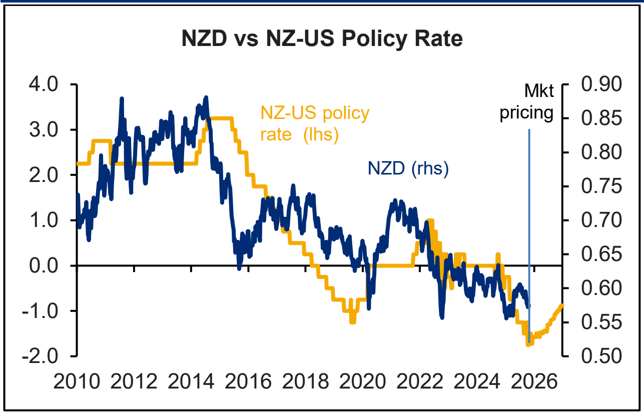
Yen performance remains impaired by the BoJ continuing to sanction significant real negative interest rates. In the face of ongoing inflation running above target, the BoJ remains reluctant to tighten monetary policy. NZD/JPY continues to trade near the top end of its trading range this year. Even if the BoJ does deliver a hike in December or January, once the political fog clears, it is unlikely to be a game changer for the yen.

Australian Q3 CPI inflation was much higher than anticipated, with the quarterly trimmed mean up 3.0% y/y and indicating increased domestic inflation pressures. The market repriced policy expectations, with little chance of further RBA easing this year and reduced expectations for easier policy early next year. NZ-Australian rate spreads are significantly negative, particularly at the short end and remain a major headwind for the NZD/AUD cross rate. We wouldn't rule out the 2022 low just above 0.87 being tested before some support sets in.

In the week ahead the domestic focus will be on NZ labour market data due Wednesday, where the market sees ongoing weakness, with a good chance of the unemployment rate ticking up to a nine-year high of 5.3%. The data are expected to solidify market expectations for a 25bps cut by the RBNZ later this month, and we expect that to be the last rate cut this cycle.

The US government shutdown continues but there is some hope that later this week we might get some resolution. In the meantime, the data drought continues, although ISM manufacturing and services and ADP employment releases will be published. Fed speakers will garner more attention than usual, given signs of a split committee and keen interest in policy views ahead of the final meeting this year in December. The RBA meets tomorrow and is widely expected to keep policy on hold, while the BoE meeting later this week will be more interesting. Policy is expected to remain unchanged, with an outside chance of a rate cut and a likely split committee.

Negative NZ-US short-rate spread a current NZD headwind



Cross Rates and Recent Ranges

	Current	Last wk %chg	Last 3-wks range*
NZD/USD	0.5726	-0.4%	0.5710 - 0.5800
NZD/AUD	0.8748	-0.9%	0.8740 - 0.8870
NZD/CAD	0.8018	-0.3%	0.8000 - 0.8100
NZD/GBP	0.4361	0.9%	0.4250 - 0.4390
NZD/EUR	0.4966	0.4%	0.4880 - 0.4980
NZD/JPY	88.19	0.4%	85.40 - 88.80

*Indicative range over last 3 weeks, rounded

jason.k.wong@bnz.co.nz

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 few 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.

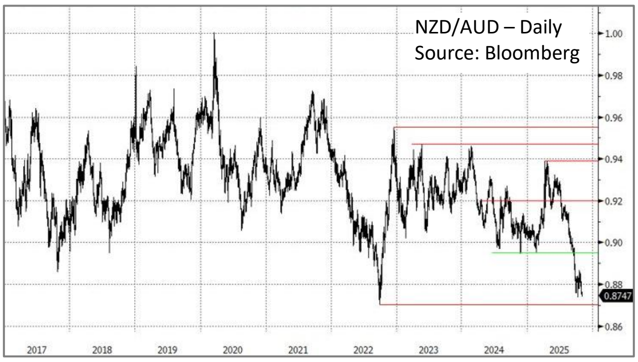
NZD/USD – Daily
Source: Bloomberg

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 signicant downside risk. First line of resistance looks to be 0.8950.

jason.k.wong@bnz.co.nz

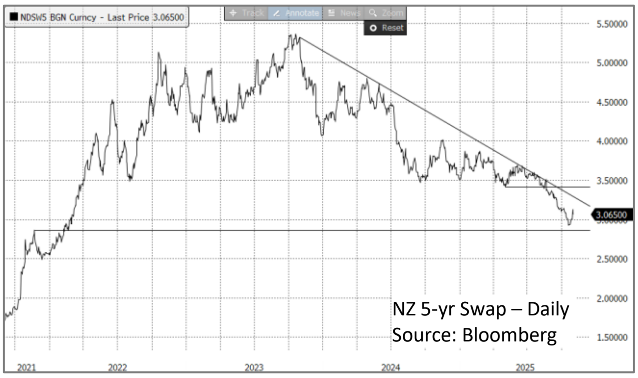


NZD/AUD – Daily
Source: Bloomberg

NZ 5-year Swap Rate

Outlook: Lower
ST Resistance: 3.29
ST Support: 2.85

5-year swap continued to move higher last week as it made its way to 3.13% before reversing lower to end Friday.



NZ 5-yr Swap – Daily
Source: Bloomberg

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

Outlook: Higher
ST Resistance: 0.76
ST Support: 0.26

2x5 swap spread remains steady at about +50bp. We do continue to favour this spread to steepen.

matthew.herbert@bnz.co.nz

NZ 2yr 5yrSwap Spread – Daily
Source: Bloomberg

Quarterly Forecasts

Forecasts as at 3 November 2025

Key Economic Forecasts

Quarterly % change unless otherwise specified — Forecasts (shaded)

	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: 90 Day Bank Bills	5 Year	10 Year	Swaps: 2 Year	5 Year	10 Year	US Rates: SOFR 3 month	US 10 yr	Spread: NZ-US 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	NZD Forecasts: NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.57	0.65	1.15	1.31	154	0.57	0.87	0.50	0.44	88.1	66.5
Dec-25	0.59	0.67	1.19	1.35	146	0.59	0.88	0.50	0.44	86.1	67.6
Mar-26	0.60	0.69	1.20	1.35	144	0.60	0.87	0.50	0.44	86.4	68.0
Jun-26	0.62	0.71	1.21	1.36	140	0.62	0.87	0.51	0.46	86.4	69.2
Sept-26	0.63	0.72	1.23	1.38	135	0.63	0.88	0.51	0.46	85.1	69.8
Dec-26	0.63	0.71	1.22	1.37	135	0.63	0.89	0.52	0.46	85.1	69.8
Mar-27	0.63	0.70	1.21	1.36	135	0.63	0.90	0.52	0.46	85.1	70.0
Jun-27	0.62	0.69	1.20	1.35	135	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 3 November 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	-1.5	-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	69.8	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
	Monday 03 November			
AU	ANZ-Indeed Job Advertisements MoM Oct			-3.30%
AU	Building Approvals MoM Sep	5.00%	3.00%	-6.00%
AU	Household Spending MoM Sep	0.40%	0.70%	0.10%
AU	Household Spending YoY Sep	5.50%		5.00%
CH	RatingDog China PMI Mfg Oct	50.7		51.2
EC	ECB's Simkus Speaks			
EC	HCOB EZ Manufacturing PMI Oct F	50		50
UK	S&P Global UK Manufacturing PMI Oct F	49.6		49.6
	Tuesday 04 November			
EC	ECB's Lagarde, Lane & Others Speak			
US	S&P Global US Manufacturing PMI Oct F	52.2		52.2
US	ISM Manufacturing Oct	49.5		49.1
US	Fed's Daly & Cook Speak			
AU	RBA Cash Rate Target 4-Nov	3.60%	3.60%	3.60%
	Wednesday 05 November			
US	Fed's Bowman Speaks			
UK	BOE's Breeden Speaks			
NZ	Dairy GDT Auction			
EC	ECB's Nagel & Villeroy Speak			
NZ	RBNZ Financial Stability Report (FSR)			
NZ	Unemployment Rate 3Q	5.30%	5.30%	5.20%
NZ	Employment Change QoQ 3Q	0.10%	0.10%	-0.10%
NZ	Pvt Wages Ex Overtime QoQ 3Q	0.50%	0.40%	0.60%
AU	S&P Global Australia PMI Services Oct F			53.1
JN	BOJ Minutes of Sept. Meeting			
NZ	ANZ Commodity Price MoM Oct			-1.10%
NZ	RBNZ FSR Press Conference			
CH	RatingDog China PMI Services Oct	52.5		52.9
SW	Riksbank Policy Rate 5-Nov	1.75%		1.75%
EC	ECB Wage Tracker (TBC)			
EC	HCOB Eurozone Services PMI Oct F	52.6		52.6
UK	S&P Global UK Services PMI Oct F	51.1		51.1
	Thursday 06 November			
US	ADP Employment Change Oct	30k		-32k
US	S&P Global US Services PMI Oct F	55.2		55.2
EC	ECB's Schnabel, Kocher & Guindos Speak			
US	ISM Services Index Oct	50.8		50.0
UK	BOE's Breeden Speaks			
NZ	RBNZ at Select Committee to discuss FSR			
NZ	Government 3-Month Financial Statements			
JN	Cash Earnings - Same Sample Base YoY Sep	2.40%		1.90%
JN	Scheduled FT Pay-Same Base YoY Sep	2.50%		2.40%
AU	Trade Balance Sep	A$4000m	A$4000m	A$1825m
NO	Deposit Rates 6-Nov	4.00%		4.00%
EC	Retail Sales MoM Sep	0.20%		0.10%
	Friday 07 November			
UK	BOE Bank Rate 6-Nov	4.00%		4.00%
EC	ECB's Nagel & Lane Speak			
US	Fed's Williams, Barr & Others Speak			
JN	Household Spending YoY Sep	2.50%		2.30%
CH	Trade Balance CNY Oct			645.47b
	Saturday 08 November			
EC	ECB's Nagel & Elderson Speak			
US	Fed's Jefferson & Miran Speak			
UK	BOE's Pill Speaks			
CA	Unemployment Rate Oct	7.20%		7.10%
US	U. of Mich. Sentiment Nov P	53		53.6
US	NY Fed 1-Yr Inflation Expectations Oct			3.38%
	Sunday 09 November			
CH	PPI YoY Oct	-2.20%		-2.30%
CH	CPI YoY Oct	0.00%		-0.30%

Historical Data

CASH AND BANK BILLS	Today	Week Ago	Month Ago	Year Ago
Call	2.50	2.50	3.00	4.75
1mth	2.62	2.63	2.84	4.75
2mth	2.52	2.54	2.78	4.53
3mth	2.52	2.51	2.77	4.47
6mth	2.51	2.48	2.70	4.23

GOVERNMENT STOCK	Today	Week Ago	Month Ago	Year Ago
04/27	2.59	2.53	2.73	3.78
05/30	3.25	3.17	3.38	4.09
05/32	3.67	3.60	3.81	4.33
05/35	4.06	4.00	4.23	4.56
04/37	4.29	4.24	4.49	4.72
05/41	4.63	4.60	4.83	4.89
05/54	4.93	4.91	5.13	5.03

GLOBAL CREDIT INDICES (ITRXX)	Today	Week Ago	Month Ago	Year Ago
Nth America 5Y	53	50	51	54
Europe 5Y	55	53	56	59

SWAP RATES	Today	Week Ago	Month Ago	Year Ago
2 years	2.56	2.50	2.64	3.66
3 years	2.74	2.66	2.81	3.63
4 years	2.91	2.83	2.98	3.69
5 years	3.07	2.99	3.14	3.77
10 years	3.66	3.58	3.74	4.15

FOREIGN EXCHANGE	Today	Week Ago	Month Ago	Year Ago
NZD/USD	0.5725	0.5769	0.5843	0.5973
NZD/AUD	0.8746	0.8800	0.8829	0.9070
NZD/JPY	88.17	88.19	87.83	90.85
NZD/EUR	0.4965	0.4954	0.4988	0.5491
NZD/GBP	0.4360	0.4325	0.4332	0.4610
NZD/CAD	0.8023	0.8070	0.8146	0.8303
TWI	66.5	66.8	67.2	69.6

Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

Matt Brunt
Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Mike Jones
BNZ Chief Economist

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854