24 November 2025

# RBNZ to lop another 25 points off its cash rate

- **RBNZ to cut cash rate to 2.25%**
- **Keep options open for follow up reduction**
- **Retail sales volumes seen lifting in Q3**
- **Business and consumer confidence updates due**
- **Filled jobs nudging higher?**

Local market attention will this week be centred on Wednesday's RBNZ Monetary Policy Statement (MPS). We published our full preview last week, so provide a summary here. In short, we see the RBNZ cutting its cash rate a further 25 basis points to 2.25% and leaving the door open to a further reduction in February next year.

The data has been noisy. On balance we think there is sufficient lack of clarity to leave the RBNZ's view of the economy broadly unchanged from what it produced back in August.

The output gap is wide but likely has started to close in the second half of this year. Indicators suggest that potential growth might need revising down again. Labour market data has printed in line with the Bank's projections. Likewise, inflation indicators suggest little near term deviation from RBNZ priors. While a lower NZD might impose upside risk to inflation forecasts, falling commodity prices, particularly for dairy, should provide some offset. World growth forecasts have been revised upwards, while concern remains around some risk asset valuations.

Market polls of economists show a strong consensus for the Bank to deliver a 25 basis point cut. Market pricing is firmly in agreement.

Assuming a 25 basis point cut is delivered on Wednesday, attention will rapidly turn to what comes next. We expect the Bank to keep its options open.

Were it not for the fact that the RBNZ went 50 at its previous meeting and used the phrase "The committee remains open to further reductions in the OCR . . . ", we would be adamant that the Bank's approach would be one and done at this meeting. But the reference to "reductions", plural, leaves us highly uncertain about making such a call.

For us the RBNZ's rate track will again be critical and decimal points will matter. The point of interest is whether the Bank leaves the door ajar or widely open for further cash rate reduction. In our opinion a rate track troughing at around 2.15% would be appropriate and satisfy us that the Bank is very ready to act again, has a modest easing bias, but would prefer not to act on it. A smidgen lower at 2.10% would mean the Bank would need to find a reason not to cut again.

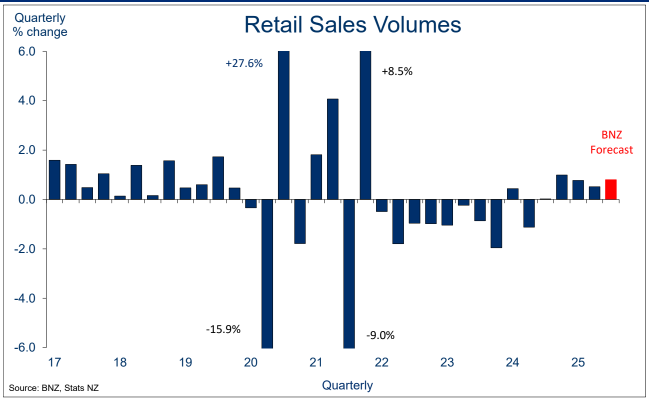
We remain in the camp that says the balance of risk to forecast economic activity is downside but we can't condone significantly more easing because: inflationary pressures are not dead, the impact of past cuts still has some way to play out, the global central banking environment seems to be turning more hawkish, current rate settings are already stimulatory, and very few folk are saying that the level of interest rates is problematic. The latter point suggests that even lower rates may have minimal impact on the factors that are constraining growth anyway.

The MPS is scheduled for release at 2.00pm Wednesday, followed by a press conference at 3.00pm. The Bank's top brass also testifies to Parliament's Finance and Expenditure select committee on Thursday from 9.00am.

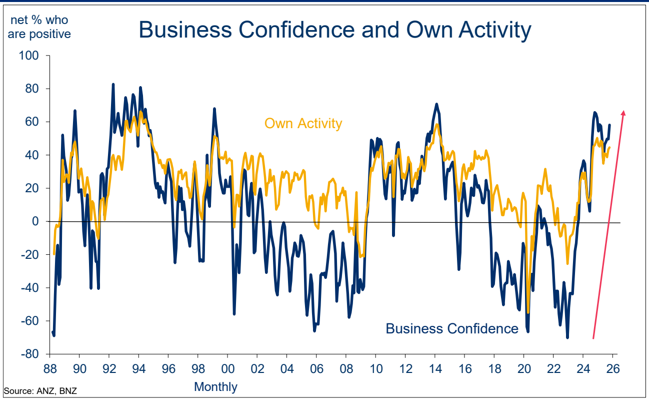
Q3 retail sales data are scheduled for release on Thursday. In Q2, retail sales volumes were still 7.8% below their peak in 2021. It is from that low base that sales volumes are expected to post their fourth consecutive quarterly gain. We have pencilled in a 0.8% gain in Q3, albeit with little conviction given the indicators are very difficult to trust. The quarterly outcome will feed into Q3 GDP calculations.

October's ANZ business confidence survey revealed businesses are highly optimistic (+58.1%) with strong positive expectations for activity ahead (+44.6%). November's survey, due on Thursday, would do well to match those vibes. Lower interest rates should help although agriculture's recent outperformance could soon fade with recent softening in some commodity prices. Inflation expectations have been reasonably steady in this survey, and other surveys would suggest broadly more of the same this time around.

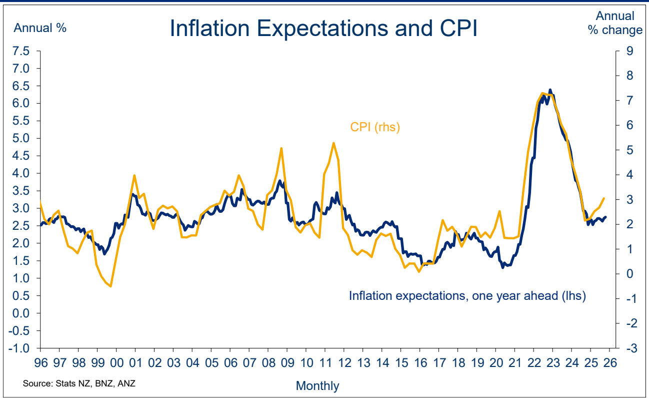
## A fourth quarter of growth?




## Positive vibes



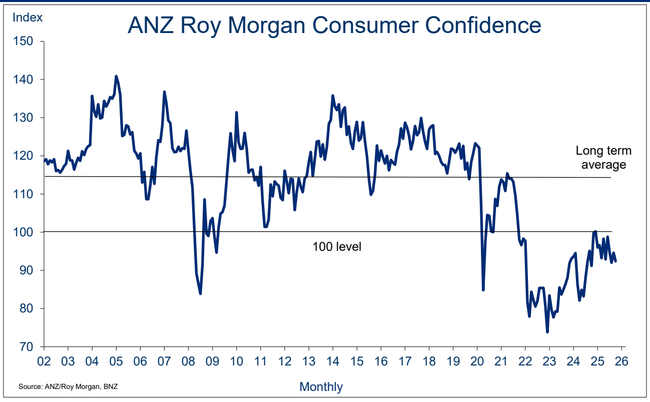

## Inflation expectations broadly steady




Friday sees ANZ's November consumer confidence index slated for release. Confidence has been weak and dipped from 94.6 to 92.4 in October. Price pressures and a soft labour market have been fundamental headwinds.

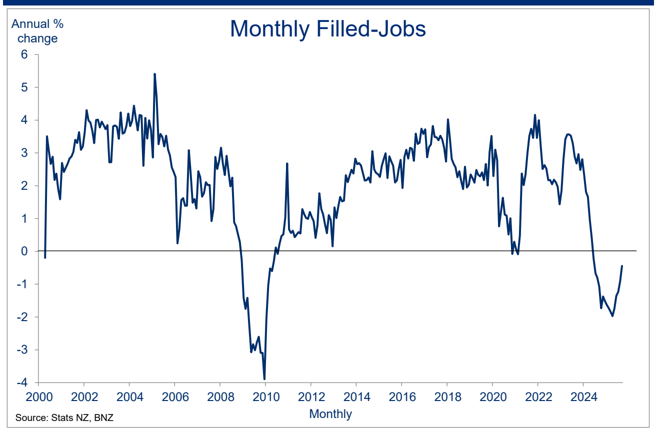
Seasonal factors are mildly confidence-supportive in November. The bigger question is whether consumers have felt any fundamental relief, on net, including from recent interest rate reductions?

## Not feeling it




October's employment indicators are also due out on Friday. Labour market indicators have been mixed. Employment intentions and job ads have been trending upward, but the PMI and PSI employment indicators have remained weak. A mild gain in October's filled jobs would be most consistent with our forecast of a modest lift in Q4 HLFS employment and would see annual growth in filled jobs getting close to turning positive. Filled jobs revisions have tended to be downward recently so also need to be monitored for a full assessment of trends.

## Approaching positive

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# Global Watch

- **ECB's Lagarde to speak**
- **UK Budget and updated fiscal projections out mid-week**
- **US Beige Book due**
- **Australia's to publish its first monthly CPI**

## Week in Review

In Australia, Q3 Wage Price Index rose 0.8% qoq (3.4% yoy), in line with the RBA's November SoMP forecast. Private sector wage growth slowed to 0.7% qoq (3.2% yoy), which doesn't feed into concerns about excessive labour market tightness, while public sector wages grew more strongly at 0.9% qoq (3.8% yoy).

The RBA's November minutes reaffirmed its cautious, data-dependent stance, noting slightly stronger capacity pressures and stronger underlying inflation. The Board discussed uncertainty around policy restrictiveness, with financial conditions judged only marginally restrictive but the possibility that this was no longer the case and noted prior 2025 rate cuts were yet to fully flow through to activity.

Meanwhile, NAB launched its new Consumer Spend Trend, showing October spending rose by 0.7% mom, with strong gains across discretionary categories.

In the US, the October FOMC minutes recorded that many officials suggested it will likely be appropriate to keep interest rates steady for the remainder of 2025, while several participants noted that another cut in December "could well be appropriate" if the economy evolves as expected, confirming that the division in the committee about the appropriate adjustment in response to shifting labour market risks evident in the September dots remains.

September payrolls grew 119k (above the ~50k expected). The unemployment rate unexpectedly ticked higher to 4.4%. Initial jobless claims remained benign at 220,000, consistent with a low-firing environment.

UK inflation fell to 3.6% in October, its first decline since March and in line with expectations. Energy prices were the main drag and services inflation eased to 4.5% (below expectations). In Canada, annual CPI fell slightly less than expected from 2.4% to 2.2%, while the core measure declined more than anticipated. Japan GDP contracted by 0.4% qoq in Q3, albeit a smaller contraction than the 0.6% expected.

## Week Ahead

The first release of Australia's new Monthly CPI is due on Wednesday. Incremental updates on key services categories will be closely watched. NAB expects headline CPI of 3.6% yoy, a tenth higher than NAB's estimate of the September print.

Q3 investment partials in Australia are also released ahead of Q3 GDP the following week. NAB suggests Construction Work Done (Wednesday) could fall after a spike in engineering work in Q2 and Private Capital Expenditure (Thursday) is seen posting modest growth.

Globally, G20 meetings take place in Johannesburg, US markets are closed for Thanksgiving on Thursday, and Black Friday will be in focus for indications of the health of the consumer.

On the data side in the US, the fog is clearing only slowly. Q3 GDP and October personal spending and income are delayed due to the recent government shutdown, but the Beige Book and jobless claims will be released Thursday, and Conference Board consumer confidence Tuesday.

In the UK, the Autumn Budget (Wednesday) is expected to deliver tax hikes and updated fiscal projections as the government seeks to balance day-to-day spending by 2029–30. The market reaction will hinge on the credibility of the government's fiscal plans and the scale of new issuance.

In Europe, ECB speakers include Lagarde (Monday) and the release of the ECB's Financial Stability Review and October meeting minutes are released. Preliminary November inflation data from Spain, Germany, and France (Friday) will set the tone for the euro area HICP print due next week.

Japan's markets are closed Monday for Labour Thanksgiving Day, ahead of November Tokyo CPI data and October retail sales and labour market data Friday.

The data calendar is quiet in China, with Industrial Profits due Thursday.

## Key Event Previews

**Monday**

**EZ ECB's Lagarde Speech**
ECB President Christine Lagarde delivers a keynote address at an AI event in Bratislava, Slovakia.

**JP Market Closed**
Observed Labor Thanksgiving Day.

**Tuesday**

**EZ ECB's Cipollone, Makhlouf, Sleijpen and Villeroy**
ECB Executive Board member Cipollone and Governing Council members Makhlouf and Sleijpen will speak at the Financial System Conference in Dublin, while Villeroy addresses the ACPR conference in Paris.

**US Retail Sales (Sep), PPI (Sep), Conf. Board Consumer Confidence**

Backfilling now dated data continues with retail sales and PPI, both for September.

**Wednesday**

**AU Inaugural Monthly CPI (Oct)**
This is the first release of the Monthly CPI. The RBA has indicated they will still focus on a quarterly trimmed mean measure for now; monthly trimmed mean is not the 'preferred' underlying indicator. NAB will be assessing the monthly detail against its forecast for 0.8% qoq in Q4.

More interesting than swings in headline will be what the detail says about underlying momentum. September and October data for market services categories key to the RBA's assessment of capacity will be newly published.

NAB expects headline CPI of 3.6% y/y in October, a tenth higher than its estimate of the September print. Among key swing factors for headline, a modest fall in fuel prices should have little effect. The seasonal fall in travel prices alongside the end of peak season for the northern hemisphere and only partial offset from domestic school holiday demand is likely to be similar to last year.

Electricity prices will fall in the month as NSW and ACT customers receive overlapping rebates due to the delayed start of their Q3 payment and as WA customers started receiving their rebate from mid-month. That sets up a subtraction from electricity in the fourth quarter, but a similar dynamic a year ago means it will have little influence on the year-ended rate in October. Looking ahead, electricity rebate timing will pull year-ended inflation lower in November and December due to base effects, before adding again in Q1 if the Commonwealth rebate extension ends as scheduled.

**AU Construction Work Done (Q3)**
NAB has pencilled in a 3.2% decline as a spike in engineering work in Q2 unwinds.

**EZ ECB Muller, Lane, Financial Stability Review**

**US Beige Book, Jobless Claims**
With the data fog clearing only slowly, the qualitative assessment from the Beige Book will be interesting. The October report concluded "*Employment levels were largely stable in recent weeks, and demand for labor was generally muted.*" Jobless claims will also be watched in the absence of more payrolls data ahead of the Fed meeting. Initial claims have remained low, but continuing claims are threatening a renewed trend higher.

**UK Budget/Office of Budget Responsibility Forecasts**
Rachel Reeves' upcoming Autumn Budget is expected to raise taxes to meet the government's fiscal rule of balancing day-to-day spending by 2029–30, amid weak growth and limits on spending cuts. The Office for Budget Responsibility has downgraded productivity forecasts, widening the fiscal gap and requiring £25–30bn in annual adjustments. While income tax hikes were seen as the most reliable option to reassure markets, recent reports suggest they are off the table. The Budget, alongside updated OBR forecasts and DMO Gilt sales plans, could trigger significant moves in UK bond markets.

**Thursday**

**AU Private Capital Expenditure (Q3)**
NAB expects modest growth of 0.3% qoq.

**EZ Consumer Confidence (Nov Preliminary), ECB Minutes of 30 Oct Rate Decision**

**US Markets Closed**
Thanksgiving holiday.

**Friday**

**AU Private Sector Credit (Oct)**

**JN Jobless Rate (Oct), Tokyo CPI (Nov), Industrial Production (Oct P)**

**EZ Spain, Germany, France Preliminary HICP (Nov)**
Larger EZ member states publish preliminary inflation data for November. This ahead of EZ preliminary HICP inflation for November on 2 December, where NAB expects to see modest upside pressure back to 2.2% headline, with a tenth also on core and services measures from food, alcohol & tobacco.

**CA GDP (Q3)**

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# Fixed Interest Market

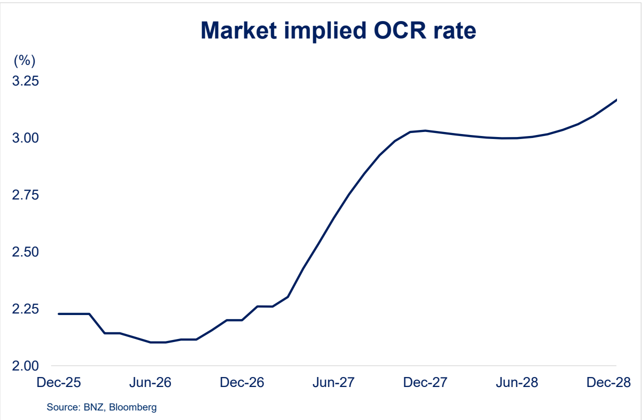
**Reuters: BNZL, BNZM Bloomberg:BNZ**

NZ swap rates edged higher, and the curve steepened last week, as the market consolidated near the recent yield highs, following the offshore-driven selloff since mid-October. The government bond market had significant supply as New Zealand Debt Management (NZDM) undertook its last government bond syndication of the calendar year, with the associated hedging flow from some investors, needing to be absorbed in the swap market. A further period of consolidation is expected ahead of this week's RBNZ Monetary Policy Statement (MPS).

The RBNZ is widely expected to reduce the Official Cash Rate (OCR) by a further 25bp to 2.25% on Wednesday. There is 27bp of easing implied by overnight index swap (OIS) market pricing, which suggests a small chance of a larger cut, after the central bank surprised with a 50bp cut at the October Review. The RBNZ will publish updated economic projections, which will be key for setting the baseline, with several first-tier data releases before the February MPS. We expect the central bank's modelled OCR track will indicate a modest easing bias in early 2026.

Our base case is this will be the final cut of the cycle, but risks are tilted towards further easing, if the economic recovery being flagged by higher frequency activity indicators remains lacklustre. Terminal OCR pricing has been oscillating in a narrow range around 2.10% and levels seem fair given the skew of risks. The OIS market is pricing hikes from late 2026 and the OCR returning above 3.0% by the end of 2027 though this likely partially represents a liquidity premium. The steepness in the front end of the curve is likely to attract ongoing interest to fade from speculative accounts, given the uncertain contours of the economic recovery.

RBNZ hikes priced from late 2026




There was strong demand from investors in the tap syndication of the May-2036 nominal government bond. Total book size, at final price guidance, was NZ$25 billion. NZDM issued NZ$6 billion, which was at the top end of the indicated volume range, and takes the total outstanding to NZ$15 billion. The additional issuance was priced 12bp over the May-2035 reference line which, was at the tight end of initial price guidance, and didn't offer any concession to prevailing market levels.

Investor breakdown for May-2036 tap syndication

Investor Location (%)

| | |
|---|---|
| Asia | 20% |
| Australia | 12% |
| Europe/UK | 27% |
| New Zealand | 28% |
| North America | 13% |
| Other | 1% |

Investor Type (%)

| | |
|---|---|
| Asset Manager/ Central Bank | 60% |
| Bank - Balance Sheet | 20% |
| Bank - Trading Book | 10% |
| Hedge Fund | 11% |

source: NZDM

There appeared to be unfilled demand after the transaction. Bonds performed strongly after pricing in absolute terms and relative to swaps. Almost 70% of the issuance was absorbed by non-resident investors, which was above the average for recent near ten-year syndications. Relatively high real yields and a steep yield curve continue to drive demand from offshore accounts. Total non-resident holdings increased to NZ$109 billion at the end of October, representing 64% of outstanding nominal bonds.

We estimate NZDM will have issued close to NZ$24 billion before the typical pause in tendering from mid-December. Assuming the 2025/26 borrowing programme is unchanged at the Half-Year Economic and Fiscal Update (HYEFU) in December, this will leave NZ$14 billion of issuance for the remainer of the fiscal year. With around NZ$10 billion from weekly tenders, this will provide NZDM with flexibility around the final tap syndication. Further details about which maturity will be tapped may be provided alongside HYEFU.

Current rates and 1-month range

| | Current | Last 4-weeks range* |
|---|---|---|
| NZ 90d bank bills (%) | 2.44 | 2.44 - 2.53 |
| NZ 2yr swap (%) | 2.62 | 2.48 - 2.67 |
| NZ 5yr swap (%) | 3.19 | 2.95 - 3.22 |
| NZ 10yr swap (%) | 3.79 | 3.55 - 3.82 |
| 2s10s swap curve (bps) | 117 | 109 - 117 |
| NZ 10yr swap-govt (bps) | -38 | -45 - -38 |
| NZ 10yr govt (%) | 4.16 | 4.00 - 4.17 |
| US 10yr govt (%) | 4.06 | 3.96 - 4.16 |
| NZ-US 10yr (bps) | 10 | -4 - 10 |
| NZ-AU 2yr swap (bps) | -105 | -111 - -83 |
| NZ-AU 10yr govt (bps) | -30 | -33 - -14 |

*Indicative range over last 4 weeks

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# Foreign Exchange Market

**Reuters pg BNZWFWDS Bloomberg pg BNZ9**

Last week, the US dollar strengthened broadly, causing NZD/USD to fall by 1.2% to 0.5610 after briefly dipping below 0.56 for the first time in seven months. Against the AUD and JPY, the NZD remained steady, but it recorded modest declines versus the CAD, GBP, and EUR.

A drop in our risk appetite index to the low 60s—a level not seen since early August—supported the US dollar last week. The USD DXY index climbed above its 200-day moving average, which typically signals a positive shift in the long-term trend.

Interest rate movements were not a major driver for currency markets last week as markets began to price in a higher probability of the Federal Reserve cutting rates again in December, and expectations for further policy easing over the next twelve months increased.

With the end of the US government shutdown, economic data releases returned to focus. The employment report revealed a stronger-than-expected non-farm payrolls increase of 119k in September. However, markets paid more attention to the rise in the unemployment rate, which reached a four-year high of 4.4%.

Additionally, New York Fed President Williams indicated that there is room to lower interest rates soon to bring monetary policy closer to neutral. This echoed comments from Governor Waller earlier in the week, who advocated for a rate cut next month due to a soft labour market. Williams and Waller provided a counterbalance to some other recent Fed speakers, who have not indicated support for a December rate cut at this stage.

Although one might have expected lower US interest rates to weaken the dollar, softer risk appetite was a more powerful influence last week. Concerns over a potential burst in the AI bubble have become a key investment theme, leading the Nasdaq index to fall more than 6% in November. While these risks are affecting US equities—given their significant AI-related holdings and the potential spillover to the US economy—they have not weighed on the US dollar.

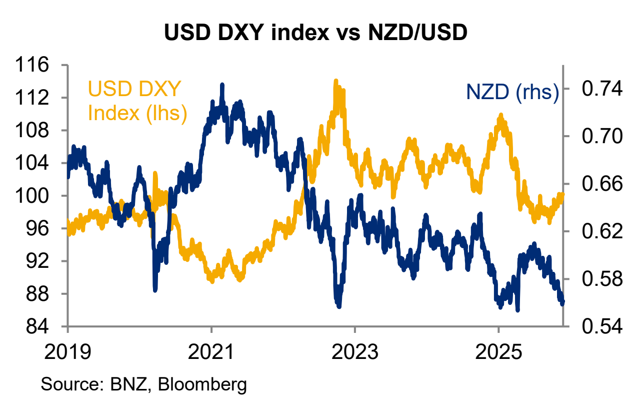
Conversely, these risks are clearly affecting the NZD, which remains deeply out of favour. The NZD traded below 0.56—which we previously identified as potentially providing some support—but with a weekly close above that threshold, that view still holds. We still see 0.55 as a more critical support level.

It is fair to say that our current year-end target of 0.59 for NZD/USD now seems more like a stretch target than a central view. Achieving that level would require several favourable developments: a December Fed rate cut, a hawkish RBNZ update this week, weak US economic data, and a rebound in risk appetite. In the meantime, the NZD chart continues to look bearish, with a clear downward trend persisting.

The RBNZ must tread carefully this week to avoid exacerbating the NZD's weakness. There is strong consensus for a 25-basis-point cut in the OCR to 2.25%, and this is fully priced in. The main focus will be on how much the RBNZ signals the possibility of further cuts. An overly dovish message, suggesting another rate cut is likely, could drive the NZD to new multi-month lows. Conversely, indicating that the easing cycle is likely over could provide some support. We believe the latter approach is more appropriate, especially as a weaker currency is complicating the Bank's efforts to bring inflation down.

This week's economic calendar features more delayed US data releases, including retail sales and PPI figures. Other notable global events are Canada's GDP and the UK Budget, which could spark significant moves in UK gilts and the GBP. Geopolitically, Ukraine's reaction to the US ultimatum to agree to a peace deal with Russia will also be closely watched. Domestically, key data releases include Q3 retail sales and the ANZ business outlook survey.

**NZD/USD downturn continues as USD turns up**




**Cross Rates and Recent Ranges**

| | Current | Last wk %chg | Last 3-wks range* |
|---|---|---|---|
| NZD/USD | 0.5613 | -1.2% | 0.5580 - 0.5690 |
| NZD/AUD | 0.8692 | 0.0% | 0.8590 - 0.8740 |
| NZD/CAD | 0.7915 | -0.7% | 0.7860 - 0.8030 |
| NZD/GBP | 0.4285 | -0.6% | 0.4260 - 0.4350 |
| NZD/EUR | 0.4874 | -0.3% | 0.4840 - 0.4960 |
| NZD/JPY | 87.90 | 0.0% | 85.90 - 88.90 |

*Indicative range over last 3 w eeks, 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)

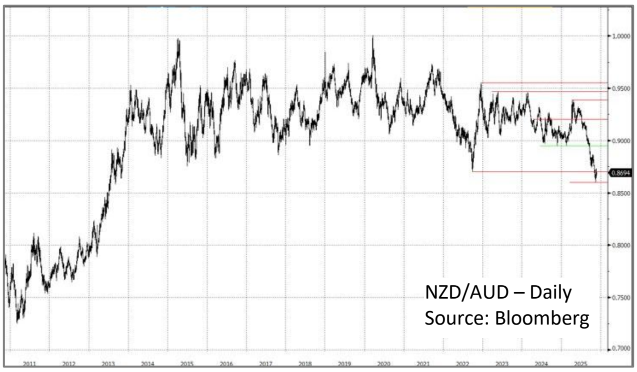
While the NZD briefly dipped below support of 0.56 last week, we leave support at that level, with the weekly close above the figure. We think 0.55 remains a more solid and critical support level.

NZD/USD – Daily
Source: Bloomberg

**NZD/AUD**

Outlook: Downside risk
ST Resistance: 0.8950 (ahead of 0.92)
ST Support: 0.86

No change, with support remaining at 0.86



NZD/AUD – Daily
Source: Bloomberg

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**NZ 5-year Swap Rate**

Outlook: Lower
ST Resistance: 3.23
ST Support: 2.85

5-year swap shifted higher last week and sits just below our downward trend where we expect resistance.

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 continued its move higher last week, making fresh highs for this cycle.

NZ 2yr 5yrSwap Spread – Daily
Source: Bloomberg

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# Quarterly Forecasts

**Forecasts as at 24 November 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 | -3.4 | -3.5 | -3.5 | -3.5 |
| **CPI (q/q)** | 0.5 | 0.9 | 0.5 | 1.0 | 0.3 | 0.5 | 0.5 | 0.7 | 0.3 | 0.6 |
| **Employment** | -0.3 | -0.1 | -0.2 | 0.0 | 0.3 | 0.5 | 0.7 | 0.8 | 0.7 | 0.6 |
| **Unemployment rate %** | 5.1 | 5.1 | 5.2 | 5.3 | 5.3 | 5.3 | 5.1 | 4.9 | 4.8 | 4.7 |
| **Pr. avg hourly earnings (ann %)** | 4.0 | 3.8 | 4.6 | 4.1 | 3.4 | 4.1 | 3.2 | 3.2 | 3.4 | 3.3 |
| **Trading partner GDP (ann %)** | 3.2 | 3.2 | 3.3 | 2.9 | 2.4 | 2.4 | 2.5 | 2.8 | 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<br>Forecast data - end quarter | Cash | Government Stock<br>90 Day Bank Bills | 5 Year | 10 Year | Swaps<br>2 Year | 5 Year | 10 Year | US Rates<br>SOFR 3 month | US 10 yr | Spread<br>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 | 3.20 | 4.25 | 2.50 | 2.95 | 3.85 | 3.45 | 4.15 | 0.10 |
| **2026 Mar** | 2.25 | 2.40 | 3.30 | 4.35 | 2.60 | 3.05 | 3.95 | 3.45 | 4.25 | 0.10 |
| **Jun** | 2.25 | 2.40 | 3.50 | 4.40 | 2.85 | 3.25 | 4.00 | 3.25 | 4.30 | 0.10 |
| **Sep** | 2.25 | 2.40 | 3.75 | 4.45 | 3.20 | 3.50 | 4.05 | 3.00 | 4.35 | 0.10 |
| **Dec** | 2.25 | 2.55 | 4.00 | 4.50 | 3.60 | 3.80 | 4.15 | 2.95 | 4.40 | 0.10 |

## Exchange Rates (End Period)

### USD Forecasts

| | NZD/USD | AUD/USD | EUR/USD | GBP/USD | USD/JPY |
|---|---|---|---|---|---|
| **Current** | 0.56 | 0.65 | 1.15 | 1.31 | 157 |
| **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** | 0.56 | 0.87 | 0.49 | 0.43 | 87.9 | 65.6 |
| **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 | 69.2 |
| **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 | 69.8 |
| **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 24 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 | 1.3 | 6.7 | -0.4 | -5.1 | -0.6 | 6.4 | 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 | 2.1 | 3.3 | -1.0 | -1.2 | 1.3 | 3.3 | 2.5 |
| Exports | 5.7 | 8.6 | 3.3 | 2.4 | 4.2 | 11.5 | 4.7 | 2.5 | 4.1 | 3.7 |
| Imports | 4.2 | -1.4 | 1.5 | 4.7 | 5.0 | -0.7 | 1.6 | 3.2 | 5.6 | 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 | -0.9 | 0.6 | 2.8 | 2.7 | -1.2 | -0.1 | 2.7 | 2.0 |
| Unemployment Rate % | 3.5 | 4.4 | 5.1 | 5.3 | 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 | -0.1 | 1.0 | 0.6 | -1.1 | -0.3 | 1.1 | 0.7 | 0.1 |
| Unit Labour Costs (ann av %) | 5.5 | 7.0 | 4.6 | 2.4 | 2.7 | 7.5 | 5.0 | 2.7 | 2.4 | 3.2 |
| House Prices (stratified, mth) | -12.8 | 2.8 | -0.6 | 0.9 | 4.6 | 0.6 | -0.8 | 0.5 | 4.4 | 4.3 |
| | | | | | | | | | | |
| ***External Balance*** | | | | | | | | | | |
| Current Account - $bn | -32.6 | -23.8 | -18.3 | -15.5 | -16.6 | -25.8 | -20.0 | -15.4 | -16.7 | -16.8 |
| Current Account - % of GDP | -8.3 | -5.7 | -4.2 | -3.4 | -3.5 | -6.3 | -4.7 | -3.4 | -3.5 | -3.4 |
| | | | | | | | | | | |
| ***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 | 4.20 | 4.50 | 3.90 | 3.20 | 4.00 | 4.15 |
| 10-year Govt Bond | 4.35 | 4.60 | 4.50 | 4.35 | 4.60 | 4.65 | 4.45 | 4.25 | 4.50 | 4.60 |
| 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 | 3.05 | 4.05 | 4.43 | 3.63 | 2.95 | 3.80 | 4.15 |
| US 10-year Bonds | 3.65 | 4.20 | 4.25 | 4.25 | 4.40 | 4.00 | 4.40 | 4.15 | 4.40 | 4.40 |
| NZ-US 10-year Spread | 0.70 | 0.40 | 0.25 | 0.10 | 0.20 | 0.65 | 0.05 | 0.10 | 0.10 | 0.20 |

(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 24 November** | | | |
| GE | IFO Expectations Nov | 91.6 | | 91.6 |
| | **Tuesday 25 November** | | | |
| EC | ECB's Cipollone, Lagarde, Nagel, Villeroy, Makhlouf, Sleijpen speak | | | |
| GE | GDP SA QoQ 3Q F | 0.00% | | 0.00% |
| | **Wednesday 26 November** | | | |
| UK | CBI Retailing Reported Sales Nov | -30 | | -27 |
| US | Philadelphia Fed Non-Manufacturing Activity Nov | | | -22.2 |
| US | Retail Sales Advance MoM Sep | 0.40% | | 0.60% |
| US | PPI Ex Food and Energy YoY Sep | 2.70% | | 2.80% |
| US | S&P Cotality CS US HPI YoY NSA Sep | | | 1.51% |
| US | Business Inventories Aug | 0.00% | | 0.20% |
| US | Richmond Fed Manufact. Index Nov | -4 | | -4 |
| US | Conf. Board Consumer Confidence Nov | 93.4 | | 94.6 |
| US | Pending Home Sales MoM Oct | 0.10% | | 0.00% |
| US | Dallas Fed Services Activity Nov | | | -9.4 |
| AU | CPI YoY Oct | 3.60% | 3.60% | 3.50% |
| AU | CPI Trimmed Mean YoY Oct | 2.90% | | 2.80% |
| AU | Construction Work Done 3Q | 0.30% | -3.20% | 3.00% |
| NZ | RBNZ MPS, Official Cash Rate 26-Nov | 2.25% | 2.25% | 2.50% |
| EC | ECB Publishes Financial Stability Review | | | |
| EC | ECB's Muller speaks | | | |
| | **Thursday 27 November** | | | |
| UK | UK Chancellor of the Exchequer Rachel Reeves Presents Budget | | | |
| US | Initial Jobless Claims 22-Nov | 226k | | 220k |
| US | Continuing Claims 15-Nov | 1965k | | 1974k |
| US | Durable Goods Orders Sep P | 0.50% | | 2.90% |
| EC | ECB's Vujcic speaks | | | |
| US | MNI Chicago PMI Nov | 44 | | 43.8 |
| EC | ECB's Lane, Lagarde speaks | | | |

| | | Median | Fcast | Last |
|---|---|---|---|---|
| | **Thursday (continued)** | | | |
| US | Fed Releases Beige Book | | | |
| NZ | Retail Sales Ex Inflation QoQ 3Q | 0.60% | 0.80% | 0.50% |
| NZ | ANZ Business Confidence Nov | | | 58.1 |
| AU | Private Capital Expenditure 3Q | 0.50% | 0.30% | 0.20% |
| JN | BOJ Noguchi speaks | | | |
| CH | Industrial Profits YoY Oct | | | 21.60% |
| GE | GfK Consumer Confidence Dec | -23.5 | | -24.1 |
| EC | Consumer Confidence Nov F | | | -14.2 |
| EC | Economic Confidence Nov | 97 | | 96.8 |
| | **Friday 28 November** | | | |
| EC | ECB's Guindos speaks | | | |
| EC | ECB Publishes Account of Oct. 30 Rate Decision | | | |
| UK | BOE's Greene speaks | | | |
| NZ | ANZ Consumer Confidence Index Nov | | | 92.4 |
| NZ | Filled Jobs SA MoM Oct | | | 0.30% |
| JN | Jobless Rate Oct | 2.50% | | 2.60% |
| JN | Retail Sales MoM Oct | 0.90% | | 0.30% |
| JN | Industrial Production MoM Oct P | -0.60% | | 2.60% |
| UK | Lloyds Own Price Expectations Nov | | | 63 |
| AU | Private Sector Credit MoM Oct | 0.60% | 0.60% | 0.60% |
| GE | Unemployment Claims Rate SA Nov | 6.30% | | 6.30% |
| EC | ECB 1 Year CPI Expectations Oct | 2.60% | | 2.70% |
| EC | ECB 3 Year CPI Expectations Oct | 2.50% | | 2.50% |
| EC | ECB' Nagel speaks | | | |
| | **Saturday 29 November** | | | |
| GE | CPI YoY Nov P | 2.40% | | 2.30% |
| | **Sunday 30 November** | | | |
| CH | Manufacturing PMI Nov | 49.4 | | 49 |
| CH | Non-manufacturing PMI Nov | | | 50.1 |

# Historical Data

| | Today | Week Ago | Month Ago | Year Ago |
|---|---|---|---|---|
| **CASH AND BANK BILLS** | | | | |
| Call | 2.50 | 2.50 | 2.50 | 4.75 |
| 1mth | 2.43 | 2.50 | 2.63 | 4.35 |
| 2mth | 2.44 | 2.50 | 2.54 | 4.34 |
| 3mth | 2.44 | 2.49 | 2.51 | 4.33 |
| 6mth | 2.45 | 2.51 | 2.48 | 4.08 |
| **GOVERNMENT STOCK** | | | | |
| 04/27 | 2.60 | 2.61 | 2.53 | 3.79 |
| 05/30 | 3.35 | 3.33 | 3.17 | 4.11 |
| 05/32 | 3.77 | 3.78 | 3.60 | 4.36 |
| 05/35 | 4.17 | 4.18 | 4.00 | 4.56 |
| 04/37 | 4.41 | 4.43 | 4.24 | 4.72 |
| 05/41 | 4.77 | 4.79 | 4.60 | 4.91 |
| 05/54 | 5.05 | 5.07 | 4.91 | 5.06 |
| **GLOBAL CREDIT INDICES (ITRXX)** | | | | |
| Nth America 5Y | 55 | 54 | 50 | 48 |
| Europe 5Y | 56 | 55 | 53 | 57 |

| | Today | Week Ago | Month Ago | Year Ago |
|---|---|---|---|---|
| **SWAP RATES** | | | | |
| 2 years | 2.62 | 2.63 | 2.50 | 3.64 |
| 3 years | 2.82 | 2.83 | 2.66 | 3.64 |
| 4 years | 3.02 | 3.01 | 2.83 | 3.70 |
| 5 years | 3.19 | 3.17 | 2.99 | 3.78 |
| 10 years | 3.79 | 3.77 | 3.58 | 4.14 |
| **FOREIGN EXCHANGE** | | | | |
| NZD/USD | 0.5613 | 0.5658 | 0.5769 | 0.5845 |
| NZD/AUD | 0.8686 | 0.8712 | 0.8800 | 0.8988 |
| NZD/JPY | 87.91 | 87.82 | 88.19 | 90.13 |
| NZD/EUR | 0.4875 | 0.4881 | 0.4954 | 0.5569 |
| NZD/GBP | 0.4285 | 0.4301 | 0.4325 | 0.4651 |
| NZD/CAD | 0.7916 | 0.7951 | 0.8070 | 0.8175 |
| TWI | 65.5 | 65.9 | 66.8 | 69.2 |

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