

Research Markets Outlook

8 December 2025

Welcome Dr Anna Breman!

- **New RBNZ Governor impressive**
- **Economic orthodoxy to dominate thinking**
- **Dairy dive worrisome**
- **GDP partials to support expected Q3 bounce**
- **PMI and PSI follow-through needed**

Last week new RBNZ Governor Anna Breman made her first appearance before the Finance and Expenditure Committee (FEC).

For someone who had only been in the job for two days, she was very impressive. To start with, she fronted at the FEC and was forthcoming with answers to many questions when it would have been easy to simply duck for cover on the basis that she hadn't had sufficient time to consider the issues addressed.

Importantly, her communication was clear and consistent, and she comes across as someone who is reasoned and unflappable.

It was quickly apparent that her approach to monetary policy will be very orthodox. Namely, monetary policy is all about keeping inflation near to target. Everything else is secondary and/or a means to an end. And she provided clarity as to why this must be so.

Given her orthodoxy, she shouldn't be pigeon-holed as either hawk or dove. She is likely to be hawkish if inflation threatens to rise too far and dovish if there's not enough of it. You also get the sense that Breman's approach will be cautious and considered rather than activist.

The combination of orthodoxy and clarity suggests that, once the market adjusts to her approach, there will be reduced volatility. Nonetheless, initially, this does have to be set against the fact that Breman will take a little while to come up to speed with New Zealand's economic idiosyncrasies, and she will be accompanied by an MPC that is fairly green.

We expect the new Governor to be more focussed on international developments than many of her predecessors. She is obviously well connected in the global central banking community and stated that having strong international linkages is very important. In a small open economy, such as New Zealand's, what is happening offshore is of paramount importance. But we caution that

"the world" through the eyes of a New Zealander can be a very different place to "the world" as seen from Europe. Also, there are times when New Zealand does seem to plot its own course.

Breman had not had the opportunity to meet with her monetary policy committee when she appeared before the FEC. She will have now. With this in mind, she made it clear that increased transparency is a goal of hers and that this would be high on the list of the things to be discussed with MPC members.

The Governor noted that the RBNZ is already one of the most transparent central banks in the world but that it can become more so. This suggests little will change in terms of the information conveyed in monetary policy updates. However, you get the feeling she would favour the views of individual committee members being made more accessible. This is also something that committee member Prasanna Gai has written about prior to taking up his current role. We are advocates of greater transparency on this front but note there is opposition to this in some quarters so there is no guarantee change will be forthcoming.

Interestingly, one of Breman's first jobs will be to help decide: who her Deputy will be; who will be Assistant Governor Financial Stability (currently Angus McGregor is acting in this role); and who in the RBNZ will join the MPC. The same person could fulfil all these roles but there is no requirement for this. One assumes existing staff will play some part in providing guidance about these appointments.

Note that Governor Breman comes from the Riksbank, which does not have regulatory oversight of the banking system. Therefore, the Financial Stability head will be of critical importance.

There were a few other little snippets that Breman revealed about her general thinking:

- She noted that the global macro environment is performing better than expected but that uncertainty is not going away anytime soon;
- New Zealand debt levels are not especially high or concerning;
- Central banks around the world were overzealous in their use of LSAP during the Covid era. They need to

consider the size of these purchases in future, be more careful with their use, and remember that the OCR remains the primary, and most effective, tool for conducting monetary policy.

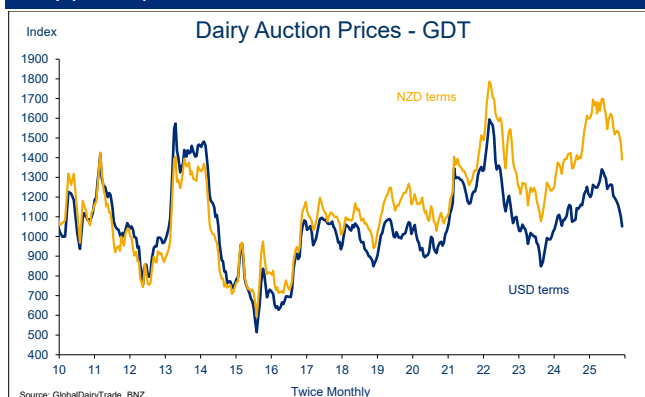
Governor Breman has hit the ground running and is well advanced on the New Zealand learning curve. From here on in that curve will get steeper. We'll look forward to seeing where it ends up when the February 18 MPS is delivered. All things going to plan, at least the Governor might have the luxury of a period of OCR stability to gently ease into her new role.

But when do all things go to plan? Ongoing international uncertainty and domestic political uncertainty will continue to muddy the outlook. As if this wasn't enough, we caution that developments in the dairy sector are now casting a new pall over the economy.

Over the last year or so soaring dairy commodity prices have been a godsend for the New Zealand economy. Had it not been for the revenues generated from this sector things could have been a lot uglier than they now are. But things have changed, and changed fast. We don't want to press the panic button but we do fear that many people are not being sufficiently watchful of what is happening in dairy land nor considering the implications of this for the wider economy.

At last week's GDT auction prices fell 4.3%. It's the eighth consecutive decline resulting in a 21.6% slump from its May peak. Already we, and Fonterra, have lowered our expected milk price to \$9.50 this season down from \$10.16 last season and initial expectations of \$10.0+. The problem is that if GDT prices don't start to stabilise then it's conceivable the eventual milk price might have an \$8 handle on it. And if GDT prices don't rise over the next 18 months, next season's milk price could be around \$8.50 or below. We are quick to note that this is not our current forecast but was this to eventuate then, absent budget adjustments, there would be a significant number of dairy farms not covering their costs. It is for this reason that we are saying keep an eye on this sector.

Dairy prices plummet



As things stand, the dairy sector is not going to provide the same impetus to the broader economy as it has been, so something else needs to pick up the baton to keep the recovery on track. We reckon easy monetary policy will do the trick but if dairy turns from tailwind to headwind it will be particularly unhelpful.

Not only would it potentially result in lower growth than we have forecast but also lower inflation. The most obvious downward impact on inflation would come directly through falling food prices but there would also be a disinflationary impact via lower farm spending both on consumption and investment goods, the latter impacted as much by falling confidence as anything else.

Of course, the sector will at least be shielded by the \$3.2 billion payment to farmers from the sale of Fonterra's consumer goods business to Lactalis but this is, of course, a one off payment.

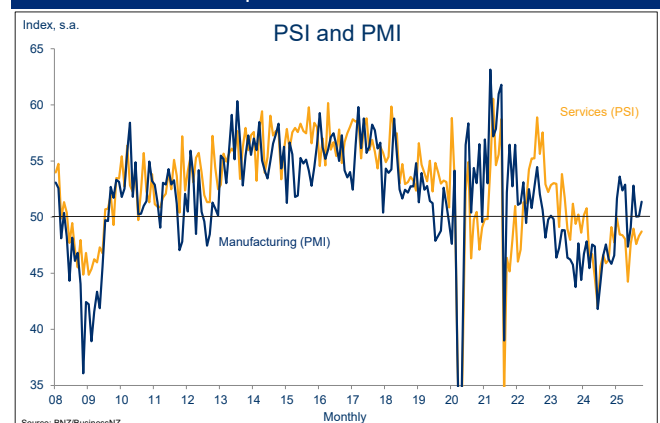
We should also note that the commodity price pressure is largely restricted to dairy. Meat and horticulture prices are still holding up very well ([BNZ Rural Wrap](#)).

So to recap, don't take your eyes off developments in the dairy sector. Its progress will be critical to gauging the likely state of the economy in the years ahead.

For us the most interesting data over the next few days comes by way of the BNZ-Business New Zealand Performance of Manufacturing Index (PMI), released Friday, and its sibling Services Index (PSI) on Monday December 15.

The PMI has seemingly settled above the breakeven 50 mark while the PSI has been languishing below 50. We'll want to see more upbeat outturns, especially from services, to provide us with some comfort that the expected lift in Q3 GDP can be sustained into the fourth quarter.

More momentum required



As for that Q3 GDP reading, we have recently nudged our expectation higher to 0.6% driven by the reported strength in Q3 retail sales. Since then, the significant outperformance of export volume growth over imports indicated by the Q3 trade data, and greater than expected building activity,

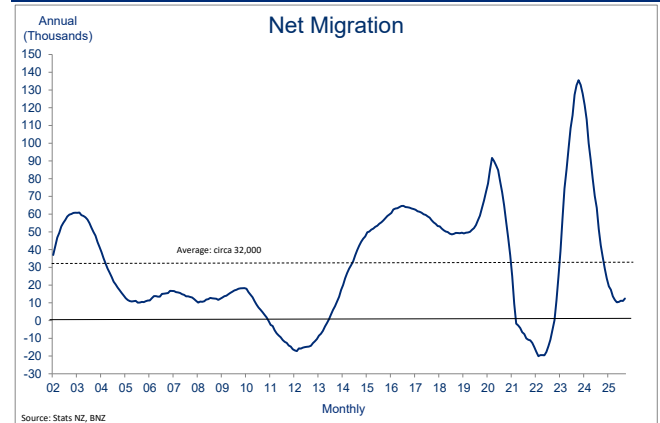
suggest we might still be underestimating Q3 growth. We will finalise our forecasts after we have seen the business sector data on Thursday. We will be looking for data which show: a significant growth contribution from manufacturing, aided by restarts at Methanex and Tiwai Point and a strong bounce in meat processing; a modest increase in wholesale trade; and a small pick up in services. On balance we think there is a greater chance that these data will nudge our forecast even higher while bearing in mind that our current 0.6% is above the RBNZ's 0.4% expectation as is the RBNZ's KiwiGDP estimate of 0.8%.

Let the recovery begin!



On Wednesday we get the October migration and tourism data. Net migration inflows seem to be turning the corner, albeit very slowly, so we will look for further evidence of this. We will also look for confirmation of some momentum in tourism.

Starting to turn



Friday sees the release of November ECT data. The ECT figures don't seem to give us any clue as to how future retail sales and private consumption numbers will print so we will be largely discounting the outturn.

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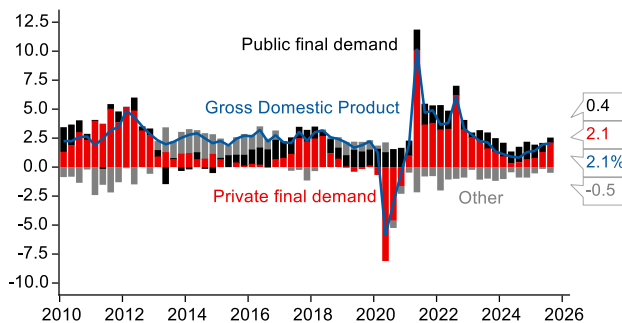
Global Watch

- **Central bank decisions in focus**
- **FOMC widely expected to cut 25bps**
- **May be perceived as a hawkish cut**
- **BoC, RBA and SNB all seen on hold**

Week in Review

Australia Q3 GDP showed consumer momentum was sustained in the third quarter and private demand outpaced the RBA's forecast.

GDP Growth



October Household Spending data was strong and points to healthy consumer spending into the fourth quarter. The 1.3% m/m jump in spending was broad based across states and industries. RBA Governor Bullock speaking in front of the Senate Economics committee said, *"costs are biting on businesses and that they're able to pass them on doesn't necessarily mean that we're operating beyond potential, but it does mean that demand is recovering enough to allow businesses to pass on costs."* Consumer momentum suggests that dynamic may continue.

Week Ahead

Globally, central banks are in focus as we head into the end of the year. The FOMC, BoC, and RBA meet this week.

Markets expect a cut from the FOMC, having swung back in that direction since comments from NY's Williams. Our colleagues at NAB expect the communication to suggest a meeting-by-meeting approach for the path forward. New projections will be influential, but it is delayed payrolls data early next week that will set the tone for early 2026, with the data needing to surprise on the soft side to support further near-term adjustment. Focus also remains on who will be the next Fed chair. Odds on favourite Kevin Hasset appears at the WSJ CEO Council Summit Monday.

On the data side, September and October JOLTS data are published Tuesday and Q3 ECI Wednesday.

The UK releases monthly GDP for October and where the consensus looks for a modest improvement in growth on

the last three-monthly outturns. UK Chancellor Rachel Reeves appears before the Treasury Select Committee on Wednesday to defend the recent budget.

The BoC is set to hold rates at its meeting Wednesday and the SNB is also seen on hold on Thursday.

In China, trade data is Monday and CPI and PPI data are out Wednesday.

In Australia, the RBA meeting and NAB Business Survey (Tuesday) and November employment (Thursday) are some of the last notable domestic data points this year.

Communication following the RBA's November meeting carefully avoided explicit mention of the possibility of a hike. With the recent run of inflation and activity data showing the challenges of the soft landing are intensifying, NAB think the RBA will shift to a more hawkish footing on Tuesday. NAB don't expect pushback on market pricing the risk of hikes next year and wouldn't be surprised to see a less balanced characterisation of risks in the outlook.

For employment on Thursday, NAB pencil in a 25k employment gain and 4.3% for the unemployment rate.

Key Event Previews

Monday

CH Trade Balance (Nov)

UK BoE's Taylor, Lombardelli Speeches

Tuesday

AU RBA Policy Decision (Unch.), NAB Business Survey (Nov)

The RBA is expected to keep rates unchanged at 3.60% on Tuesday. However, NAB anticipate a more hawkish tone in the accompanying statement and press conference. With October CPI pointing to further breadth in inflation pressures and signs of momentum in private demand, there has been a further shift in the distribution of risks to the monetary policy outlook.

NAB continues to forecast the RBA on hold in 1H26 for now, but this forecast will be under review should evidence of a tighter labour market, more persistent price pressures or a further acceleration in domestic economic activity be realised in coming months.

UK BoE's Ramsden, Lombardelli, Mann, Dhingra Parliamentary Testimony

EZ Nagel Speech

US JOLTS Job Openings, Hirings, Quits (Sep & Oct)

Wednesday

JN PPI (Nov)

CH PPI, CPI (Nov)

Chinese CPI is expected to rise a little further in October as food prices weigh down less on aggregate inflation.

EZ ECB President Lagarde Speech London

US FOMC Meeting (cut 25bps)

Following the resumption of official US economic data, there's been some evidence that weakness in the labour market has continued. Comments from influential FOMC members such as New York Fed President John Williams underpin the likelihood of a 25bp rate cut, that will take the FFTR range to 3.50-3.75%. Markets have swung back in favour of a cut. However, NAB think the cut will likely come across as a hawkish ease, with the communication adopting a meeting-by-meeting approach for the end January meeting. New quarterly economic forecasts, including dots will be influential.

CA BoC Meeting (Unch.)

The BoC is expected to be on hold on Tuesday. Having already eased policy noticeably down to 2.25%, the BoC is likely to be on the sidelines for a while.

Thursday

AU Employment (Nov)

Following strong employment growth in October (+42k), NAB expects employment to rise by around +25k in November, broadly in line with the “break-even rate”. NAB anticipate the unemployment rate will hold at 4.3%, after 4.34% in October, though it is a close call with 4.4% given limited directional pressures. Labour demand indicators

are mixed: capacity utilisation has been moving higher, but measures of job ads have not seen a pickup. Looking ahead, both NAB and the RBA expect the unemployment rate to hover near 4.4% over the forecast horizon.

SZ SNB Meeting (Unch.)

UK BoE Governor Bailey Speech

US Weekly Jobless Claims, Trade Balance (Sep)

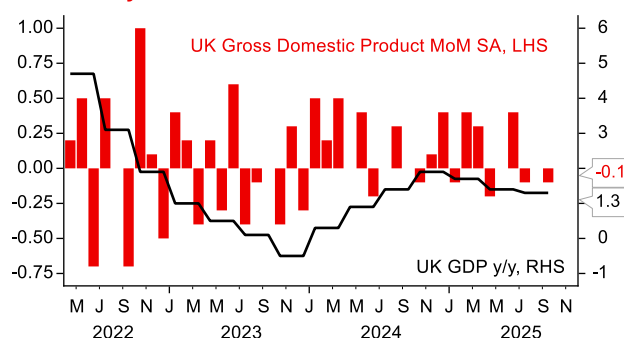
Initial claims will be in focus after a sharp drop last week, where seasonal adjustment challenges around Thanksgiving were the likely culprit.

Friday

UK Monthly GDP (Oct)

Following -0.1% m/m in Sep, 0% in Aug and -0.1% in Jul, the consensus looks for an uninspiring modest improvement to +0.1%.

UK Monthly GDP



Source: National Australia Bank, Bloomberg, Macrobond

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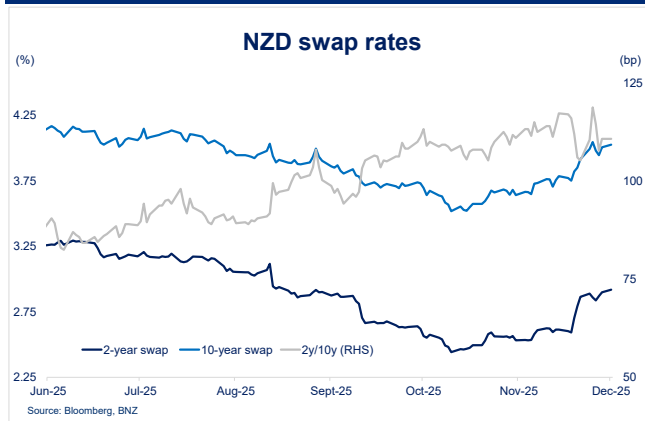
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg: BNZ

There were large swings in NZ swap rates last week, as the volatility that was unleashed after the RBNZ Monetary Policy Statement has continued to impact the market. 2-year rates have continued to extend higher and are now 35bp above the level that prevailed ahead of the hawkish cut by the RBNZ. The market is pricing a full 25bp hike by October and 36bp of tightening by the end of next year. This is above the RBNZ's projections, and our forecasts, suggesting front end rates should stabilise around current levels, with potential for a retracement lower in yields.

There were large swings in the longer dated swap rates which saw the 2y/10y curve oscillate in a wide +105bp to +118bp range during last week. Typical relationships between maturity segments on the curve were less pronounced and flows appeared to have an outsized impact on price action. Even after reversing off the recent highs, the 2y/10y curve appears too steep relative to the level of 2-year rates.

2y/10y curve volatile amid the move higher in yields

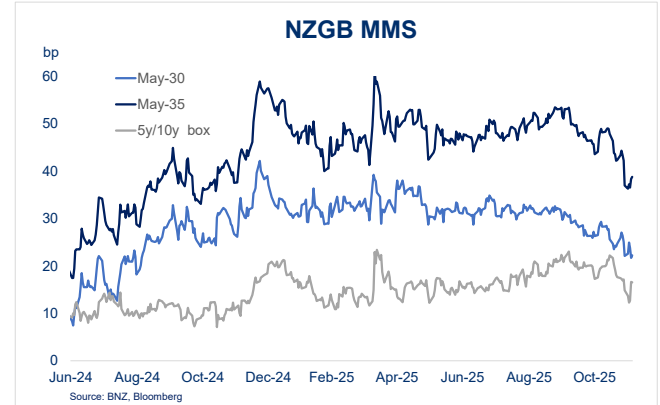


There is limited domestic data in the week ahead and NZ rates will look to offshore for direction although comments from RBNZ Governor Breman will be closely monitored. In Australia, the central bank is unanimously expected to leave rates unchanged at 3.60% and shift towards more hawkish communication, though this has been well discounted by the market. The US Federal Reserve is expected to reduce its policy rate by 25bp. The market will focus on the accompanying statement and the updated Summary of Economic Projections.

10-year NZ government bond matched maturity swap spreads stabilised last week, after a sharp tightening amid the selloff in the NZ rates complex since mid-October. We think further tightening is unlikely in the near term with swap rates in the process of finding the top end of the trading range. The government bond market is approaching the seasonal lull in issuance. NZ Debt Management (NZDM) will undertake its last weekly tender

for the calendar year on 11 December, and we expect issuance will restart on 15 January.

10-year MMS spreads finding a base



The market is looking ahead to NZDM's update of the bond programme alongside the Half-Year Economic and Fiscal Update on 16 December. Although tax revenues are slightly weaker than forecast, there are no apparent reasons for a material change for the projected NZ\$38 billion gross issuance for 2025/26. However, there are wide range of factors that can impact the programme, which can shift unexpectedly, making forecasts difficult.

Outstanding short term borrowing comprising T-Bills and Euro-Commercial Paper (ECP) has fallen to NZ\$11 billion and could be flexed higher if funding requirements increase. NZDM could indicate the maturity for the remaining tap syndication for this fiscal year. We think a shorter bond is more likely than a maturity beyond ten years. Issuance volumes for the May-2034 line are constrained by forecast green eligible expenditure. The May-2031 line is a potential tap candidate. It has relatively low outstanding when the RBNZ's holdings are excluded and will be the benchmark five-year line in 2026.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.47	2.41 - 2.50
NZ 2yr swap (%)	2.91	2.51 - 2.91
NZ 5yr swap (%)	3.49	3.03 - 3.52
NZ 10yr swap (%)	4.02	3.64 - 4.06
2s10s swap curve (bps)	111	105 - 119
NZ 10yr swap-govt (bps)	-34	-45 - -32
NZ 10yr govt (%)	4.36	4.11 - 4.36
US 10yr govt (%)	4.14	3.96 - 4.16
NZ-US 10yr (bps)	22	-2 - 30
NZ-AU 2yr swap (bps)	-106	-111 - -94
NZ-AU 10yr govt (bps)	-32	-42 - -24
*Indicative range over last 4 weeks		

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Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ9

Last week, the USD was broadly weaker, with the DXY index declining for a second consecutive week. The AUD outperformed the other major currencies, as robust data increased the chance of the RBA tightening policy from early next year. The NZD reached a monthly high just below 0.5790 before closing the week up 0.7% at 0.5775. NZD/AUD fell 0.7% to 0.87, while movements in other cross-rates were insignificant.

Over the past couple of weeks, the USD has weakened in anticipation of the Fed's policy meeting this week. A soft ADP employment report, which showed a 32k decline in private sector payrolls for November, solidified market expectations for a 25bps rate cut. Historically, the USD is seasonally weak in December, and recent speculation that Hassett—a Trump loyalist—could be appointed as the next Fed chair has reinforced expectations for further Fed easing through 2026.

Amidst the weaker USD, NZD/USD has continued to make gains, building on support from the RBNZ's hawkish cut in late November. From a technical perspective, we are watching 0.58 as a possible near-term resistance level, with the 200-day moving average at 0.5860 just above. The upcoming weeks are packed with economic events that will determine whether the NZD can recover further, to our year-end target of 0.59.

Last week, the Chinese yuan appreciated to its strongest level of the year, prompting the PBoC to intervene more forcefully to restrain its strength. USD/CNY only rose slightly from its lowest level this year and currently sits at 7.07. Previously, the NZD and the yuan had a close correlation, but that relationship broke down a few months ago when the NZD weakened despite a stronger yuan. If this correlation resumes, it could present upside risk for the NZD to "catch up" with the yuan (see chart).

In last week's report, we highlighted downside potential for NZD/AUD, a view further supported by recent data releases. While Australian Q3 GDP surprised on the downside, increasing by just 0.4% q/q, the outcome was less negative than it appeared, thanks to upward revisions to prior data and strong domestic demand of 1.2% q/q. Additionally, more timely data showed household spending surged by 1.3% m/m in October. These figures contribute to the narrative of robust domestic demand, increasing the odds that the RBA may need to raise rates from early next year. If the RBA hikes rates well before the RBNZ, downward pressure on NZ-Australian rate spreads will remain, and we expect the November low in NZD/AUD, just below 0.86, could be tested.

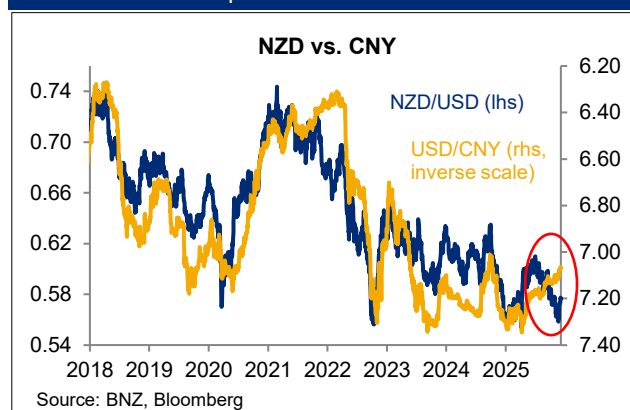
Looking to the week-ahead, central bank policy meetings are scheduled for the Fed, Bank of Canada, and RBA. A

third consecutive 25bps rate cut by the Fed is almost fully priced in. However, it may be perceived as a hawkish cut, with the possibility of several members dissenting in favour of leaving rates unchanged. The dot plot is likely to indicate just one rate cut next year, and Chair Powell is unlikely to signal another imminent cut in early 2026.

The RBA is expected to keep rates on hold, with attention focused on the tone of its forward guidance. The last meeting communicated a neutral bias, but recent strong data on the labour market, domestic demand, and inflation raises the question of whether the bank will signal a tightening bias, allowing the option of raising the cash rate as soon as the next meeting in February. The Bank will want to maintain full optionality.

The Bank of Canada is expected to remain on hold for an extended period following a significant easing cycle. Key global economic releases include the US JOLTs report on the labour market and the employment cost index, both due before the Fed's rate announcement. Australia's labour market report will be released two days after the RBA meeting. Domestically, additional data will contribute to Q3 GDP estimates, and the manufacturing PMI will be published at the end of the week. Indicators so far suggest Q3 GDP growth will be much stronger than the RBNZ estimated at the November MPS.

NZD and CNY decoupled over the last few months



Cross Rates and Recent Ranges

	Current	Last wk % chg	Last 3-wks range*
NZD/USD	0.5774	0.7%	0.5580 - 0.5790
NZD/AUD	0.8698	-0.7%	0.8640 - 0.8770
NZD/CAD	0.7987	-0.4%	0.7860 - 0.8070
NZD/GBP	0.4333	0.0%	0.4250 - 0.4350
NZD/EUR	0.4960	0.3%	0.4840 - 0.4970
NZD/JPY	89.66	0.2%	87.20 - 89.80

*Indicative range over last 3 weeks, rounded

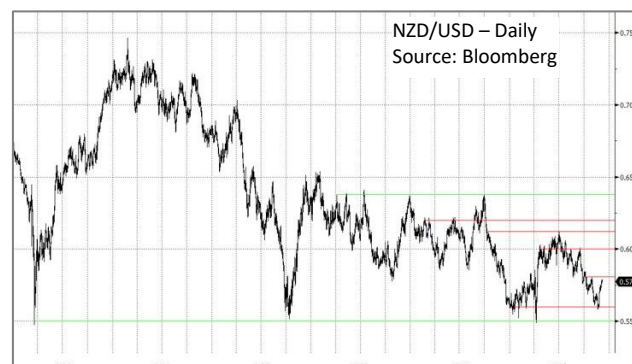
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Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.58 (ahead of 0.60)
 ST Support: 0.56 (ahead of 0.55)

After its recent recovery, some early resistance could come in between 0.58 and the 200-day moving average of 0.5860, ahead of 0.60.



NZD/AUD

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

Key support is around 0.86, near the October low, while resistance is far away at 0.8950.

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NZ 5-year Swap Rate

Outlook: Higher
 ST Resistance: 3.69
 ST Support: 2.92

A volatile week saw 5y swap close higher again as fallout from the last RBNZ meeting continued. We still expect to see resistance emerge around 3.69%.

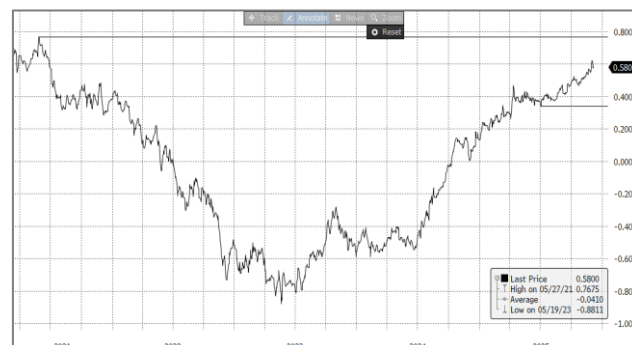


NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Higher
 ST Resistance: 0.76
 ST Support: 0.26

2x5 swap curve steepened last week to continue its momentum higher, reaching an intra-week high of +62bp.

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Quarterly Forecasts

Forecasts as at 8 December 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	0.6	0.7	0.8	0.9	0.7	0.6	0.6
Retail trade (real s.a.)	1.1	0.7	0.7	1.9	0.4	1.1	0.9	0.8	0.7	0.7
Current account (ann, % GDP)	-4.7	-4.2	-3.7	-3.4	-3.3	-3.3	-3.4	-3.6	-3.8	-3.9
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 %)	3.3	3.2	3.3	3.2	2.5	2.7	2.7	2.8	3.0	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	1.0	1.3	1.2	3.0	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	3.35	4.25	2.60	3.10	3.85	3.75	4.15	0.10
2026 Mar	2.25	2.40	3.35	4.35	2.60	3.10	3.95	3.60	4.25	0.10
Jun	2.25	2.40	3.50	4.40	2.85	3.25	4.00	3.45	4.30	0.10
Sep	2.25	2.40	3.75	4.45	3.20	3.50	4.05	3.20	4.35	0.10
Dec	2.25	2.55	4.00	4.50	3.60	3.80	4.15	3.10	4.40	0.10

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.58	0.66	1.16	1.33	155
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	0.87	0.50	0.43	89.8	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	68.1
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	69.9
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	70.1
Jun-27	0.62	0.90	0.52	0.46	83.7	69.2

TWI Weights

16.2% 17.8% 9.2% 4.0% 4.7%

Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 8 December 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	2.2	2.7	0.9	-0.3	1.9	2.6	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	1.5	6.7	-0.4	-5.1	-0.5	6.5	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	1.9	3.2	-1.0	-1.2	1.2	3.2	2.5
Exports	5.7	8.6	3.3	4.0	4.9	11.5	4.7	3.5	5.3	3.7
Imports	4.2	-1.4	1.5	4.8	5.1	-0.7	1.6	3.3	5.6	3.4
Real Expenditure GDP	4.0	1.3	-0.7	1.3	3.0	1.8	-0.4	1.0	2.7	2.5
GDP (production)	3.5	1.4	-1.1	0.7	3.0	1.8	-0.6	0.3	2.6	2.5
GDP - annual % change (q/q)	3.0	1.2	-0.6	1.2	2.7	0.9	-1.4	1.3	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	-14.9	-18.5	-25.8	-20.0	-14.6	-18.1	-18.0
Current Account - % of GDP	-8.3	-5.7	-4.2	-3.3	-3.9	-6.3	-4.7	-3.3	-3.8	-3.6
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	68.1	70.1	72.0	68.5	67.6	69.9	69.3
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	3.35	4.20	4.50	3.90	3.35	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	2.60	3.60	4.00
5-year Swap	4.50	4.40	3.65	3.10	4.05	4.43	3.63	3.10	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		Median	Fcast	Last
Monday 08 December				Thursday 11 December			
JN Eco Watchers Survey Outlook SA Nov	52.6		53.1	US Employment Cost Index 3Q	0.90%		0.90%
GE Industrial Production SA MoM Oct	0.30%		1.30%	CA BoC Rate Decision 10-Dec	2.25%		2.25%
EC Sentix Investor Confidence Dec	-6.3		-7.4	EC ECB's Makhoulouf Speaks			
CH Exports YoY Nov	4.00%		-1.10%	US FOMC Rate Decision (Upper Bound) 10-Dec	3.75%		4.00%
CH Imports YoY Nov	3.00%		1.00%	NZ Mfg Activity Volume QoQ 3Q			-2.90%
Tuesday 09 December				AU Employment Change Nov	20.0k	25.0k	42.2k
EC ECB's Cipollone, Villeroy & Nagel Speak				AU Unemployment Rate Nov	4.40%	4.30%	4.30%
US NY Fed 1-Yr Inflation Expectations Nov			3.24%	SZ SNB Policy Rate 11-Dec	0.00%		0.00%
UK BOE's Taylor & Lombardelli Speak				UK BOE's Bailey Speaks			
UK BRC Sales Like-For-Like YoY Nov	2.50%		1.50%	Friday 12 December			
AU NAB Business Confidence Nov			6	US Initial Jobless Claims 6-Dec	220k		191k
AU RBA Cash Rate Target 9-Dec	3.60%	3.60%	3.60%	US Continuing Claims 29-Nov	1945k		1939k
GE Trade Balance SA Oct	15.2b		15.2b	US Trade Balance Sep	-\$63.1b		-\$59.6b
Wednesday 10 December				US Exports MoM Sep			0.10%
US NFIB Small Business Optimism Nov	98.3		98.2	US Imports MoM Sep			-5.10%
UK BOE Rate-Setters in Parliament				US Wholesale Trade Sales MoM Sep			0.10%
US JOLTS Job Openings Sep				NZ BusinessNZ Manufacturing PMI Nov			51.4
US JOLTS Job Openings Oct	7150k			NZ Card Spending Total MoM Nov			0.00%
NZ RBNZ's Breman hosts media Q+A				JN Industrial Production MoM Oct F			1.40%
NZ Net Migration SA Oct			1800	UK Monthly GDP (MoM) Oct	0.10%		-0.10%
JN PPI YoY Nov	2.70%		2.70%	UK Industrial Production MoM Oct	1.00%		-2.00%
CH PPI YoY Nov	-2.00%		-2.10%	GE CPI YoY Nov F	2.30%		2.30%
CH CPI YoY Nov	0.70%		0.20%	UK Manufacturing Production MoM Oct	1.20%		-1.70%
UK BOE's Bailey Speaks				UK Trade Balance GBP/Mn Oct	£1200m		£1094m
EC ECB's Lagarde Speaks				Saturday 13 December			
				US Fed's Paulson, Hammack & Goolsbee Speak			

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	2.25	2.25	2.50	4.25	2 years	2.92	2.89	2.54	3.60
1mth	2.41	2.41	2.52	4.38	3 years	3.16	3.14	2.73	3.57
2mth	2.44	2.44	2.46	4.39	4 years	3.35	3.33	2.90	3.60
3mth	2.47	2.47	2.47	4.30	5 years	3.50	3.48	3.06	3.66
6mth	2.51	2.50	2.46	4.06	10 years	4.03	4.00	3.67	3.95
GOVERNMENT STOCK					FORBGN EXCHANGE				
04/27	2.71	2.75	2.57	3.76	NZD/USD	0.5770	0.5729	0.5646	0.5864
05/30	3.63	3.62	3.26	4.00	NZD/AUD	0.8693	0.8755	0.8639	0.9106
05/32	4.02	3.99	3.69	4.22	NZD/JPY	89.57	89.05	87.03	88.66
05/35	4.35	4.31	4.11	4.42	NZD/EUR	0.4957	0.4935	0.4885	0.5557
04/37	4.55	4.52	4.35	4.59	NZD/GBP	0.4329	0.4336	0.4286	0.4600
05/41	4.86	4.86	4.71	4.80	NZD/CAD	0.7980	0.8019	0.7916	0.8311
05/54	5.13	5.14	5.01	4.96	TWI	66.8	66.5	65.7	69.3
GLOBAL CREDIT INDICES (ITRXX)									
Nth America 5Y	51	51	52	47					
Europe 5Y	52	53	55	53					

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