Research

Markets Outlook

16 March 2026

An historical stock take

- **It's all about the Middle East**
- **But NZ's starting point matters**
- **Q4, 2025 growth a meagre 0.3%**
- **Q1 annual CPI already worrisome**
- **Recipe for RBNZ conniptions**

It's a huge week ahead for New Zealand data. By the end of the week we will have a fairly comprehensive summary of the state of the New Zealand economy including its growth, external accounts and inflation. The problem is that it is all old, in some cases very old, news the importance of which has literally been blown out of the water by developments in the Middle East.

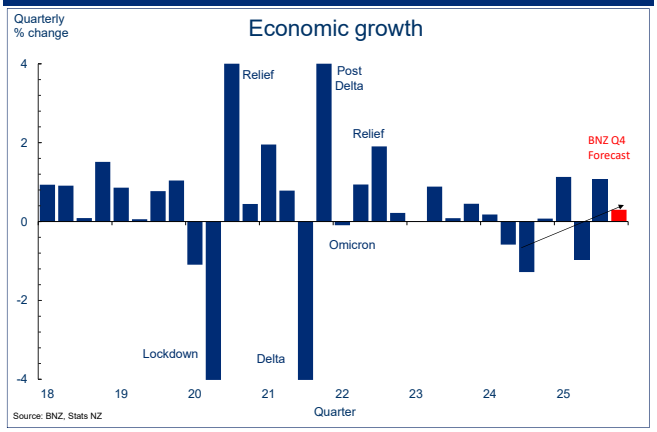
Whatever happens with the domestic data for weeks to come will pale into insignificance compared with the news flow around the Iran-centred conflict.

But it would be wrong to completely dismiss the local data because they will provide great insight into the starting point we are facing into as we come to grips with the war in the Middle East. The biggest problem we are now contending with is that the current conflict hits New Zealand at a time when it is already vulnerable and, as such, the chaos poses a threat to our nascent recovery.

Concurrently, soaring oil prices are pushing consumer price inflation higher when we are already worried that inflation appears to be settling at higher levels than the Reserve Bank would be comfortable with. The lower growth, higher inflation mix is far from optimal and will get less so.

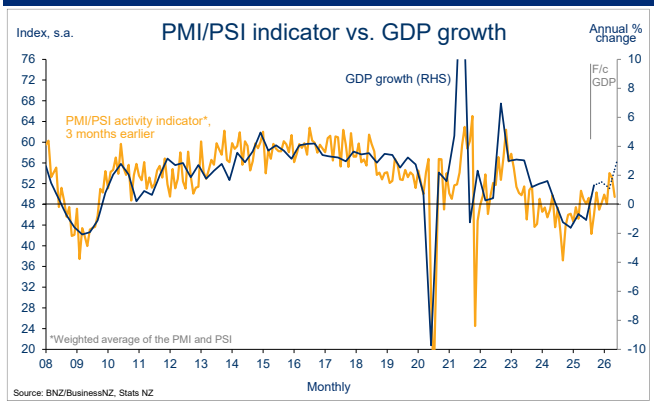
On Thursday Statistics New Zealand publishes Q4 GDP data. Not so long ago we had been suggesting that partial indicators, especially the 0.9% increase in retail sales for the December quarter, indicated that the economy might be stronger than people expected. Then on March 5 a simply awful set of building data were released that were so bad that the risk tilted very much to the downside. Last Thursday's business data needed to come out on the strong side of expectations to rescue the situation. Alas, they didn't. Accordingly, we have finalised our Q4 GDP pick at just 0.3%. This is important because, if we are right, it will be 0.2% below what the RBNZ had assumed when it put its February Monetary Policy Statement together.

GDP growth struggles



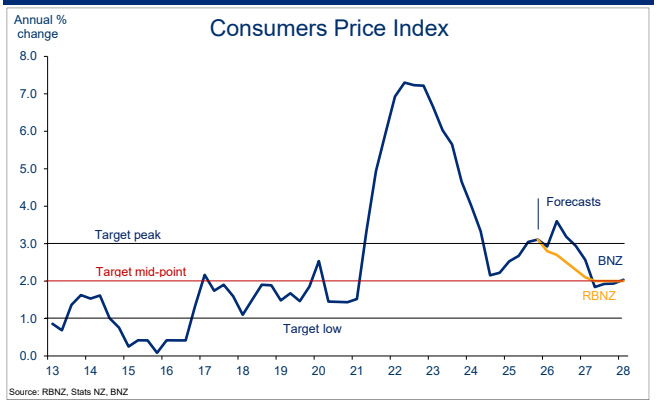
On an annual basis growth would still climb to 1.5% with a quarterly increase of 0.3% and this would be the strongest annual reading since Q1, 2024. But it's a long way from a genuine pick up in activity. We still think Q1 will be relatively robust but there are some warning signs there too. For starters, our composite PMI/PSI activity index for February, released this morning, failed to kick on from January's reading. To the contrary, it fell from 53.2 to 49.4. At this level it is consistent with annual growth dipping below 1.0%. This is not our expectation but we acknowledge the suggestion of further downside risk to both our and RBNZ growth forecasts. And all this is basically pre-war. It's only the second quarter GDP data that will fully reveal the first impacts of the conflict.

Not the bounce we wanted



Similarly, it will be the Q2 CPI that bears the full brunt of the direct effect of rising fuel prices albeit that there will be impact on the March month of the first quarter. Again, like the weakness in real activity, there were already growing price pressures showing up in the pre-war data. Quarterly CPI inflation surprised the central bank to the upside in each of the last two quarters of calendar 2025. We believe a significant gap will open up through the oil price driven quarters. At this stage we are forecasting annual inflation of 2.9% in Q1 rising to 3.6% in Q2.

More inflation



We'll get a good idea of general price movements for the first quarter when, on Tuesday, the selected price indexes for the month of February are released. Were these to surprise on the upside it would be very worrying indeed.

We don't forecast most of the partials but we do take a punt on food prices for which we have assumed a 0.5% price fall on the back of what we expect to be a large seasonal decline in fresh fruit and vegetable prices.

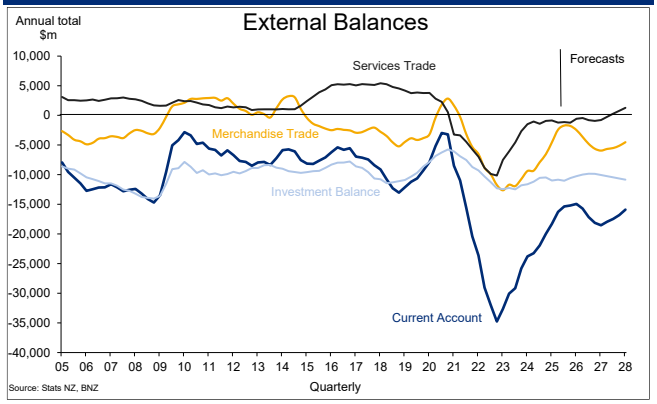
We also formally forecast flat rents for the month.

Two other things we will be looking closely for are:

- An expected double digit increase in overseas accommodation prepaid in NZ to offset the 10.1% drop in January; and
- Big seasonal declines in both domestic and international airfares.

The balance of payments figures for Q4, 2025 round out the week's major data. We are expecting a small decline in the deficit as a percentage of GDP from 3.5 to 3.4. This would be the smallest deficit since June 2021. It's also likely to be very close to the low in the cycle as strength in the terms of trade peaks.

Current account deficit shrinks



The turnaround in the terms of trade will, of course, be largely a function of surging import prices on the back of the oil price hikes. Things would be that much worse were it not for the recent resurgence in dairy prices. That said we think there is a reasonable chance that the run up in dairy prices, which has seen a cumulative gain of 26.1% over the last five dairy auctions, could come to an end at Wednesday morning's GDT auction.

There are three other indicators of note:

- this morning's ECT data which revealed a +1.1% in total card spending
- this morning's REINZ housing data that showed reasonable sales and flat house prices compared to a year ago in February
- the SEEK jobs report out later this week in which we would expect to see a continuation of the trend increase in jobs which began in December 2024
- Friday's merchandise trade data for February is expected to add to the sense that the trend narrowing in the annual merchandise trade deficit is near its end

And now, it's all eyes back on the Middle East!

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Global Watch

- **Middle East continues to dominate market focus**
- **Policy meetings for the RBA, US Fed, BoE, ECB and BoJ**
- **Primary interest in their responses to the conflict**
- **Labour market data due for the UK and Australia**

All eyes remain on the conflict in the Middle East. It's a big week of central bank meetings: the RBA (Tuesday), FOMC (Wednesday), BoC (Wednesday), BoE (Thursday), ECB (Thursday) and BoJ (Thursday). The Iran conflict is not likely to shift the decisions but differing starting points and energy exposures matter: the Fed and BoC (inflation nearer target, lower energy pass through) have more room for patience while the ECB and BoE (firmer services inflation, higher energy sensitivity) are more constrained. Japan remains exposed via imported energy costs.

Our colleagues at NAB expect the RBA to raise rates to 4.1% on Tuesday. Unlike most other G10 central banks, the backdrop already supported the case for some additional tightening, with the Iran shock adding new risks. On Thursday, NAB sees the unemployment rate steady at 4.1% on a 30k employment gain, which would further support the RBA's concern about a too-tight labour market.

In the US, February PPI (Wednesday) will be key for finalising PCE expectations, alongside manufacturing data spanning March sentiment (Empire), February output (industrial production) and January orders (durables/factory orders). Canada will see updates to inflation (Monday) and retail sales (Friday).

In Europe, February's inflation print will be finalised on Wednesday ahead of the ECB's meeting, which will include fresh forecasts. In the UK, Thursday wage data for January is expected to continue the recent pattern of modestly lower pay, while unemployment nudges up to 5.3%.

In Asia, China's February activity data (retail sales, industrial production and investment) are due Monday. Japan will see February trade and lagged January data for services output, investment and industrial production.

Key Event Previews

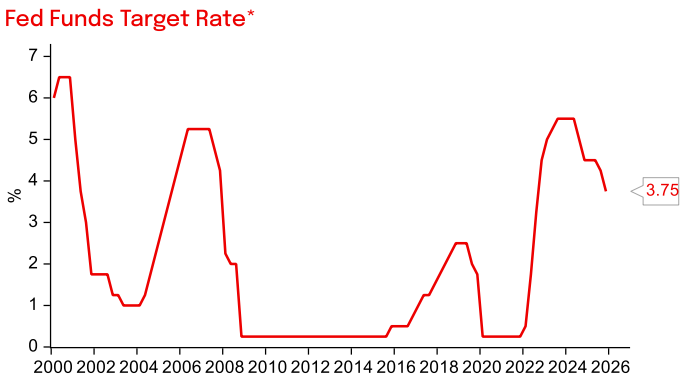
Tuesday

AU RBA Policy Meeting
NAB expect the RBA to raise rates by 25bp to 4.1%, in line with consensus. Recent RBA commentary has been hawkish, and some additional tightening was already justified by a backdrop characterised already elevated inflation, robust growth and a tight labour market. The risk is that the Board chooses to wait for more information amid heightened uncertainty around the conflict in the Middle East.

Wednesday

US Federal Reserve FOMC Meeting
As was the case last month, the fed funds rate target range is expected to be left unchanged at 3.50-3.75%. The weak February employment report will probably not shift the Fed's overall assessment that the labour market is stabilising. While CPI prints have been relatively benign, core PCE inflation is expected to remain elevated in Feb, reinforcing the case to keep policy on the restrictive side of the range of neutral estimates.

Gauging the Fed's assessment of the implications of the Iran war will be a key watch. The Fed dots may incorporate different oil price assumptions by members; look for Chair Powell to downplay the dots given elevated uncertainty. But his take on how the committee is thinking about risks – and the extent it can look through the inflationary impact - may be more instructive.



Source: National Australia Bank, Macrobond
Notes: * Top of the target range, end quarter.

Thursday

AU Unemployment Rate (Feb)
NAB expects the unemployment rate to hold at 4.1%, with employment growth of around 30k (consensus 4.1%/20k). This release will be important for the assessment of spare capacity in the labour market, with the RBA's Hauser recently noting that the economy has limited spare capacity, with unemployment coming in "a bit" below expectations and measures of labour demand a little higher.

If unemployment remains at 4.1%, this will do little to ease the RBA's concerns around labour market tightness. By contrast, a print of 4.2% would ease concern the labour market may be tighter still than their Feb assessment.

UK BOE Policy Meeting
The BoE will vote to keep interest rates unchanged at 3.75%. NAB believe the MPC will vote 7:2 to hold, with doves Dhingra and Taylor sticking with their calls to cut.

The BoE will be more cautious for the next few months, with hawks fearing inflation scarring in the UK will see inflation expectations rise, leading to possible second round effects. More time is needed to assess the extent to which the impact from higher energy prices impacts UK inflation. NAB still believe the BoE will cut twice more in this cycle but have pushed out the first cut to Q4, with another in 2027 until more there is greater clarity. There are no new forecasts.

EU ECB Policy Meeting

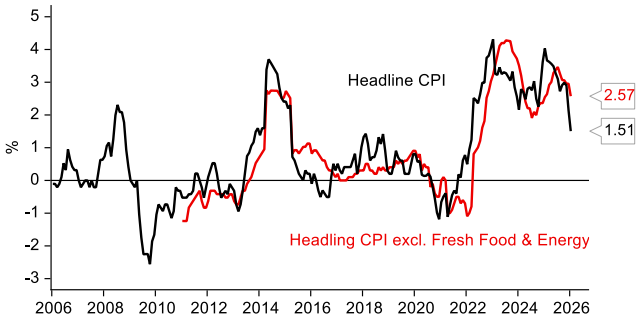
The ECB is expected to hold rates at 2% in a meeting that will be dominated by the possible impacts of higher energy prices. The initial 1.7% February headline inflation print has been revised higher to 1.9%, removing some of the breathing space the ECB might have thought it had. Still, for now the ECB will continue to closely monitor prices.

JN BoJ Policy Meeting

The BoJ is widely expected to leave policy unchanged. The Board has favoured a cautious, incremental approach as officials seek firmer evidence that wage gains are durable and feeding through to domestic demand.

Escalating Middle East tensions have sharpened focus on energy prices and the yen. With Japan highly exposed to the energy shock, any signal from Governor Ueda on whether the growth or inflation implications are most pressing will be key to the April meeting.

Japan inflation



Source: National Australia Bank, Japanese Statistics Bureau, Ministry of Internal Affairs & Communications, Macrobond

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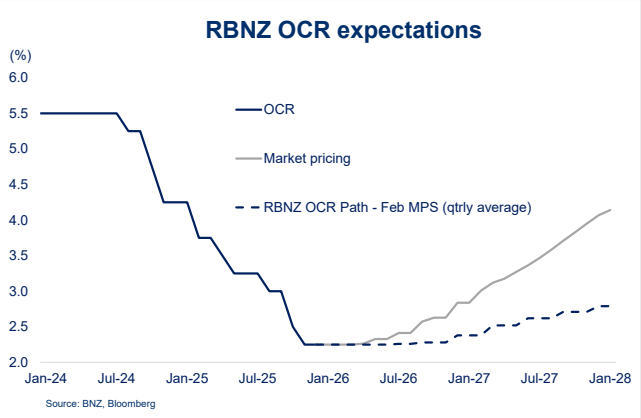
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

Developments in the Middle East have continued to generate heightened volatility and position adjustment across global fixed-income markets. Following the extreme price action early last week—when front-month Brent crude traded within one of the largest US-dollar ranges on record—global yields have moved higher as markets interpret energy developments through an inflationary lens. In New Zealand, swap rates rose to multi-month highs across the curve, with yields shifting higher by close to 20bp in a broadly parallel move.

Implied OCR path materially higher

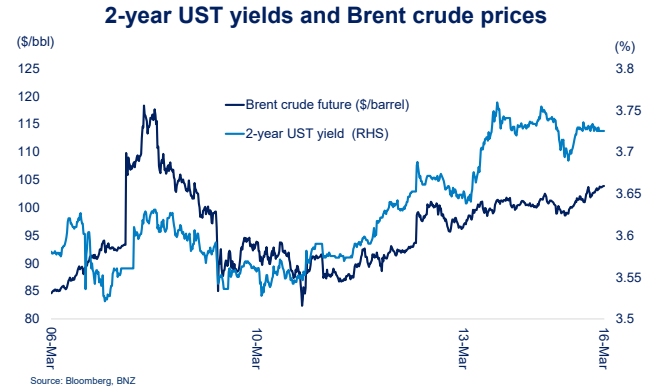


Global central banks are navigating an increasingly complex macroeconomic environment, characterised by a simultaneous slowing in growth momentum and renewed inflationary pressures stemming from higher energy prices. While policymakers may seek to look through the first-round effects of energy-driven price increases, the risk of spillovers into inflation expectations is heightened, particularly at a time when headline inflation across several advanced economies has only recently begun to converge back toward target.

Against this backdrop, upcoming policy meetings this week of the Federal Reserve, the European Central Bank, the Bank of Japan and the Reserve Bank of Australia (RBA) will be closely watched for signals on how policymakers are weighing renewed inflation risks against emerging growth headwinds. Of these, only the RBA is expected to adjust policy rates, though updated forecasts and accompanying analysis across major central banks will be critical in shaping sentiment in fixed income markets.

Front-end dynamics in global rates have become increasingly dislocated. Two-year US treasury yields have risen to their highest level since August. The latest increase in yields appears only weakly correlated with developments in crude markets. Instead, the price action is consistent with position unwinding and forced deleveraging, particularly among front-end positioning which has been exacerbated by the unwinding of curve steepening trades.

2Y UST break higher appears risk management driven



OIS pricing implies close to 60bp of RBNZ tightening over the remainder of the year, with markets assigning around a 60% probability to a 25bp increase at the July Policy Review. Pricing for the Official Cash Rate is above 4.0% for the end of next year. Two-year swap rates have moved ~20bp above prior cyclical highs and at their highest level in a year. This represents a more hawkish outcome than we anticipate. We think the extent of tightening priced into the implied OCR path is subject to downside risk.

In parallel with the recent pickup in inflation, the tightening in financial conditions and emerging headwinds to growth warrant close attention. Equity prices have declined, credit spreads have widened, and yields have risen materially. The narrowing spread between wholesale funding rates and fixed rate mortgages points to growing upward pressure on retail borrowing costs. The GDP-weighted PMI for February slipped back into contractionary territory, signalling a softer starting point for activity with downside risks ahead.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.52	2.48 - 2.52
NZ 2yr swap (%)	3.38	2.90 - 3.38
NZ 5yr swap (%)	3.93	3.43 - 3.94
NZ 10yr swap (%)	4.34	3.88 - 4.35
2s10s swap curve (bps)	97	97 - 103
NZ 10yr swap-govt (bps)	-36	-39 - -34
NZ 10yr govt (%)	4.70	4.35 - 4.66
US 10yr govt (%)	4.28	3.92 - 4.29
NZ-US 10yr (bps)	43	27 - 55
NZ-AU 2yr swap (bps)	-117	-137 - -114
NZ-AU 10yr govt (bps)	-25	-40 - -25

*Indicative range over last 4 weeks

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Foreign Exchange Market

Reuters pg BNZWFWDS Bloomberg pg BNZ9

Last week, the USD strengthened broadly as the conflict in the Middle East intensified. For the second consecutive week, the USD DXY index rose by 1.4%, reaching its highest level this year and moving back above 100. The NZD underperformed, declining by 2.1% to 0.5775, marking its lowest point for the week. Among the major currencies, the AUD experienced the smallest drop, buoyed by rising expectations of another rate hike by the RBA this week. NZD/AUD fell by 1.5% for the week, and traded at a fresh low of 0.8250, a level not seen since 2013. Other NZD crosses were down between 0.5% and 1%.

The primary focus last week remained on the conflict in the Middle East, which continued to drive currency markets. Despite President Trump's assertion that the war was nearly over, the conflict escalated. Crucially for markets and the global economy, the Strait of Hormuz remains effectively closed, with Iran attacking ships nearby and issuing clear warnings about the risks of traversing the Strait.

Since the weekend's close, the situation has worsened. The US has targeted military sites on Iran's Kharg Island, through which 90% of Iran's oil exports pass. Iran had previously warned that targeting Kharg Island was a red line and, in response, has threatened to retaliate with potential attacks on the energy infrastructure of its Gulf neighbours.

At the end of last week, we published a note regarding the Iran conflict and its impact on the NZD, which is available upon request. Our NZD forecasts have not been updated since the onset of the conflict and are effectively suspended due to the wide range of possible outcomes. While it is clear that the conflict poses significant downside risk for the NZD, the extent of this risk remains uncertain. We outlined a scenario in which, if the Strait of Hormuz remains closed, the NZD could steadily decline each week until it reaches approximately 0.52. Each day the Strait remains closed, the outlook for both the global and NZ economies worsens, increasing the likelihood of a deeper fall in the NZD.

We have not yet accounted for the extreme scenario where New Zealand runs out of fuel by late April with no possibility of replenishment, which could halt much of domestic economic activity. In such a case, the NZD could fall well below 0.52. Exporters and importers should actively "wargame" various scenarios, preparing for outcomes that may be worse than previously imagined.

The alternative, more optimistic scenario, is that if the US and Israel cease attacking Iran and Iran allows the Strait of Hormuz to reopen, the NZD could recover sharply.

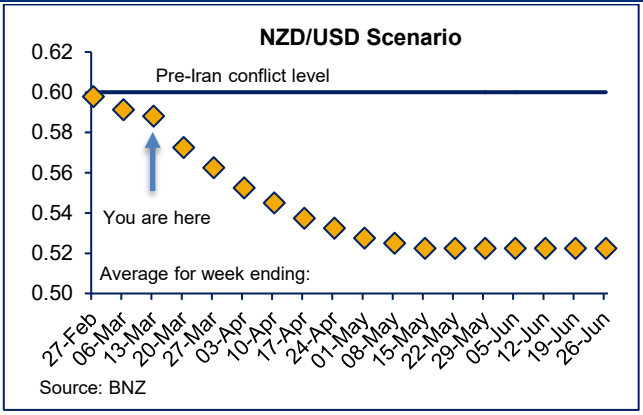
Looking ahead to this week, while market attention will remain focused on the Middle East, the full economic calendar will also be difficult to ignore. In NZ, Q4 GDP and monthly pricing indicators for February will attract some interest, though less than usual given that events in the Middle East have overshadowed them.

This week features policy meetings for the RBA, US Fed, BoE, ECB, and BoJ. Our primary interest will be in their responses to the conflict in the Middle East and the likelihood that they may ultimately respond by raising rates. While each economy faces its own unique circumstances, the RBNZ would be wise to learn from others' experiences ahead of its policy update in early April and Governor Breman's speech next week.

Most economists anticipate the RBA will tighten policy for a second consecutive meeting, raising its cash rate to 4.10% and widening the gap with NZ's comparatively low cash rate of 2.25%. Market pricing for this outcome stands at around 65%, indicating some risk that the RBA may not act but will remain vigilant regarding the need for tighter policy. None of the other central banks are expected to change policy.

Globally, economic data releases of note include China's activity data for January-February, the Australian labour market (post-RBA), UK labour market statistics, US PPI, and Canada CPI figures.

Each day the SoH is closed, the deeper the NZD downturn



Cross Rates and Recent Ranges

	Current	Last wk %chg	Last 3-wks range*
NZD/USD	0.5786	-2.1%	0.5770 - 0.6010
NZD/AUD	0.8280	-1.5%	0.8250 - 0.8480
NZD/CAD	0.7937	-1.0%	0.7920 - 0.8210
NZD/GBP	0.4373	-0.8%	0.4370 - 0.4460
NZD/EUR	0.5066	-0.4%	0.5050 - 0.5120
NZD/JPY	92.39	-0.9%	92.00 - 94.20

*Indicative range over last 3 weeks, rounded

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Technicals

NZD/USD

Outlook: Trading range
ST Resistance: 0.5870 (ahead of 60)
ST Support: 0.57 (ahead of 0.5580)

Another fall last week saw support around 0.5850 broken, and the NZD trade decisively below its 50-day, 100-day and 200-moving average. This brings 0.57 as the next support level and resistance at the 200-day moving average of 0.5870.

NZD/AUD

Outlook: Downside risk
ST Resistance: 0.87 (ahead of 0.8950)
ST Support: 0.80

No change. The cross rate continues to trend down to fresh lows not seen since 2013, and there is no obvious near-term support level ahead.

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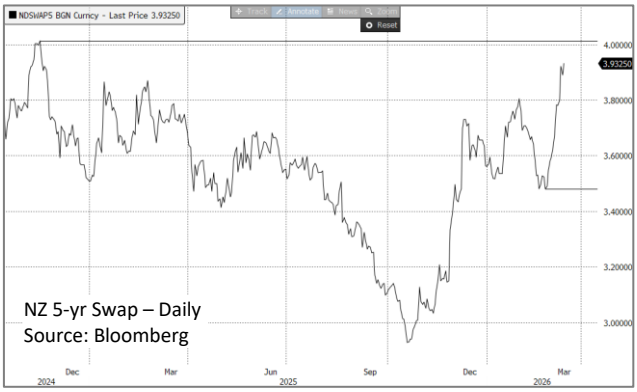
NZ 5-year Swap Rate

Outlook: Neutral
ST Resistance: 4.01
ST Support: 3.48

5 year swap has broken through last week's resistance of 3.87%. We now see resistance coming in around 4.01%. We remain neutral given the 'oversold' momentum indicators, however, acknowledge global geopolitical factors make it difficult to judge.



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

Outlook: Neutral
ST Resistance: 0.67
ST Support: 0.26

2s5s curve flattened back last week. We see the possibility of support at the February low of 54bp.

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Quarterly Forecasts

Forecasts as at 16 March 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified Forecasts

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-1.0	1.1	0.3	0.7	0.9	0.6	0.6	0.5	0.5	0.5
Retail trade (real s.a.)	0.8	1.9	0.9	1.0	0.9	0.8	0.7	0.7	0.7	0.7
Current account (ann, % GDP)	-3.7	-3.5	-3.4	-3.3	-3.4	-3.7	-3.9	-3.9	-3.7	-3.6
CPI (q/q)	0.5	1.0	0.6	0.8	1.2	0.6	0.4	0.4	0.5	0.7
Employment	-0.2	0.0	0.5	0.5	0.7	0.8	0.7	0.6	0.5	0.5
Unemployment rate %	5.2	5.3	5.4	5.3	5.2	5.0	4.8	4.6	4.7	4.7
Pr. avg hourly earnings (ann %)	4.6	4.1	3.5	4.2	3.3	3.3	3.4	3.3	3.2	3.2
Trading partner GDP (ann %)	3.3	3.2	2.5	2.7	2.7	2.8	3.0	2.9	2.8	2.8
CPI (y/y)	2.7	3.0	3.1	2.9	3.6	3.2	2.9	2.6	1.8	1.9
GDP (production s.a., y/y)	-1.1	1.3	1.5	1.1	3.1	2.6	2.9	2.7	2.3	2.2

Interest Rates

Historical data - qtr average		Government Stock			Swaps			US Rates		Spread
Forecast data - end quarter	Cash	90 Day Bank Bills	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR 3 month	US 10 yr	NZ-US Ten year
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
Dec	2.33	2.51	3.54	4.27	2.71	3.26	3.85	3.80	4.10	0.18
Forecasts										
2026 Mar	2.25	2.40	3.85	4.60	2.90	3.60	4.20	3.65	4.25	0.35
Jun	2.25	2.50	3.95	4.75	3.35	3.70	4.35	3.40	4.35	0.40
Sep	2.50	2.75	4.25	4.90	3.70	4.00	4.50	3.15	4.50	0.40
Dec	2.75	3.15	4.35	4.90	3.95	4.15	4.55	3.15	4.50	0.40
2027 Mar	3.25	3.65	4.45	4.90	4.10	4.30	4.60	3.15	4.50	0.40
Jun	3.75	4.05	4.45	4.90	4.15	4.35	4.65	3.15	4.50	0.40
Sep	4.00	4.15	4.35	4.90	4.05	4.30	4.70	3.15	4.50	0.40
Dec	4.00	4.15	4.25	4.90	3.95	4.25	4.75	3.15	4.50	0.40

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.58	0.70	1.14	1.32	160
Forecasts					
Mar-26	0.60	0.70	1.20	1.37	154
Jun-26	0.62	0.72	1.22	1.38	152
Sept-26	0.63	0.73	1.22	1.38	150
Dec-26	0.63	0.73	1.23	1.38	148
Mar-27	0.63	0.72	1.22	1.36	146
Jun-27	0.63	0.71	1.22	1.35	145
Sept-27	0.63	0.71	1.21	1.34	143
Dec-27	0.62	0.70	1.19	1.34	142

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.58	0.83	0.51	0.44	92.3	66.3
Forecasts						
Mar-26	0.60	0.86	0.50	0.44	92.4	67.7
Jun-26	0.62	0.86	0.51	0.45	94.2	69.0
Sept-26	0.63	0.86	0.52	0.46	94.5	69.7
Dec-26	0.63	0.87	0.52	0.46	93.8	69.6
Mar-27	0.63	0.88	0.52	0.46	92.0	69.3
Jun-27	0.63	0.89	0.52	0.47	91.4	69.3
Sept-27	0.63	0.89	0.52	0.47	90.1	69.4
Dec-27	0.62	0.89	0.52	0.46	88.0	68.8
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 16 March 2026	March Years					December Years				
	Actuals		Forecasts			Actuals		Forecasts		
	2024	2025	2026	2027	2028	2023	2024	2025	2026	2027
GDP - annual average % change										
Private Consumption	1.1	0.0	1.6	2.2	2.3	1.1	-0.2	1.6	1.9	2.3
Government Consumption	1.1	-1.3	2.3	0.2	-0.5	0.1	-0.9	1.9	0.7	-0.4
Total Investment	-1.1	-5.0	1.9	6.4	3.8	-0.3	-4.9	0.0	6.1	4.4
Stocks - ppts cont'n to growth	-1.4	0.4	0.2	0.4	0.0	-1.2	0.4	-0.2	0.6	0.0
GNE	-0.9	-1.1	2.1	3.2	2.1	-0.7	-1.1	1.1	3.4	2.3
Exports	8.6	3.4	3.0	4.6	3.7	11.5	4.7	2.8	4.8	3.8
Imports	-1.4	1.5	4.9	5.1	3.0	-0.7	1.7	3.4	5.6	3.4
Real Expenditure GDP	1.5	-0.7	1.2	3.0	2.2	2.1	-0.3	0.7	2.8	2.3
GDP (production)	**1.8**	**-0.9**	**0.7**	**2.8**	**2.2**	**2.2**	**-0.3**	**0.3**	**2.4**	**2.3**
GDP - annual % change (q/q)	*1.6*	*-0.7*	*1.1*	*2.7*	*2.3*	*1.4*	*-1.6*	*1.5*	*2.9*	*2.2*
Output Gap (ann avg, % dev)	1.2	-0.7	-1.3	-0.2	0.2	1.3	-0.2	-1.2	-0.4	0.1
Nominal Expenditure GDP - $bn	417	431	450	474	496	413	427	445	468	491
Prices and Employment -annual % change										
CPI	4.0	2.5	2.9	2.6	2.0	4.7	2.2	3.1	2.9	1.9
Employment	0.9	-0.9	0.8	2.8	1.9	2.7	-1.3	0.2	2.7	2.0
Unemployment Rate %	4.4	5.1	5.3	4.6	4.7	4.0	5.1	5.4	4.8	4.7
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	4.2	3.3	3.2	6.6	4.0	3.5	3.4	3.2
Productivity (ann av %)	-0.6	0.1	1.1	0.4	0.1	-0.8	0.1	1.2	0.6	-0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.8	3.2	3.2	7.1	4.7	2.9	3.2	3.3
House Prices (stratified, mth)	2.8	-0.6	-1.2	2.9	4.0	0.6	-0.8	-0.3	1.7	3.9
External Balance										
Current Account - $bn	-23.8	-18.3	-14.9	-18.5	-15.9	-25.8	-20.0	-15.2	-18.1	-16.8
Current Account - % of GDP	-5.7	-4.2	-3.3	-3.9	-3.2	-6.3	-4.7	-3.4	-3.9	-3.4
Government Accounts - June Yr, % of GDP										
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-2.1	-2.1	-3.0	-2.2	-1.0					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.8	41.8	43.3	46.0	46.9					
Bond Programme - $bn (Treasury forecasts)	39.3	42.6	35.0	34.0	34.0					
Bond Programme - % of GDP	9.4	9.9	7.8	7.2	6.8					
Financial Variables [(1)]										
NZD/USD	0.61	0.57	0.60	0.63	0.62	0.62	0.57	0.58	0.63	0.62
USD/JPY	150	149	154	146	140	144	154	156	148	142
EUR/USD	1.09	1.08	1.20	1.22	1.18	1.09	1.05	1.17	1.23	1.19
NZD/AUD	0.93	0.91	0.86	0.88	0.89	0.93	0.91	0.87	0.87	0.89
NZD/GBP	0.48	0.44	0.44	0.46	0.47	0.49	0.45	0.43	0.46	0.46
NZD/EUR	0.56	0.53	0.50	0.52	0.53	0.57	0.55	0.49	0.52	0.52
NZD/YEN	91.1	85.4	92.4	92.0	86.8	89.5	88.4	90.3	93.8	88.0
TWI	71.2	67.9	67.7	69.3	68.9	72.0	68.5	66.8	69.6	68.8
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.25	4.00	5.50	4.25	2.25	2.75	4.00
90-day Bank Bill Rate	5.64	3.60	2.40	3.65	4.15	5.63	4.26	2.49	3.15	4.15
5-year Govt Bond	4.60	4.00	3.85	4.45	4.15	4.50	3.90	3.90	4.35	4.25
10-year Govt Bond	4.60	4.50	4.60	4.90	4.90	4.65	4.45	4.50	4.90	4.90
2-year Swap	4.91	3.35	2.90	4.10	3.80	4.93	3.53	2.98	3.95	3.95
5-year Swap	4.40	3.65	3.60	4.30	4.15	4.43	3.63	3.61	4.15	4.25
US 10-year Bonds	4.20	4.25	4.25	4.50	4.50	4.00	4.40	4.15	4.50	4.50
NZ-US 10-year Spread	0.40	0.25	0.35	0.40	0.40	0.65	0.05	0.35	0.40	0.40

[(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 16 March			
CH	Retail Sales YTD YoY Feb	2.50%		
CH	Industrial Production YTD YoY Feb	5.30%		
CH	Fixed Assets Ex Rural YTD YoY Feb	-5.10%		
	Tuesday 17 March			
CA	CPI YoY Feb	1.90%		2.30%
US	Empire Manufacturing Mar	3.9		7.1
US	Industrial Production MoM Feb	0.10%		0.70%
US	NAHB Housing Market Index Mar	37		36
NZ	Selected Monthly Price Indexes Feb			
NZ	Food Prices MoM Feb			2.50%
AU	RBA Cash Rate Target 17-Mar	4.10%	4.10%	3.85%
GE	ZEW Survey Expectations Mar	39		58.3
	Wednesday 18 March			
US	ADP Weekly Employment Change 28 Feb			15.500k
US	New York Fed Services Business Activity Mar			-25.7
US	Pending Home Sales MoM Feb	-0.70%		-0.80%
NZ	Dairy GDT Auction			
NZ	Current Account GDP Ratio YTD 4Q	-3.40%	-3.40%	-3.50%
JN	Trade Balance Feb	-¥457.2b		-¥1163.5b
EC	Eurozone Inflation Ticker Update			
EC	CPI YoY Feb F	1.90%		1.90%
EC	CPI Core YoY Feb F	2.40%		2.40%
	Thursday 19 March			
US	PPI Ex Food and Energy YoY Feb	3.70%		3.60%
CA	BoC Rate Decision 18-Mar	2.25%		2.25%
US	Factory Orders Jan	0.10%		-0.70%
US	Durable Goods Orders Jan F	0.00%		0.00%
US	FOMC Rate Decision (Upper Bound) 18-Mar	3.75%		3.75%
US	Fed Holds Press Conference			
NZ	GDP SA QoQ 4Q	0.40%	0.30%	1.10%
NZ	GDP YoY 4Q	1.70%	1.50%	1.30%
NZ	RBNZ's Richardson Speaks			
JN	Core Machine Orders MoM Jan	-10.40%		19.10%
AU	RBA Financial Stability Review			
AU	Employment Change Feb	20.0k	30.0k	17.8k
AU	Unemployment Rate Feb	4.10%	4.10%	4.10%
JN	Industrial Production MoM Jan F			2.20%
UK	Private Earnings ex Bonus 3M/YoY Jan	3.50%		3.40%
UK	ILO Unemployment Rate 3Mths Jan	5.30%		5.20%
UK	Payrolled Employees Monthly Change Feb	-9k		-11k
SZ	SNB Policy Rate 19-Mar	0.00%		0.00%
SW	Riksbank Policy Rate 19-Mar	1.75%		1.75%
EC	Labour Costs YoY 4Q			3.30%
JN	BOJ Target Rate 19-Mar	0.75%		0.75%
	Friday 20 March			
UK	BOE Bank Rate 19-Mar	3.75%		3.75%
US	Initial Jobless Claims 14-Mar	215k		213k
US	Continuing Claims 7-Mar	1850k		1850k
US	Philadelphia Fed Business Outlook Mar	10		16.3
EC	ECB Deposit Facility Rate 19-Mar	2.00%		2.00%
EC	ECB's Lagarde Speaks			
US	New Home Sales Jan	720k		745k
US	Wholesale Trade Sales MoM Jan			1.00%
NZ	Trade Balance NZD Feb			-519m
EC	Trade Balance SA Jan			11.6b
	Saturday 21 March			
CA	Retail Sales MoM Jan	1.50%		-0.40%
EC	ECB's Nagel Speaks			
	Sunday 22 March			
US	Fed's Powell Speaks			

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS				
Call	2.25	2.25	2.25	3.75
1mth	2.43	2.43	2.41	3.81
2mth	2.48	2.46	2.46	3.73
3mth	2.52	2.48	2.50	3.66
6mth	2.66	2.61	2.62	3.53
GOVERNMENT STOCK				
05/28	3.44	3.43	3.22	3.85
05/31	4.17	4.17	3.91	4.29
04/33	4.40	4.41	4.16	4.52
05/36	4.66	4.68	4.44	4.78
05/41	4.99	5.05	4.82	5.10
05/54	5.25	5.31	5.05	5.27
GLOBAL CREDIT INDICES (ITRXX)				
Nth America 5Y	62	55	52	54
Europe 5Y	65	62	53	56

	Today	Week Ago	Month Ago	Year Ago
SWAP RATES				
2 years	3.37	3.30	3.05	3.50
3 years	3.64	3.56	3.31	3.60
4 years	3.81	3.75	3.50	3.69
5 years	3.92	3.89	3.64	3.78
10 years	4.33	4.30	4.09	4.19
FOREIGN EXCHANGE				
NZD/USD	0.5786	0.5934	0.6033	0.5820
NZD/AUD	0.8280	0.8386	0.8529	0.9116
NZD/JPY	92.40	93.55	92.56	86.83
NZD/EUR	0.5069	0.5100	0.5091	0.5328
NZD/GBP	0.4373	0.4416	0.4426	0.4480
NZD/CAD	0.7946	0.8062	0.8226	0.8316
TWI	66.3	67.5	68.2	68.4

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