

Research Markets Outlook

23 March 2026

Breman's war stories

- **RBNZ Governor to talk impacts of war tomorrow**
- **Unlikely to pre-empt April OCR decision**
- **But discussion and emphasis will be important**
- **Dairy prices composed, buoyant**
- **Consumer confidence to be hit by fuel price hike?**

Beyond the news flow from the Middle East, local market attention will be on tomorrow's speech by RBNZ Governor Breman to Business NZ's CEO Forum in Auckland. There was always going to be significant interest in what the Governor has to say given recent events. A late change in topic has sharpened focus.

Last Friday the RBNZ said 'Due to the wider economic impact of the ongoing conflict in the Middle East, this speech will now focus on the potential impacts of this evolving situation on the New Zealand economy.'

We already thought the Governor would take the opportunity to comment on recent developments. The change in topic has confirmed that that will indeed be the case.

We will be all ears. Whether the Governor emphasises the growth depleting or inflation enhancing aspects of the conflict remains to be seen, but we would expect the Governor to acknowledge both along with significant uncertainty stemming from the conflict.

Importantly, the RBNZ has said that the speech will not pre-empt the MPC's Monetary Policy Review decision, due on 8 April. The Bank noted that 'The global environment, and other salient factors, will be discussed in full by the MPC when it meets ahead of its April decision.'

Note also that the speech release time has been brought forward. The RBNZ will publish the full text at 9am tomorrow.

It is important to think about what the RBNZ and monetary policy can and cannot do in such situations. Whatever the Bank does with its cash rate, it cannot stop oil prices and near-term inflation heading higher. It also cannot stop the associated hit to growth. Monetary policy changes will have little influence on those near-term outcomes. Indeed, the Remit allows policy makers to look through temporary disturbance like these. We don't know if the conflict and

price pressure will be temporary or not but the more destruction of energy facilities and infrastructure that takes place in the region the more persistent at least some of the price gains are likely to be.

What monetary policy can do is influence medium term inflation and help prevent higher near-term inflation becoming persistent and embedded.

We remain of the opinion that, in the first instance, the RBNZ will choose to sit pat as it assesses the initial stages and uncertainty from this shock. We do, however, expect the Bank to eventually respond to upward pressure on inflation and the upside risk to medium term inflation and inflation expectations by raising the cash rate later this year.

Note the RBNZ's Chief Economist Conway speaks Wednesday on cost-of-living pressures as well as giving a brief update on the economy. The speech is to be published by the RBNZ at 11.10am Wednesday.

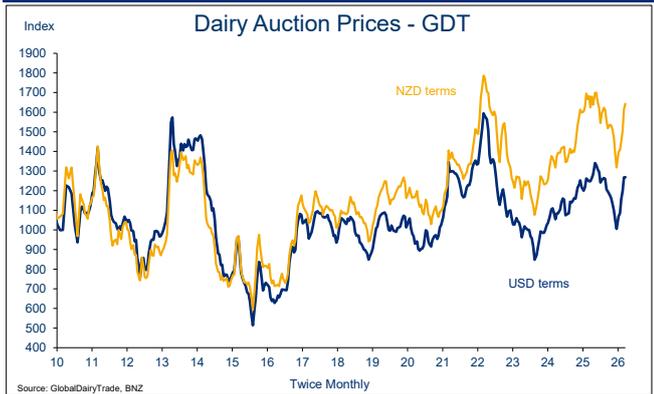
As fuel prices continue to rise, we nudge our base case for annual CPI inflation higher as we have been warning would be the case. We see Q1 CPI at 3.0% and a peak of 4.2% in Q2 2026. This assumes prices stay around current levels for the rest of this month and next, before starting to ease back. There are also likely to be more second round impacts than we have currently built in which would push our medium term forecasts higher. At some point oil prices will unwind and potentially generate a sharp decline in inflation. When, exactly, remains anyone's guess.

For all the focus on the war and what the impact on New Zealand might be, it is worth noting the composure of dairy prices over recent weeks. Primary sector export returns have been positive and a beacon of strength for the economy over the past year or so.

Last week's GDT auction saw prices plateau. The 0.1% gain consolidated a 26% bounce from their low of late last year.

The overall flat result masked significant variation in price movements across major products and there were material changes in buyer composition too.

A positive



North Asia’s (read China’s) share of purchases was 23% (down from 32% at the previous auction). Demand from South east Asia/Oceania, South and Central America, and the Middle East all increased their share of purchases. The Middle East rose to 17% of total from 12% at the previous event.

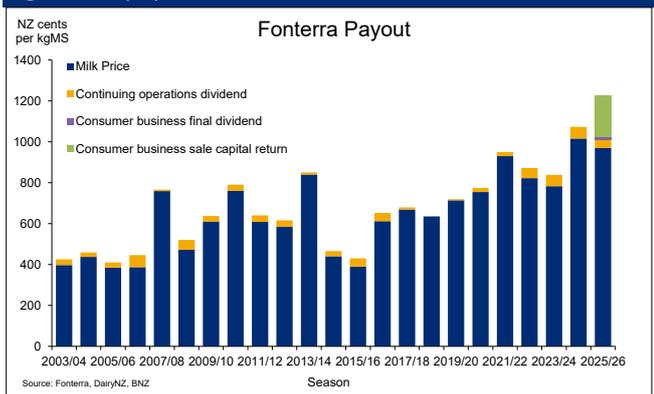
Overall demand at the dairy auction appeared reasonable with good participation and the number of unsatisfied bidders holding above its long-term average. There may well have been some precautionary buying as concerns around logistics, fuel surcharges, and freight availability elevate. But while risks are elevated, trade is still occurring.

This morning’s Fonterra half year results were positive. The co-op lifted its 2025/26 milk price forecast midpoint to \$9.70 from \$9.50. We have been noting upside risk to milk price forecasts from recent GDT outcomes and nudge our own 2025/26 milk price forecast up to \$9.70.

In addition to the strong returns from the elevated milk price, an additional \$2.00 per share to Fonterra shareholders and unit holders will occur following Fonterra’s sale of its global consumer and associated businesses to Lactalis. This one-off payment is expected to occur in April.

Along with dividend payments, this means a fully shared up Fonterra farmer is set to receive about \$12.26 per kilogram of milksolid this season. A marked step up from the previous season’s \$10.73 for milk plus dividend.

Significant payout



This all represents a significant impulse of cash into the economy and has already been a strong support to national income. The following year, of course, is likely to be lower given that the capital return is a one-off.

Looking to the 2026/27 season there is a very wide range of possible milk price outcomes. Current GDT price levels and assumed effective currency rates through the season would see a milk price around \$10.00. That is not our forecast which remains around \$9.00, but it gives a sense of where current spot prices sit.

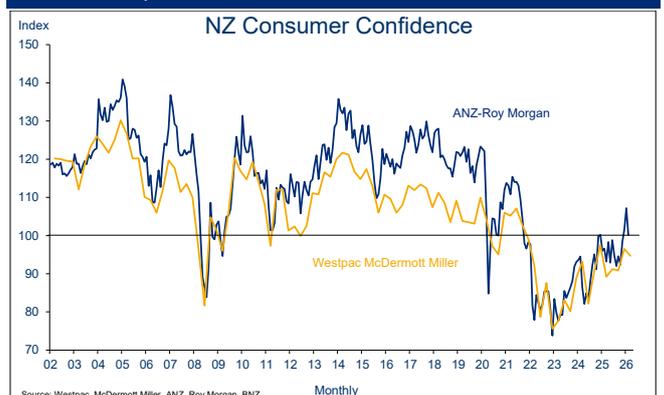
Forecast error bounds are very large in such a highly volatility environment. It was only a few short months ago where then prevailing spot prices would have been consistent with a sub \$8 milk price. Volatility has been extreme. Given the highly uncertain world at present and still strong global milk supply it would be unwise to rule out more volatility. It is not surprising to see some farmers utilising a range of price risk management tools.

Farmers will not be immune to the fallout from the Middle East conflict – from cost pressures, to changes in demand, to logistics for inward and outward goods. It remains to be seen what the balance of influences will mean for dairy prices ahead. There are negatives and positives. Any hit to world growth is a dairy price headwind, while competitors facing higher costs can push prices the other way.

At the same time there are clear upward pressures on costs. Skyrocketing fuel prices are the first and most obvious. Then there are the associated products and services like fertiliser, contractors, and transport. The quantum of how far costs rise is unknowable and, like so many things, depends heavily on how long hostilities in the Middle East persist.

It is very quiet on the data front this week with only ANZ-RM consumer confidence due out, on Friday. Confidence has been trending higher, but we would be surprised if it didn’t drop in March as fuel costs spike. In a similar vein, consumers’ inflation expectations would seem much more likely to rise than fall. It feels more likely a case of assessing the extent of it.

Brace for impact?



Higher fuel prices dent household's purchasing power and business profitability. They are a headwind to household spending and investment. We will be nudging our growth forecasts for 2026 lower as we build in these consequences from the conflict in the Middle East.

The government has signalled it is looking into a 'targeted and temporary' relief package in response to soaring fuel costs. Little specifics have been given beyond the idea of using existing mechanisms through the tax and transfer system, while not favouring a universal cut to fuel excise tax. Minister of Finance Willis has indicated she is keen to get something signed off by cabinet before the Budget.

A reminder of fiscal constraints was given late last Friday when rating agency Fitch, while holding NZ's credit rating at AA+, downgraded the rating outlook to negative from stable. Fitch cited a substantial debt reduction is becoming more difficult to envisage, as fiscal consolidation has been delayed in the past few years. The agency said that 'The

general government debt-GDP ratio has increased substantially over the past six years as the economy has been buffeted by a number of shocks.'

Confidence that the general government debt to GDP ratio can be put on a sustained downward path over the medium term is important to monitor as are the economic recovery, medium-term growth outlook, and external vulnerabilities like the current account deficit.

On open this morning, local markets appeared much more affected by developments offshore with both bond and swap yields higher with the various factors cited by Fitch well known. That said, it is a reminder of the challenges the economy faces.

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Global Watch

- **Developments in the Middle East escalating**
- **Pointing to a prolonged conflict**
- **Global PMIs to show early impacts of the war**
- **Australia headline CPI forecast steady at 3.8%**
- **Japan and UK CPI also seen unchanged**

War in the Middle East continues to overshadow all other developments. Over the weekend, the conflict escalated further, with Iran bombing two cities in Israel and showing off its long-range ballistic missile capability. The WSJ reported that the Pentagon is sending three warships and thousands (2,200-2,500) of additional Marines to the Middle East, even as President Trump insisted he won't put American boots on the ground in Iran, according to US officials. The addition of ground forces sends a signal of a long, drawn-out war, not one that can end quickly.

Internationally, a key event will be G7 foreign ministers meeting on Thursday and Friday to discuss the ongoing Iran and Middle East conflict. Preliminary March readings for S&P Global PMIs (US, UK, and Eurozone) on Tuesday will be parsed closely for evidence of the early impact from the war.

In the US, the Fed's Jefferson will be giving a speech on the state of the US economy on Friday which will be watched closely. In terms of timely data, January construction spending (Monday) and the final March print for University of Michigan consumer sentiment (Friday) are the notable releases.

In Australia, the key data release is Wednesday's CPI, for the month of February. Our colleagues at NAB expect headline to remain unchanged at 3.8% y/y and trimmed-mean at 3.4% y/y. While the data pre-date the conflict in the Middle East, it will provide an important read on inflation momentum heading into it. RBA speakers include Assistant Governor Jones on Wednesday and Assistant Governor Kent at the KangaNews Debt Capital Market Summit on Thursday.

UK CPI for February is also released Wednesday. The core and headline figures are seen unchanged at 3.1% and 3.0% respectively. UK headline inflation is still expected to drop

below 3% over the next three months, though the impact of the Middle East war on inflation will limit the decline. In the Eurozone, the German IFO Business Climate Index for March is released on Wednesday and is likely to reflect the energy crisis.

In Japan, BoJ minutes (Wednesday) and the February CPI print (Tuesday) are the main events next week aside from a final printing of the February machine tool orders.

Key Event Preview

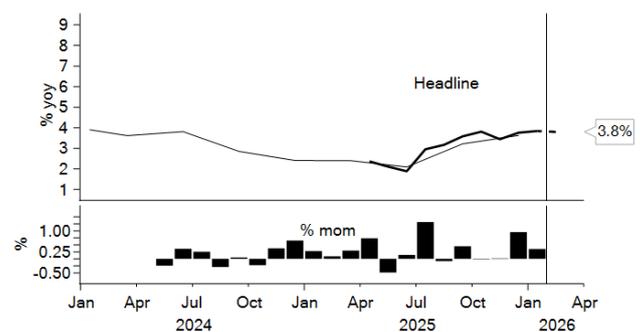
Wednesday

AU CPI (Feb)

NAB expects headline CPI to remain steady at 3.8% y/y and trimmed-mean to be 3.4% y/y in February, which pre-dates the conflict in the Middle East. Fuel prices are expected to fall around 3% m/m in Feb ahead of a more than 25% jump in March. On this basis, NAB have lifted their Q1 CPI forecast to 0.9% q/q, though the February outcome will help refine that estimate.

With most electricity rebates having unwound in January, there are no major policy-related impacts. Shelter inflation remains firm, with rents and new dwelling prices seen to rise at 0.4% and 0.3% m/m, respectively. Market services inflation should ease slightly from January's insurance boosted outcome but remain elevated relative to late 2024 levels.

Consumer Price Index



Source: National Australia Bank, Australian Bureau of Statistics

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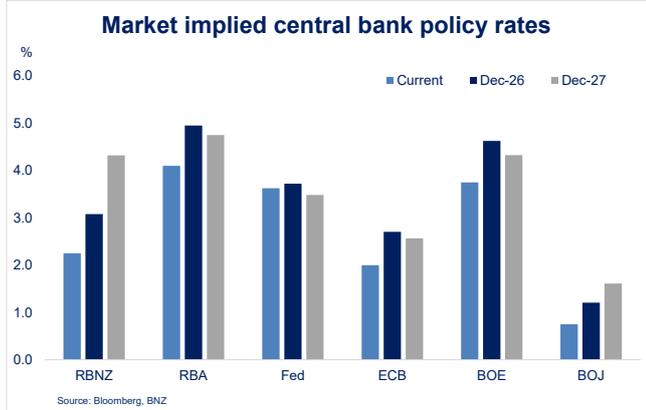
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

A further material sell-off was observed across New Zealand and global fixed-income markets over the past week. Two-year swap rates traded as high as 3.68%, and market pricing now implies close to 95bp of RBNZ tightening over the remainder of this year. Major central bank meetings, including those of the US Federal Reserve (Fed) and the European Central Bank (ECB), maintained a hawkish bias while leaving policy rates unchanged. Notwithstanding this, the magnitude and speed of front-end repricing appeared consistent with stressed market conditions, including episodes of forced liquidation.

Current market pricing suggests that most advanced-economy central banks are expected to tighten policy this year. Relative to pre-conflict levels, the approximately 75bp upward shift in implied 2026 policy expectations for the RBNZ is broadly comparable with the United States and Australia, but materially smaller than the repricing evident across European and UK front ends. In the United States, markets have fully removed expectations of policy easing this year. In the euro area, pricing implies around 75bp of ECB tightening by December. Given signs of stress in short-term interest rate markets, some caution is warranted when interpreting the magnitude of implied tightening.

Significant repricing across global front ends



Against this backdrop, Governor Breman’s speech tomorrow morning represents the key domestic event for NZ rates markets. For the RBNZ, an ECB-style communication framework may be informative: acknowledge the balance of risks, emphasise the importance of keeping longer-term inflation expectations well anchored, avoid pre-committing to a specific path for the Official Cash Rate (OCR), and preserve optionality through a data-dependent, meeting-by-meeting approach. The growth outlook remains soft and energy-related price pressures are uncertain.

The economy enters this period with a relatively subdued growth profile: Q4 GDP was weaker than expected, and the recent decline in the composite PMI further suggests that momentum remains fragile. The rapid increase in wholesale interest rates is likely to place additional upward

pressure on mortgage rates, reinforcing the broader tightening in financial conditions. We have underestimated the extent to which markets could reprice the prospective path for the OCR. Current pricing fully discounts a 25bp hike by May, well ahead of our forecast that the tightening cycle will begin in September. The associated curve flattening—where the 2y/10y curve has retraced to +86bp—appears broadly consistent with the historical sensitivity of curve shape to the level of rates, as well as with developments in comparable markets.

Market pricing fully discounts 25bp RBNZ May hike



Fitch Ratings has revised New Zealand’s long-term credit rating outlook to negative, while affirming the AA+ rating. The revision reflects a more challenging path to meaningful debt reduction following a period of delayed fiscal consolidation amid repeated economic shocks. Fitch highlighted the increase in gross debt-to-GDP and the postponement of a return to operating surpluses. For NZ government bonds, the outlook change increases perceived downgrade risk; however, any near-term market impact is expected to be limited. Ten-year matched-maturity swap spreads have tightened toward the lower end of the +30bp to +40bp trading range, which we expect to remain broadly intact for now.

Current rates and 1-month range

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	2.59	2.48 - 2.59
NZ 2yr swap (%)	3.68	2.90 - 3.68
NZ 5yr swap (%)	4.20	3.43 - 4.20
NZ 10yr swap (%)	4.54	3.88 - 4.54
2s10s swap curve (bps)	86	86 - 103
NZ 10yr swap-govt (bps)	-32	-39 - -32
NZ 10yr govt (%)	4.86	4.35 - 4.79
US 10yr govt (%)	4.38	3.92 - 4.39
NZ-US 10yr (bps)	48	27 - 55
NZ-AU 2yr swap (bps)	-120	-137 - -114
NZ-AU 10yr govt (bps)	-29	-39 - -25

*Indicative range over last 4 weeks

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Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ

Despite the escalating conflict in the Middle East, the US dollar weakened broadly last week, allowing NZD/USD to rise by about 1% to 0.5830. The CAD was similarly soft, resulting in a comparable move in NZD/CAD to 0.80. Other NZD cross rates saw smaller movements, ranging from a 0.4% decline against the euro, to a 0.6% gain against the yen.

Last week, the conflict involving Iran intensified, with an increasing number of strikes targeting energy infrastructure throughout the Gulf region. Notably, Israel attacked Iran’s largest gas field at South Pars, a critical site for Iran’s gas supply and, consequently, its electricity generation and industrial activity. In response, Iran declared this action a red line and warned that it would target enemy infrastructure previously considered safe. Qatar’s largest LNG export facility sustained significant damage following an attack.

The destruction of key energy infrastructure increases the likelihood that oil and gas prices will remain elevated for an extended period. Meanwhile, the Strait of Hormuz remains effectively closed, limiting the movement of oil supplies and other goods throughout the region. The ongoing conflict has now become the most destructive war in the Middle East in terms of its impact on oil supply, surpassing even the two oil shocks of the 1970s.

Three full weeks of war in the Middle East have now passed, and investors are increasingly anticipating a prolonged conflict. Further escalation could take several forms, such as the US seizing Iran’s Kharg Island, deploying US troops on the ground, or Iran choosing to attack other countries and potentially drawing them into the conflict. In NZ, the risk of shortages in petroleum products remains uncomfortably high.

While risk assets have suffered, our risk appetite index has only declined to 60%, which is still above average. We believe markets remain too complacent about the conflict and the potential economic damage it could cause. The conflict continues to broaden, and each week the likelihood of a more severe economic and market impact increases. Risks for NZD/USD remain skewed to the downside.

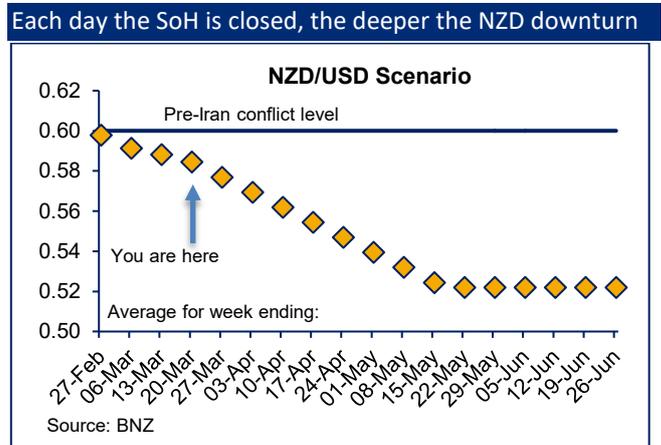
As indicated in previous reports, we have suspended our FX forecasts due to the significant downside risk to NZD/USD arising from the conflict. The main question is the extent of this risk. Our published forecasts are pre-conflict and represent a “best-case” scenario, assuming the conflict ends immediately. We anticipate NZD/USD will remain on a downward trajectory as long as the Strait of Hormuz is closed, deepening the global shock. A recovery from lower levels may occur once the conflict concludes.

Despite last week’s rise in the NZD, we prefer to assess the currency using a smoothed weekly average. On this basis, the NZD has declined over the past three weeks. The chart below continues to best capture our view of the NZD, assuming the Strait of Hormuz remains closed, the conflict persists, and there is no “TACO” moment from Trump. Should the conflict extend into April and May, we see substantial downside potential for the NZD.

Looking ahead to this week, aside from the ongoing focus on the Middle East, there will be strong interest in RBNZ Governor Breman’s speech tomorrow. She will address the impact of the Middle East conflict on NZ. We are keen to gauge her tone regarding the policy outlook, especially in light of the anticipated surge in inflation and the threat to the modest economic recovery currently underway.

Last week featured commentary from several central banks, all of which remain in a wait-and-see stance apart from the RBA. In many respects, the RBNZ’s ultimate policy response will depend on the actions of other central banks. If other central banks raise rates, NZ will likely need to follow suit or risk a currency crisis.

On the global economic calendar, keep an eye on global PMIs and February CPI data for Japan, Australia, and the UK.



Cross Rates and Recent Ranges

	Current	Last wk % chg	Last 3-wks range*
NZD/USD	0.5824	0.9%	0.5770 - 0.6000
NZD/AUD	0.8319	0.4%	0.8230 - 0.8480
NZD/CAD	0.7990	0.9%	0.7920 - 0.8180
NZD/GBP	0.4373	0.0%	0.4360 - 0.4460
NZD/EUR	0.5046	-0.4%	0.5040 - 0.5120
NZD/JPY	92.80	0.6%	92.10 - 94.20

*Indicative range over last 3 weeks, rounded

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Technicals

NZD/USD

Outlook: Trading range
 ST Resistance: 0.5865 (ahead of 60)
 ST Support: 0.57 (ahead of 0.5580)

The NZD trades below its 50-day, 100-day and 200-moving average, which isn't a great sign. We leave support at 0.57, with resistance at the 200-day moving average of 0.5865.

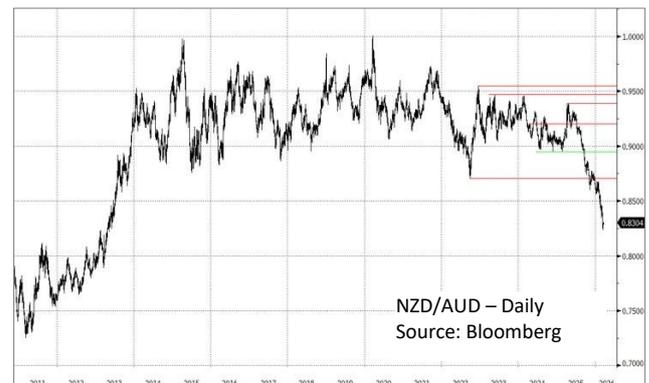


NZD/AUD

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

No change. Downward trend remains in play and there is no obvious near-term support level ahead.

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NZ 5-year Swap Rate

Outlook: Higher
 ST Resistance: 4.85
 ST Support: 3.85

5 year swap has breached through the previous resistance of 3.85, which now becomes new support. New resistance comes in at 4.85%.



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

Outlook: Neutral
 ST Resistance: 0.67
 ST Support: 0.26

2s5s curve continued its flattening last week as we trend back towards support.

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Quarterly Forecasts

Forecasts as at 23 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.)	-0.9	0.9	0.2	0.9	0.7	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	-3.7	-3.7	-3.9	-4.4	-4.6	-4.7	-4.5	-4.2
CPI (q/q)	0.5	1.0	0.6	0.8	1.7	0.4	0.2	0.4	0.9	0.4
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	3.0	4.2	3.6	3.2	2.8	2.0	2.0
GDP (production s.a., y/y)	-1.0	1.1	1.3	0.9	2.8	2.5	2.9	2.7	2.3	2.2

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 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 Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.58	0.70	1.15	1.33	159	0.58	0.83	0.50	0.44	92.7	66.7
Forecasts											
Mar-26	0.60	0.70	1.20	1.37	154	0.60	0.86	0.50	0.44	92.4	67.7
Jun-26	0.62	0.72	1.22	1.38	152	0.62	0.86	0.51	0.45	94.2	69.0
Sept-26	0.63	0.73	1.22	1.38	150	0.63	0.86	0.52	0.46	94.5	69.7
Dec-26	0.63	0.73	1.23	1.38	148	0.63	0.87	0.52	0.46	93.8	69.6
Mar-27	0.63	0.72	1.22	1.36	146	0.63	0.88	0.52	0.46	92.0	69.3
Jun-27	0.63	0.71	1.22	1.35	145	0.63	0.89	0.52	0.47	91.4	69.3
Sept-27	0.63	0.71	1.21	1.34	143	0.63	0.89	0.52	0.47	90.1	69.4
Dec-27	0.62	0.70	1.19	1.34	142	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 23 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	1.4	2.0	2.3	1.1	-0.2	1.4	1.6	2.3
Government Consumption	1.1	-1.3	3.4	1.3	-0.5	0.1	-0.9	2.4	2.3	-0.4
Total Investment	-1.1	-4.9	-0.6	4.7	3.8	-0.3	-4.9	-1.5	3.5	4.4
Stocks - ppts cont'n to growth	-1.4	0.4	0.3	0.2	0.0	-1.2	0.4	-0.1	0.5	0.0
GNE	-0.9	-1.1	1.7	2.7	2.1	-0.7	-1.1	0.8	2.7	2.2
Exports	8.6	3.4	2.6	4.5	3.8	11.5	4.7	2.7	4.3	3.9
Imports	-1.4	1.5	4.8	4.9	3.0	-0.7	1.7	3.4	5.4	3.4
Real Expenditure GDP	1.5	-0.7	0.8	2.4	2.2	2.1	-0.3	0.5	2.1	2.3
GDP (production)	1.8	-0.9	0.6	2.6	2.2	2.2	-0.3	0.2	2.3	2.3
<i>GDP - annual % change (q/q)</i>	1.6	-0.7	0.9	2.7	2.3	1.4	-1.6	1.3	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	451	480	503	413	427	445	473	498
Prices and Employment -annual % change										
CPI	4.0	2.5	3.0	2.8	2.0	4.7	2.2	3.1	3.2	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	-0.5	2.5	4.0	0.7	-0.8	-0.3	1.7	3.9
External Balance										
Current Account - \$bn	-23.8	-18.3	-16.5	-22.4	-18.9	-25.8	-20.0	-16.3	-21.7	-19.8
Current Account - % of GDP	-5.7	-4.2	-3.7	-4.7	-3.8	-6.3	-4.7	-3.7	-4.6	-4.0
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	7.1	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		Median	Fcast	Last	
Monday 23 March				AU	CPI YoY Feb	3.80%	3.80%	3.80%
EC	ECB's Escriva Speaks			AU	CPI Trimmed Mean MoM Feb		0.30%	
EC	ECB Wage Tracker			AU	CPI Trimmed Mean YoY Feb	3.40%	3.40%	3.40%
Tuesday 24 March				AU	RBA's Jones Speaks			
US	0.04		0.18	JN	Machine Tool Orders YoY Feb F		24.20%	
US	Fed's Miran Speaks			UK	CPI YoY Feb	3.00%	3.00%	
US	0.10%		0.30%	UK	CPI Core YoY Feb	3.10%	3.10%	
EC	-14.2		-12.2	UK	CPI Services YoY Feb	4.20%	4.40%	
EC	ECB's Lane, Cipollone & Kocher Speak			GE	IFO Expectations Mar	86	90.5	
NZ	RBNZ's Breman Speaks			Thursday 26 March				
AU	S&P Global Australia PMI Mfg Mar P		51	UK	BOE's Breeden & Greene Speak			
AU	S&P Global Australia PMI Services Mar P		52.8	EC	ECB's Rehn, Kocher & Others Speak			
JN	1.50%		1.50%	US	Current Account Balance 4Q	-\$210.0b	-\$226.4b	
EC	49.6		50.8	US	Fed's Miran Speaks			
EC	51.1		51.9	AU	RBA's Kent Speaks			
UK	53		53.9	GE	GfK Consumer Confidence Apr	-27	-24.7	
UK	50		51.7	Friday 27 March				
Wednesday 25 March				US	Initial Jobless Claims Mar-21	210k	205k	
EC	ECB's Lagarde, Lane & Others Speak			US	Continuing Claims Mar-14	1853k	1857k	
US	ADP Weekly Employment Change Mar-7		9.000k	UK	BOE's Taylor & Greene Speak			
US	Philadelphia Fed Non-Manufacturing Activity Mar		-17.3	NZ	ANZ Consumer Confidence Index Mar		100.1	
UK	BOE's Pill Speaks			US	Fed's Jefferson, Miran & Others Speak			
US	51.2		51.6	UK	GfK Consumer Confidence Mar	-23	-19	
US	52		51.7	UK	Retail Sales Inc Auto Fuel MoM Feb	-0.70%	1.80%	
US	-9		-10	Saturday 28 March				
NZ	RBNZ's Conway Speaks			US	U. of Mich. Sentiment Mar F	54	55.5	
US	Fed's Barr Speaks			US	Kansas City Fed Services Activity Mar		6	
JN	BOJ Minutes of Jan. Meeting			US	Fed's Daly & Paulson Speak			
AU	CPI MoM Feb		0.40%	EC	ECB's Cipollone Speaks			

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	2.25	3.75	2 years	3.64	3.39	2.95	3.42
1mth	2.43	2.43	2.42	3.76	3 years	3.89	3.67	3.19	3.52
2mth	2.48	2.48	2.45	3.70	4 years	4.04	3.84	3.37	3.62
3mth	2.52	2.53	2.49	3.63	5 years	4.15	3.96	3.51	3.72
6mth	2.67	2.67	2.60	3.51	10 years	4.50	4.38	3.99	4.16
GOVERNMENT STOCK					FOREIGN EXCHANGE				
05/28	3.59	3.50	3.10	3.79	NZD/USD	0.5817	0.5861	0.5956	0.5728
05/31	4.28	4.24	3.80	4.23	NZD/AUD	0.8312	0.8288	0.8442	0.9113
04/33	4.48	4.47	4.07	4.45	NZD/JPY	92.69	93.23	92.10	86.32
05/36	4.73	4.73	4.36	4.70	NZD/EUR	0.5041	0.5094	0.5054	0.5303
05/41	5.06	5.07	4.75	5.04	NZD/GBP	0.4371	0.4400	0.4414	0.4432
05/54	5.33	5.32	4.99	5.21	NZD/CAD	0.7980	0.8020	0.8157	0.8202
GLOBAL CREDIT INDICES (ITRXX)					TWI	66.7	66.7	67.6	68.1
Nth America 5Y	66	59	52	57					
Europe 5Y	71	63	53	58					

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