

Research Markets Outlook

12 October 2026

A view from abroad

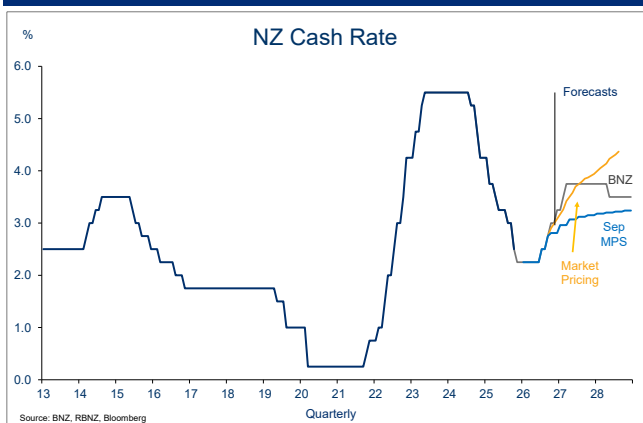
- **NZ seen as fiscally sound**
- **More rate hikes likely**
- **But not as much as market pricing implies**
- **PMI and PSI to add further doubt to growth fears?**
- **Q3 inflation largely irrelevant**

Recently, members of our research and trading teams came back from a tour of Europe and the United Kingdom meeting investors who are interested in participating in New Zealand markets. This was followed up with calls to Asia and the Middle East. Foreign investors ultimately decide the pricing in New Zealand financial markets, so we thought it apt to share the views that we picked up on our travels.

Needless to say, markets are markets because people share differing views on the world. In that regard our meetings reflected this. However, there were some clear themes that dominated our discussions.

Perhaps the strongest of those views was the belief that current market pricing for rate increases in New Zealand was stretched. As things stand the market is, theoretically, pricing in an expected peak in the cash rate of around 4.4%. Almost no one believed that this would be the case. There was an acknowledgement that some of this reflected risk, liquidity and market positioning rather than a true view as to the end-point for rate hikes. But even if one discounts for these factors, it was felt pricing was over the top.

Market gets overzealous?



One could argue that if the majority felt this way rates would already be falling but with recent volatility, an unwillingness to take big positions almost anywhere on the planet let alone in a peripheral market such as New Zealand, and fears that global bond yields may push ever higher meant that investors were not yet willing to back their views with their wallets.

While there was relatively strong conviction about the peak in rates being lower than market pricing there was more disagreement about what the RBNZ might do next. In short, investors were fixated on the dovish tilt of the September Monetary Policy Statement and struggled to find reasons why that tilt would be reversed in the October Monetary Policy Review. We pointed out that compared to RBNZ expectations in September, oil prices were higher, the currency lower, growth more robust and a few central banks had become more concerned about inflation. But this didn't sway many.

We were surprised that few were concerned about the potential for weakness in the New Zealand dollar to produce a more enduring inflation threat. And that if rates don't rise the currency may well fall further.

A number of investors pointed to the fact that soaring global bond yields were acting to tighten monetary conditions, lessening the need for central banks to get involved. We acknowledged this but were quick to point out that longer-dated bond yields do not have as much influence on overall monetary settings in New Zealand because the duration of New Zealand debt tends to be relatively short.

A unanimous feature of our meetings was that almost no one was concerned about the state of New Zealand's fiscal balances. New Zealand was seen as a shining light against the mire of deteriorating fiscal balances across the developed world. This was seen as a clear reason why New Zealand bonds should be outperforming their offshore counterparts. That said, there were many questions as to why any such outperformance has not been a lot stronger than has been the case.

As an aside, no-one we talked to realised that one of the major reasons New Zealand targets low debt levels is to provide security of government funding in the event of a major natural disaster.

The upcoming election was a focus for many. Most understood that a shift to a left leaning government would likely result in higher government expenditure but few saw this as being disastrous for the broader fiscal position. What did surprise us, however, was that not everyone realised a Labour-led government would change the Reserve Bank's remit to include a labour market objective. Also, there was little understanding of how many potential election night outcomes there might be depending on: Opportunity or no Opportunity; the effectiveness of Te Pati Maori's split vote campaign; the possibility of overhangs; a three or four party coalition or even a minority government; and the fact that a very small swing right to left, or the other way round, could have a very big impact.

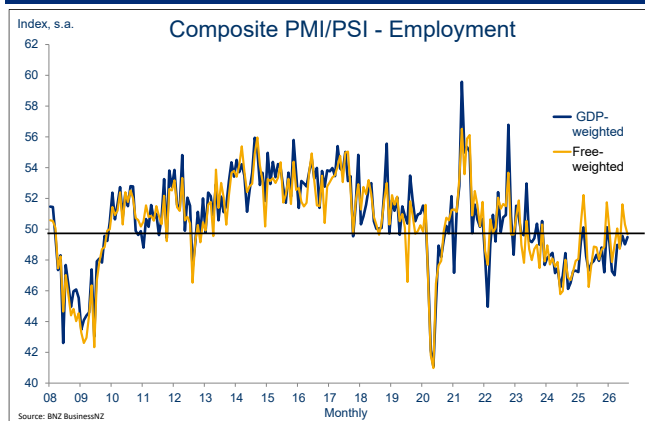
While New Zealand's political landscape might look shambolic to us, we are quick to point out that the rise of political extremism, and all that might entail for Europe, appears a far more unnerving prospect.

One question we weren't entirely prepared for, and it came up in nearly every meeting, was the impact of domestic data centre investments on the New Zealand economy. Its impact will grow markedly in time but, for now, it clearly is not the central focus here as is the case in many economies around the planet.

Looking forward, the domestic data flow across the coming week will allow us to finalise our view on what the RBNZ will do at its October Monetary Policy Review.

Top of mind for us will be the Performance of Manufacturing Index on Friday and the Performance of Services Index on Monday October 19. The majority of indicators that we are seeing are telling us that, despite the recent spike in oil prices, growth is still gaining momentum, and employment is beginning to pick up. This is important as the RBNZ went soft in September for fear that growth might surprise to the downside. It still might but, for now, the data are not suggesting any imminency. We will be looking to the activity and employment indicators in the PMI and PSI for further insights.

Can employment crack 50?



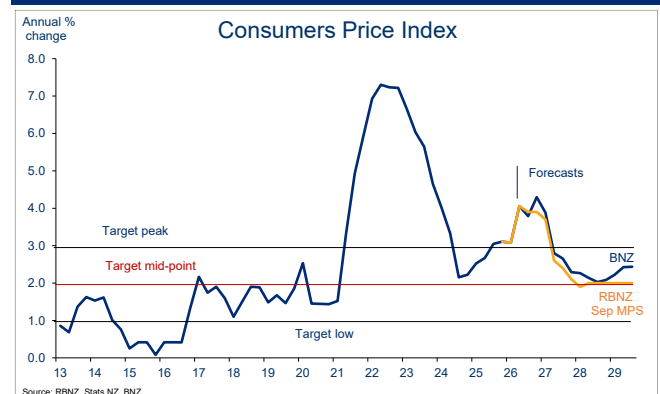
What growth we are seeing is largely centred around exports and investment activity. Household spending remains under pressure from falling real disposable incomes aided and abetted by oil prices. This being so we don't expect much positivity from September electronic card transactions released on Friday.

Where we might see further signs of life is in Wednesday's August tourism data. Tourism has been growing steadily, albeit not spectacularly, for some time now. We expect more of the same story.

Accompanying this will be the latest migration numbers. Net migration has been trending higher of late, and we expect further evidence of this. Nonetheless, we note that recent downward revisions have lowered the track to the extent that it will adversely affect working age population and, in turn, lower New Zealand's potential growth rate.

The other key indicator to keep an eye on is Friday's selected price indices for September. We will be looking for evidence that supports our view of a 0.7% CPI increase for the September quarter, 3.8% for the year. The RBNZ's expectation is 0.8%/3.9% respectively. Would a downside surprise provide the RBNZ with a good excuse not to raise rates in October? No. Wait for the Q4 oil-impacted reading which we believe will see the annual CPI surge to 4.3%. And if that's not enough to worry about, the medium-term inflationary impact of the recent currency depreciation certainly is.

Upside risks dominate



stephen_toplis@bnz.co.nz

Global Watch

- **IMF/World Bank Annual Meetings a key focus**
- **Aus unemployment expected to hold steady**
- **US CPI data released Wednesday**

The IMF/World Bank Annual Meetings run in Bangkok all week from Monday. The IMF World Economic Outlook is released Tuesday, and G20 finance ministers and central bank governors meet Thursday. There is a large collection of central bank speakers attending: The Fed's Warsh (Friday), BoE's Bailey (Friday-Saturday) and Pill (Wednesday and Thursday), ECB's Lagarde (Wednesday), and BoC's Macklem (Thursday-Friday).

Australian labour market data for September a key release on Thursday. NAB expect employment growth of +20k and the unemployment rate to hold steady at 4.6%, in line with consensus. August's jump looked partly driven by residual seasonality, but that's not enough to make a 4.5% outcome the base case. On Tuesday the NAB Business Survey is released, and the RBA minutes for the September meeting will be assessed for any clues on the hurdle for further tightening.

Japanese markets are shut Monday followed by PPI on Tuesday and machine orders and industrial production on Thursday. BoJ's Koeda (Thursday) and Uchida (Friday) both speak. China's CPI, PPI and trade are released Wednesday.

In the US, Bond markets are shut Monday for Columbus Day. September CPI (Wednesday) is the main print for the week, followed by retail sales and PPI (both Thursday) and industrial production (Friday). Major bank earnings start on Tuesday with JPM, Goldman, Citi and Wells Fargo. The Fed's Beige Book is out on Wednesday. In Canada, housing starts (Friday) and manufacturing sales (Thursday) are due.

Final euro area September inflation data is released on Tuesday, alongside August trade data. ECB speakers from Wednesday onwards and French finances will remain a significant market focus. UK August GDP data on Thursday is expected to give back some of the surprise 0.4% July jump, with forecasts ranging from 0% to -0.3%. On Monday and Thursday markets will be looking for indications from Breeden on whether she's likely to switch voting to a hike in November from a hold vote at the last meeting.

Key Event Previews

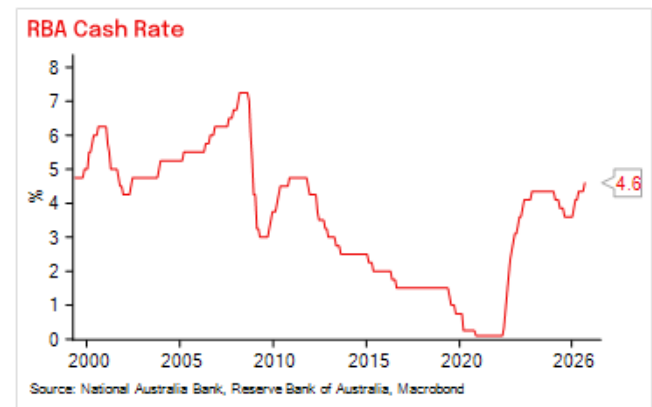
Tuesday

AU RBA Minutes (Sep)

The RBA unanimously decided to lift the cash rate by 25bp to 4.6% at its September meeting because of elevated inflation and upside risks to inflation materialising. That was the only unanimous vote to hike this year. The Governor's press conference revealed they assess policy as restrictive and that a hold was considered. The Minutes

will be closely watched for clues on how high the bar is for a further hike.

NAB continue to expect the RBA to remain on hold from here, but acknowledge the near-term risk sits with a further hike.

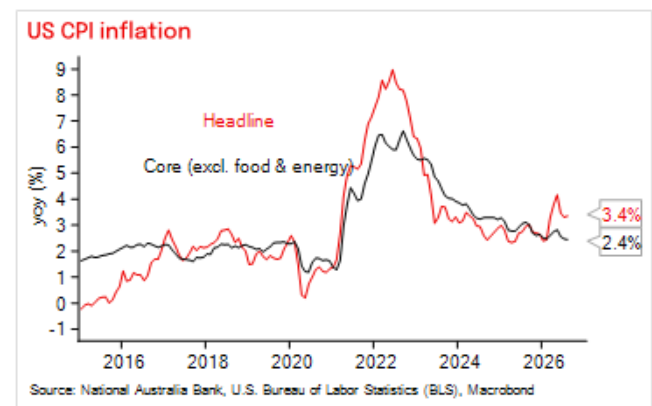


Wednesday

US CPI

The stakes are much lower this month than ahead of September's FOMC meeting, when markets treated the core CPI print as the decisive signal for Fed policy. This reflects the chorus of senior Fed officials all indicating no great urgency for further hikes. Market pricing for a hike has receded to 18% for October. The recent moderate PCE readings and a softer nonfarm payroll print for September are also helping here.

One focus will be on the read through to the Fed's preferred PCE measure, estimates for which will be firmed up by PPI data the following day. If the CPI/PPI prints lead to expectations of a high September core PCE (of 0.3% m/m or more) could see an October hike come back into play, but for now NAB continue to expect another hike in December (with the risk of an additional move in Q1 2027).



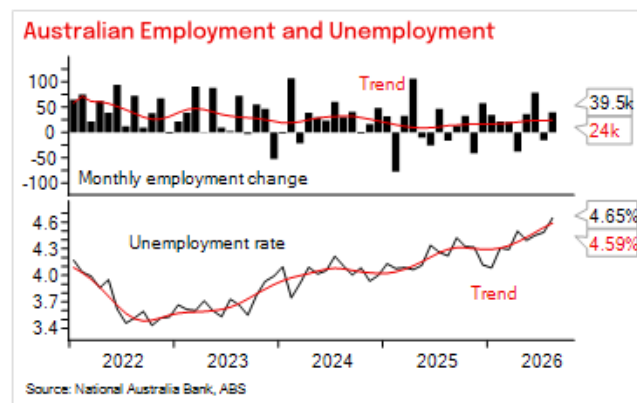
Thursday

AU Employment (Sep)

NAB have pencilled in employment growth of +20k and the unemployment rate remaining at 4.6% with some downside risk. This would leave the unemployment rate marginally above the RBA's August SoMP forecast of 4.5% for Q4. However, NAB don't see this result as materially impacting their assessment of the labour market unless the unemployment rate continues to surprise higher through to year-end. Much of the cooling has been a positive supply story, and labour demand indicators remain resilient.

The jump in unemployment in August looked partly due to residual seasonality alongside methodology changes as a part of the ABS' Labour Force Modernisation project. While that sets up the prospect of some payback this month, two factors stop a 4.5% print from being the base

case. The eighth of the survey sample dropping out this month has an unusually low unemployment, and the unemployment rate can move almost a full tenth lower without tripping a rounding barrier.



india_power@bnz.co.nz

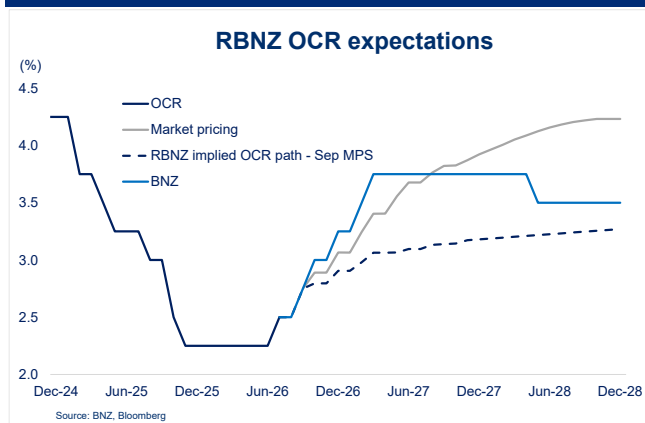
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ rates largely consolidated last week in a continuation of the recent price action since September's sharp sell-off. Moves across the curve were modest, with the QSBO reinforcing the case for further RBNZ tightening but generating little market reaction. Offshore markets remain the primary driver of NZ rates. Pricing for the 28 October Policy Review is little changed and continues to imply around a 60% probability of a 25bp OCR increase, which we believe understates the likelihood of a hike. Domestic catalysts remain limited in the near term, with the calendar largely clear until Friday's inflation partials and manufacturing PMI.

Compared with our baseline OCR forecasts, the largest divergence in market pricing emerges beyond the one-year horizon, where investors continue to price materially more tightening than we expect. While market pricing can deviate from the underlying expected OCR path due to hedging demand and investor flows, this part of the curve appears to offer the most compelling relative value from our perspective. That said, elevated volatility across global rates markets may continue to delay any convergence between market pricing and our baseline view.

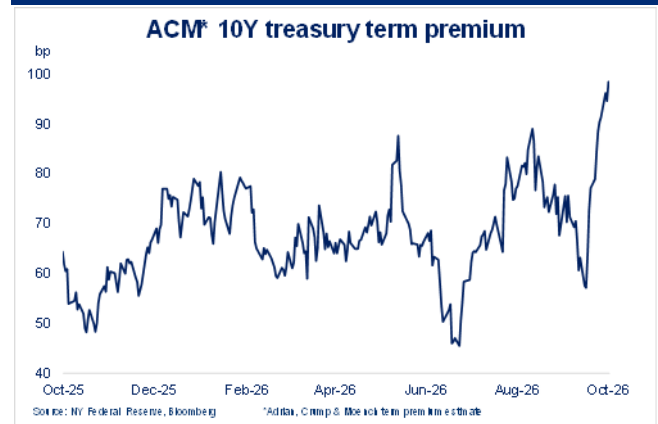
Market-implied OCR track above our projections



The NZGB market is approaching one of its periodic coupon payment windows, with around \$1.3bn due over the coming week and a further \$2.2bn in November. Around \$0.2bn of the October payments relate to bonds held in the RBNZ's LSAP portfolio and therefore will not be reinvested. More broadly, however, these cashflows should support demand at upcoming tenders and provide a modest tailwind for NZGBs relative to swaps as investors reinvest proceeds back into the government bond curve at a time when the PREFU-updated supply outlook is benign. While unlikely to dominate broader macro drivers, the seasonal cashflow profile provides a constructive technical backdrop for NZGB asset swap spreads.

Volatility remains elevated across global fixed income markets, with long-end sovereign bond yields reaching fresh multi-year highs. The 10-year UST yield rose to 5.35% last week despite the market continuing to pare expectations of an October Fed rate hike. The divergence suggests factors beyond the near-term policy outlook are playing a larger role, including a rise in term premium, the additional compensation investors demand for holding longer-dated bonds. Consistent with this view, widely followed estimates of US term premium have moved sharply higher since the Fed's September meeting.

Estimates for term premium surge



While the recent rise in term premium has attracted considerable attention, it is only one factor behind higher global bond yields. Investors have steadily revised the expected path of policy rates higher across major economies as activity has remained resilient and central banks have signalled rates may need to stay restrictive for longer. Recent US auction results suggest demand remains healthy at higher yield levels, while stable 10-year swap spreads provide little evidence markets are struggling to absorb increased issuance. Higher term premium has contributed to the sell-off, but higher-for-longer policy expectations remain the primary driver.

Current Rates/Spreads and Recent Ranges

	Current	Last 4-weeks range*
NZ 90d bank bills (%)	3.22	2.55 - 3.24
NZ 2yr swap (%)	4.02	3.69 - 4.15
NZ 5yr swap (%)	4.39	4.07 - 4.52
NZ 10yr swap (%)	4.76	4.46 - 4.84
2s10s swap curve (bps)	74	61 - 72
NZ 10yr swap-govt (bps)	-30	-33 - -29
NZ 10yr govt (%)	5.05	4.79 - 5.12
US 10yr govt (%)	5.24	4.73 - 5.30
NZ-US 10yr (bps)	-18	-22 - 7
NZ-AU 2yr swap (bps)	-91	-115 - -82
NZ-AU 10yr govt (bps)	-28	-45 - -25

*Indicative range over last 4 weeks

stuart_ritson@bnz.co.nz

Foreign Exchange Market

Reuters pg BNZFWDS Bloomberg pg BNZ

With little newsflow last week, currency markets recorded only modest moves. The NZD was net flat at 0.5615, breaking a six-week losing streak. Moves in NZD crosses were also modest, with most little changed apart from small gains against the yen and euro and a small loss against the AUD.

The USD DXY index, in which the euro has a hefty weight, rose to a fresh 18-month high. Elevated oil prices continue to support the USD, alongside its high yield and expectations that the Fed will hike at least three more times over the next year. An escalation in the Middle East conflict involving Iran and Iranian-backed Houthi forces remains supportive of oil and energy prices, and thereby the USD. Compounding the euro's woes, EUR/USD broke below technical support around 1.12, while the currency remains under pressure from European political risks—the rise of the AfD in Germany, Spain's PM calling a snap election, and ongoing angst over France's fiscal trajectory.

Domestically, a key takeaway from the NZ QSBO was that the real indicators pointed to an ongoing economic recovery, which should reassure those concerned about New Zealand's growth trajectory. Employment intentions strengthened significantly, while labour became more difficult to find. Inflation gauges remained elevated, although they eased slightly from the previous quarter.

The NZD's stability against a backdrop of ongoing support for the USD tentatively suggests that selling pressure on the Kiwi may have been exhausted, with signs of support around 0.5580. Since the RBNZ's early-September MPS, NZD/USD has fallen by close to 5%. We attribute about half of the decline to the RBNZ's decision to signal a possible pause in the tightening cycle, and the other half to global forces that have driven a broadly stronger USD.

Near-term global forces that could affect NZD/USD include this week's US CPI data, any development that changes the expected trajectory of US monetary policy, and movements in oil and energy prices following the recent increase in military action across the Middle East.

Domestic factors include the RBNZ's policy update later this month, when we expect another hike while the market is not showing high conviction in that outcome, and uncertainty surrounding the November general election. Our central view is that any further downside from current levels will be limited, but we remain cautious about the three-to-six-month outlook, with NZ's low yields in an elevated-risk environment representing a significant drag.

Given the current focus on the euro, it is timely to offer some perspective on the NZD/EUR cross rate. Unlike many other NZD crosses, it has not recently reached a fresh multi-year low. The lows recorded earlier this year have held, including below 0.49 in January, below 0.4925 in April, and below 0.4950 in June. The recent intraday low was 0.4959. European political risks noted above,

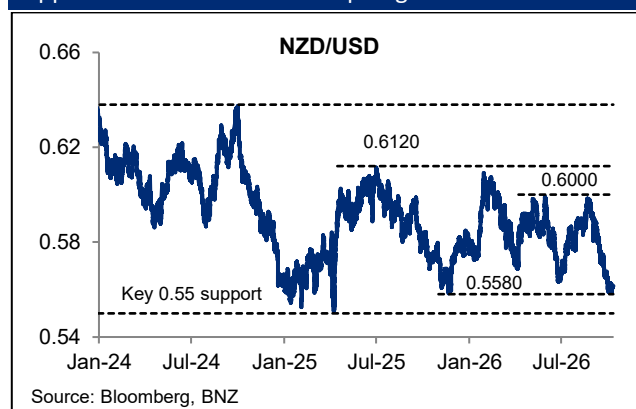
particularly France's predicament, have helped to keep the cross above these lows.

We see scope for France's country risk premium to remain elevated for some time ahead of the April/May 2027 presidential election, creating a likely ongoing headwind for the euro. We were already mildly positive on the medium-term outlook for this cross, based on the likelihood of widening NZ–EU rate spreads, as the RBNZ has much more work to do than the ECB to bring inflation under control. Our projections through 2027 have the cross rate centred around 0.50–0.51, but at the current juncture we see more upside than downside risk to that projection.

In the week ahead, the key global releases will be US CPI, PPI, and retail sales data. The consensus expects core CPI to rise by 0.2% m/m. An upside surprise would increase the likelihood of the Fed tightening in October—currently only 4 bps is priced—and thereby support the USD. A number of Fed officials are scheduled to speak, some of whom we have already heard from, while Fed Chair Warsh speaks at the end of the week.

Domestic attention will focus on the PMI and monthly CPI indicators released on Friday. Elsewhere, the calendar looks quiet, although Australia's labour market report could be important for RBA rate-hike expectations and the AUD.

Support at 0.5580 after recent plunge



Cross Rates and Recent Ranges

	Last wk		
	Current	% chg	Last 3-wks range*
NZD/USD	0.5616	0.0%	0.5580 - 0.5730
NZD/AUD	0.8047	-0.4%	0.8010 - 0.8130
NZD/CAD	0.8010	0.0%	0.7950 - 0.8070
NZD/GBP	0.4243	0.0%	0.4230 - 0.4300
NZD/EUR	0.5018	0.4%	0.4960 - 0.5020
NZD/JPY	88.87	0.3%	88.10 - 90.50

*Indicative range over last 3 weeks, rounded

jason.k.wong@bnz.co.nz

Technicals

NZD/USD

Outlook: Downside risk
 ST Resistance: 0.60 (ahead of 0.6120)
 ST Support: 0.5580 (ahead of 0.55)

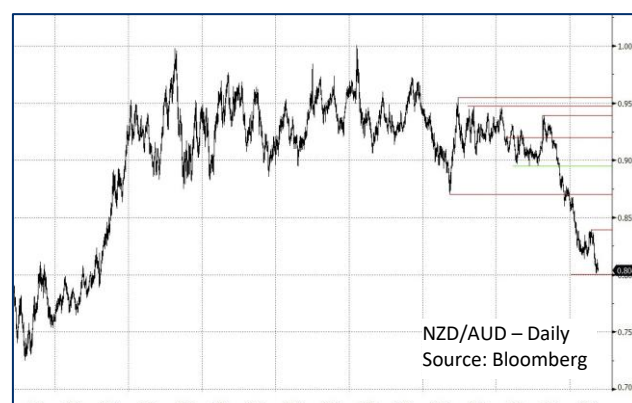
Support at 0.5580 has been validated, with no break of that level last week after six consecutive weekly falls.



NZD/AUD

Outlook: Downside risk
 ST Resistance: 0.84 (ahead of 0.87)
 ST Support: 0.80

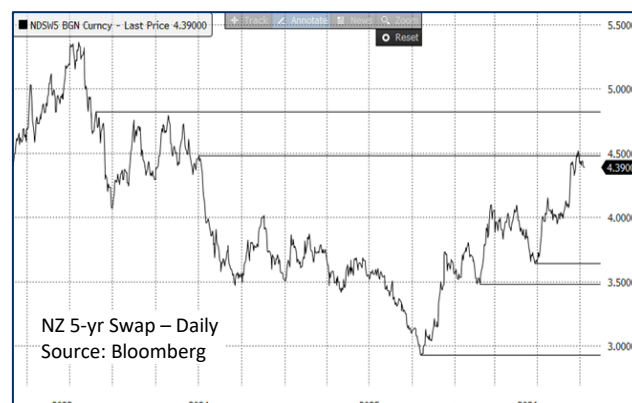
There is some indicative support around 0.80, but nothing below that level.



NZ 5-year Swap Rate

Outlook: Lower
 ST Resistance: 4.48
 ST Support: 4.10

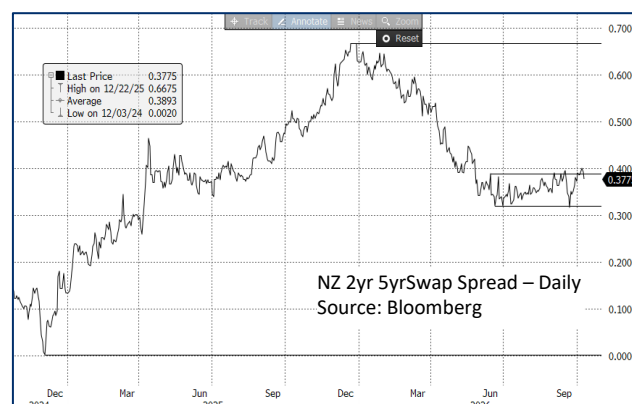
5-year swap was little changed on the week after initially moving slightly higher.



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

Outlook: Neutral
 ST Resistance: 0.67
 ST Support: 0

2s5s curve tried to break higher last week but ultimately failed to do so as we closed the week back within the recent tight range.



jason.k.wong@bnz.co.nz

Quarterly Forecasts

Forecasts as at 12 October 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Forecasts				
						Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-0.6	0.9	0.5	0.9	0.2	0.5	0.4	0.6	0.7	0.7
Retail trade (real s.a.)	0.7	2.0	0.8	1.0	-0.5	0.9	0.2	0.6	0.7	0.8
Current account (ann, % GDP)	-3.6	-3.1	-3.0	-3.0	-3.2	-3.6	-4.3	-4.6	-4.5	-4.4
CPI (q/q)	0.5	1.0	0.6	0.9	1.5	0.7	1.1	0.5	0.4	0.6
Employment	-0.2	0.0	0.5	0.2	0.5	0.4	0.5	0.5	0.6	0.7
Unemployment rate %	5.2	5.3	5.4	5.4	5.6	5.6	5.5	5.4	5.3	5.2
Pr. avg hourly earnings (ann %)	4.6	4.1	3.5	3.5	3.0	3.1	3.2	3.8	3.2	3.2
Trading partner GDP (ann %)	3.4	3.2	3.3	3.6	3.2	2.9	2.8	2.8	2.8	2.9
CPI (y/y)	2.7	3.0	3.1	3.1	4.1	3.8	4.3	3.9	2.8	2.7
GDP (production s.a., y/y)	-0.9	1.2	1.6	1.7	2.6	2.2	2.1	1.7	2.2	2.4

Interest Rates

Historical data - qtr average

Forecast data - end quarter

Historical data - qtr average Forecast data - end quarter		Government Stock				Swaps			US Rates		Spread
		Cash	90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR	US 10 yr	NZ-US
		Bank Bills							3 month		Ten year
2025	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
2026	Mar	2.25	2.50	3.96	4.52	3.12	3.71	4.15	3.65	4.20	0.33
	Jun	2.25	2.62	4.11	4.61	3.48	3.89	4.25	3.65	4.40	0.19
	Sep	2.58	2.98	4.24	4.77	3.72	4.08	4.45	3.85	4.75	0.02
Forecasts											
2027	Dec	3.25	3.75	4.40	4.95	4.00	4.25	4.65	4.15	4.90	0.05
	Mar	3.75	4.00	4.30	4.90	3.95	4.20	4.65	4.15	4.80	0.10
	Jun	3.75	4.00	4.20	4.90	3.90	4.15	4.70	4.15	4.75	0.15
	Sep	3.75	4.00	4.15	4.85	3.85	4.10	4.65	4.15	4.65	0.20
	Dec	3.75	4.00	4.15	4.90	3.80	4.10	4.70	4.15	4.65	0.25
2028	Mar	3.75	3.85	4.10	4.85	3.75	4.05	4.65	3.90	4.60	0.25

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.56	0.70	1.12	1.32	158
Forecasts					
Dec-26	0.58	0.71	1.15	1.33	155
Mar-27	0.58	0.70	1.15	1.32	153
Jun-27	0.58	0.69	1.15	1.31	151
Sept-27	0.59	0.68	1.15	1.31	150
Dec-27	0.59	0.67	1.15	1.31	149
Mar-28	0.60	0.68	1.14	1.30	148
Jun-28	0.61	0.69	1.14	1.30	147

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
	0.56	0.80	0.50	0.42	88.6	63.9
Forecasts						
Dec-26	0.58	0.81	0.50	0.43	89.1	64.9
Mar-27	0.58	0.82	0.50	0.44	88.0	64.8
Jun-27	0.58	0.84	0.50	0.44	87.6	65.3
Sept-27	0.59	0.87	0.51	0.45	88.5	66.8
Dec-27	0.59	0.88	0.51	0.45	87.9	67.0
Mar-28	0.60	0.88	0.53	0.46	88.8	68.0
Jun-28	0.61	0.88	0.54	0.47	89.7	69.0

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 12 October 2026	March Years					December Years				
	Actuals		2026	Forecasts		Actuals		2025	Forecasts	
	2024	2025		2027	2028	2023	2024		2026	2027
GDP - annual average % change										
Private Consumption	1.3	0.1	1.3	1.1	2.3	1.1	0.3	1.0	1.1	1.9
Government Consumption	1.1	-1.4	3.7	0.3	1.0	0.1	-1.0	2.4	2.0	0.3
Total Investment	-1.2	-5.0	0.2	5.5	3.7	-0.4	-4.9	-1.2	4.6	4.2
Stocks - ppts cont'n to growth	-1.4	0.4	0.3	0.1	0.1	-1.2	0.4	-0.1	0.4	0.0
GNE	-0.9	-1.0	1.9	1.8	2.4	-0.8	-0.9	0.7	2.3	2.1
Exports	8.4	3.0	4.1	6.9	3.4	12.0	3.6	4.3	6.6	3.8
Imports	-1.5	0.7	6.3	3.9	2.6	-0.8	1.1	3.7	6.1	2.2
Real Expenditure GDP	1.5	-0.5	1.3	2.5	2.6	2.2	-0.2	0.7	2.6	2.4
GDP (production)	1.8	-0.9	0.9	2.1	2.6	2.2	-0.3	0.3	2.1	2.3
GDP - annual % change (q/q)	1.5	-0.7	1.7	1.7	3.0	1.4	-1.6	1.6	2.1	2.8
Output Gap (ann avg, % dev)	1.2	-0.5	-1.0	-0.5	0.0	1.4	-0.1	-1.1	-0.4	-0.2
Nominal Expenditure GDP - \$bn	417	432	452	474	499	413	428	446	468	493
Prices and Employment -annual % change										
CPI	4.0	2.5	3.1	3.9	2.3	4.7	2.2	3.1	4.3	2.3
Employment	1.0	-0.9	0.5	1.9	2.8	2.6	-1.3	0.2	1.6	2.6
Unemployment Rate %	4.4	5.2	5.4	5.4	5.0	4.0	5.1	5.4	5.5	5.1
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	3.5	3.8	3.2	6.6	4.0	3.5	3.2	3.2
Productivity (ann av %)	-0.6	0.1	1.3	0.7	0.1	-0.7	0.1	1.2	1.0	0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.4	2.4	3.1	7.1	4.7	2.9	2.0	3.1
House Prices (stratified, mth)	2.7	-0.7	0.2	-1.8	3.3	0.7	-0.8	-0.3	-1.0	2.0
External Balance										
Current Account - \$bn	-23.3	-19.0	-13.7	-21.9	-16.9	-24.8	-20.9	-13.5	-20.2	-18.9
Current Account - % of GDP	-5.6	-4.4	-3.0	-4.6	-3.4	-6.0	-4.9	-3.0	-4.3	-3.8
Government Accounts - June Yr, % of GDP										
OBEAL ex ACC (core op. balance) (Treasury forecasts)	-2.1	-2.1	-1.9	-1.4	-0.2					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.7	41.8	40.9	43.7	43.9					
Bond Programme - \$bn (Treasury forecasts)	39.3	42.6	35.0	30.0	28.0					
Bond Programme - % of GDP	9.4	9.9	7.8	6.3	5.6					
Financial Variables ⁽¹⁾										
NZD/USD	0.61	0.57	0.58	0.58	0.60	0.62	0.57	0.58	0.58	0.59
USD/JPY	150	149	159	153	148	144	154	156	155	149
EUR/USD	1.09	1.08	1.16	1.15	1.14	1.09	1.05	1.17	1.15	1.15
NZD/AUD	0.93	0.91	0.83	0.82	0.88	0.93	0.91	0.87	0.81	0.88
NZD/GBP	0.48	0.44	0.44	0.44	0.46	0.49	0.45	0.43	0.43	0.45
NZD/EUR	0.56	0.53	0.51	0.50	0.53	0.57	0.55	0.49	0.50	0.51
NZD/YEN	91.1	85.4	92.8	88.0	88.8	89.5	88.4	90.3	89.1	87.9
TWI	71.2	67.9	66.8	64.8	68.0	72.0	68.5	66.8	64.9	67.0
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.75	3.75	5.50	4.25	2.25	3.25	3.75
90-day Bank Bill Rate	5.64	3.60	2.50	4.00	3.85	5.63	4.26	2.49	3.75	4.00
5-year Govt Bond	4.60	4.00	4.10	4.30	4.10	4.50	3.90	3.90	4.40	4.15
10-year Govt Bond	4.60	4.50	4.65	4.90	4.85	4.65	4.45	4.50	4.95	4.90
2-year Swap	4.91	3.35	3.32	3.95	3.75	4.93	3.53	2.98	4.00	3.80
5-year Swap	4.40	3.65	3.87	4.20	4.05	4.43	3.63	3.61	4.25	4.10
US 10-year Bonds	4.20	4.25	4.25	4.80	4.60	4.00	4.40	4.15	4.90	4.65
NZ-US 10-year Spread	0.40	0.25	0.40	0.10	0.25	0.65	0.05	0.35	0.05	0.25

⁽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 12 October				JN	Capacity Utilization MoM Aug		0.50%
UK				JN	Industrial Production YoY Aug F		3.40%
CH			-5.30%	UK	Monthly GDP MoM Aug	-0.10%	0.40%
Tuesday 13 October				UK	Industrial Production YoY Aug	0.70%	0.60%
UK				UK	Manufacturing Production YoY Aug	2.40%	2.60%
US				UK	Index of Services MoM Aug	-0.10%	0.40%
JN	7.60%		7.60%	UK	Trade Balance GBP/Mn Aug	£4300m	-
AU			-8	UK	BOE's Bailey, Greene, Breeden Speak		
US				CA	BoC Senior Deputy Governor Rogers Speaks		
Wednesday 14 October				EC	Industrial Production WDA YoY Aug	-0.10%	0.00%
US	-0.50%		-2.00%	JN	BOJ Board Member Koeda Speaks		
UK				CA	BoC Governor Macklem Speaks		
US				Friday 16 October			
NZ				US	Empire Manufacturing Oct	12.6	7.6
NZ			3010	US	Initial Jobless Claims Oct - 10	200k	197k
CH	4.50%		3.80%	US	PPI Final Demand YoY Sep	5.40%	5.40%
CH	1.00%		0.80%	US	Fed's Warsh, Hammack Speak		
EC				NZ	BusinessNZ Manufacturing PMI Sep		53.1
CH	25.40%		25.00%	NZ	Non-Resident Bond Holdings Sep		58.90%
CH	24.00%		28.20%	UK	BOE Governor Speaks		
CH	\$118.10b		\$119.09b	EC	ECB's Nagel, Germany's Klingbeil Speak		
US			0.30%	CA	BoC Governor Tiff Macklem Speaks		
US	3.60%		3.40%	CA	Existing Home Sales MoM Sep		-0.70%
CA	3.00%		-17.30%	EC	Trade Balance NSA Aug		14.2b
US			-0.30%	EC	CPI YoY Sep F	3.80%	3.80%
EC				JN	BOJ Deputy Governor Uchida Speech		
US				Saturday 17 October			
US				CA	BoC External Deputy Governor Alexopoulos Speaks		
AU	4.60%	4.60%	4.60%	US	New York Fed Services Business Activity Oct		-8.7
Thursday 15 October				US	Manufacturing Production MoM Sep	0.30%	-0.30%
EC				US	Capacity Utilization Sep	76.50%	76.30%
US				UK	BOE's Bailey Speaks		
EC							

Historical Data

Today Week Ago Month Ago Year Ago

CASH AND BANK BILLS

Call	2.75	2.75	2.75	2.50
1mth	3.00	3.02	2.95	2.65
2mth	3.11	3.12	3.04	2.60
3mth	3.22	3.22	3.13	2.54
6mth	3.43	3.42	3.38	2.52

GOVERNMENT STOCK

05/28	3.83	3.83	3.91	2.87
05/31	4.49	4.49	4.50	3.52
04/33	4.75	4.74	4.74	3.84
05/36	5.06	5.04	5.01	4.22
05/41	5.40	5.39	5.37	4.72
05/54	5.61	5.60	5.60	5.04

GLOBAL CREDIT INDICES (ITRXX)

Nth America 5Y	58	59	52	57
Europe 5Y	63	64	54	59

Today Week Ago Month Ago Year Ago

SWAP RATES

2 years	4.02	4.01	4.03	2.55
3 years	4.18	4.18	4.19	2.73
4 years	4.29	4.30	4.31	2.90
5 years	4.39	4.40	4.40	3.05
10 years	4.76	4.76	4.73	3.64

FORBGN EXCHANGE

NZD/USD	0.5614	0.5601	0.5778	0.5725
NZD/AUD	0.8041	0.8033	0.8093	0.8788
NZD/JPY	88.88	88.43	89.17	87.17
NZD/EUR	0.5011	0.4990	0.5004	0.4949
NZD/GBP	0.4242	0.4236	0.4280	0.4294
NZD/CAD	0.8003	0.7986	0.8032	0.8035

TWI	63.9	63.7	65.1	66.5
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Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

India Power
Economist

Mike Jones
BNZ Chief Economist

Main Offices

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

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

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

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