2 November 2026

Next stop: the election

- **RBNZ discourse risks heightened volatility**
- **Labour market turning the corner**
- **Wages will move with a very long lag**
- **Election outcome may be unclear for some time**
- **Markets should take it in their stride**

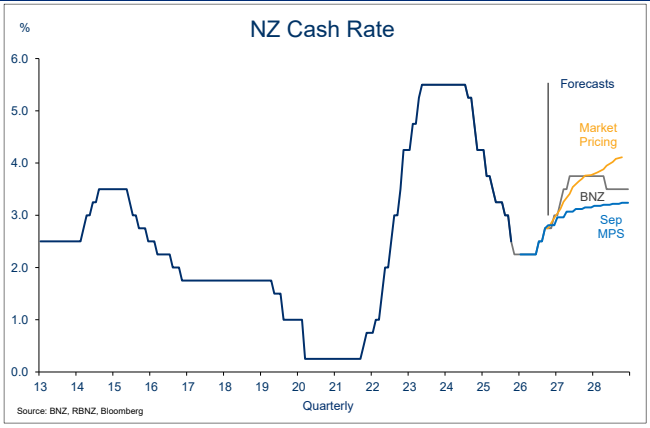
The dust is now settling on the RBNZ's surprise October Monetary Policy Review. The debate will rage on as to whether the decision was the correct one or not, but we think most would at least agree it was unexpected. To the extent that financial markets were pricing in a rate increase with almost certainty they were certainly caught wrong-footed.

Was this the right decision? Plausibly. The rationale would go something along the lines of: the economy is not gaining sufficient momentum; medium term inflationary pressures are fading despite the inflationary impact from rising oil prices and the falling NZD; and the cash rate is nearing neutral so there may be little more to do. This is not a view we share but we can see how some might come to this conclusion.

What we still don't get is why the RBNZ didn't raise rates when its commentary so strongly indicated more rate increases will be needed and maybe even more than suggested in September. From our perspective the Bank missed a free hit in overlooking the opportunity to move a little early and more gradually while minimising volatility in interest rates, the exchange rate and real activity as prescribed in the Bank's remit. If the Bank was concerned at just how high the market predictions for the peak in the cash rate were then it would also have been an opportune time to fire a warning shot across the bows which, potentially, could have lowered medium term rates. Instead, its actions created increased interest rate and exchange rate volatility and significantly heightened uncertainty about its forthcoming actions.

For what it's worth we remain relatively confident the cash rate will be raised in December. The Governor said this was highly likely, and with the three who thought that rates should rise in October unlikely to change their minds, it would seem like a done deal. Of course, we said something akin to this prior to the October decision.

Rates still going to rise



There is certainly at least one member of the Monetary Policy Committee who is not convinced, Carl Hansen. In an interview with The Post he stated that from his perspective December is a 50/50 call. A summary of his comments is on the RBNZ's website but The Post story puts his commentary into much better context.

One thing he alluded to that causes us some concern is that the Bank seems to need a stronger consumer spending profile before acting. This was also hinted at in the MPR summary record of meeting. While we fully understand it will be a great day when consumer spending recovers, equally we note that the main reason it is subdued is that inflation is eroding real disposable incomes. Perhaps, if inflation was to be reduced by a less stimulatory monetary policy stance real disposable incomes might start rising.

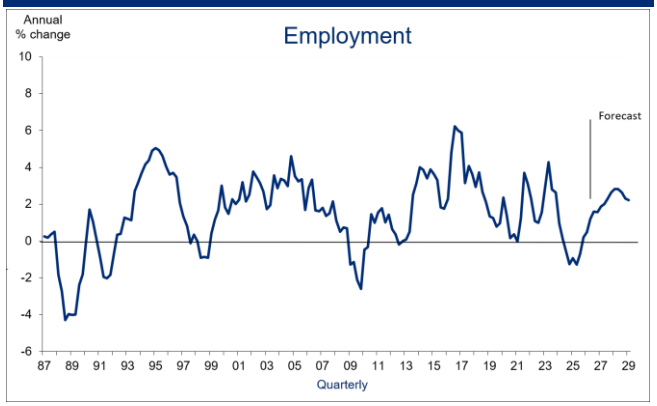
Anyway, it's back to data watching and the increasingly unenviable job of trying to second-guess how the Reserve Bank will interpret said data given the uncertainty it has now created.

Wednesday's September quarter labour market data will be the centre piece for the week. We are looking for a modest improvement in overall conditions consistent with the pick up we are seeing in the broader economy.

Unfortunately, we are not expecting the unemployment rate to be changed from the 5.6% reported in the June quarter. But the good news is that we think the rate should be peaking having risen fairly consistently from its low in the December quarter 2021.

While the unemployment rate gives little cause for cheer, the expected improvement in job growth does. We are forecasting a 0.4% increase in employment for the quarter taking the annual increase to 1.6%. If we are right this will be the strongest annual improvement since December 2023.

On the mend



Ongoing strength in hiring intentions in last week's ANZ Business Opinion Survey provides supporting evidence that employment growth will keep accelerating into 2027.

The reason stronger employment growth is not yet denting the unemployment rate is because the participation rate is again trending higher.

There is no real difference between our expectations and the Reserve Bank's. The Bank expects a 0.3% increase in employment delivering a drop in the unemployment rate to 5.5% mainly due to an anticipated fall in the participation rate.

We are not expecting any major surprises on the wage front either. The RBNZ is forecasting annual private sector LCI wage growth of 2.1%. We are forecasting 2.2%. Where we differ is our expectation that wage growth pushes higher through 2027 whereas the RBNZ sees it falling below 2.0%. Whatever the case, we reiterate that waiting for wages to grow before removing monetary stimulus is a mistake. Wage acceleration typically occurs with a lag to economic activity and employment growth.

To wrap things up, lest we forget, there's an election to be had between now and our next weekly instalment. We don't want to get embroiled in political debate at this juncture so we will express no opinion on political matters. However, there are a few, obvious, to most but not all, points that should be reiterated about the potential outcomes.

Based on what we are seeing in the polls, and using our three poll moving average as indicative of a plausible outcome, as shown below, we make the following observations:

- The election looks like it will be very close.
- Given this we may not know the make up of parliament until the final count is disclosed on November 27.
- This could make government formation decisions very hard to progress particularly if Opportunity want to start talking to the largest party and we don't know who that is. It will be even more interesting if National and Labour have the same number of seats.
- It is almost certain Opportunity will play a major part in deciding the Government
- If they poll over 5% then it is highly likely they will choose whether we have a left or right leaning Government.
- If Opportunity gets less than 5% then it may well be the size of Te Pati Māori's overhang that is the deciding factor.
- And while the decision-making process is underway do not forget there are many possible outcomes ranging from majority coalitions to any number of potential minority government options with supporting parties offering supply and confidence.
- Of course, there is always the chance that the polls are completely wrong and then all bets are off!

From a financial market perspective investors will be looking at prospective government policy through the same lens they always do. The questions they will be asking are:

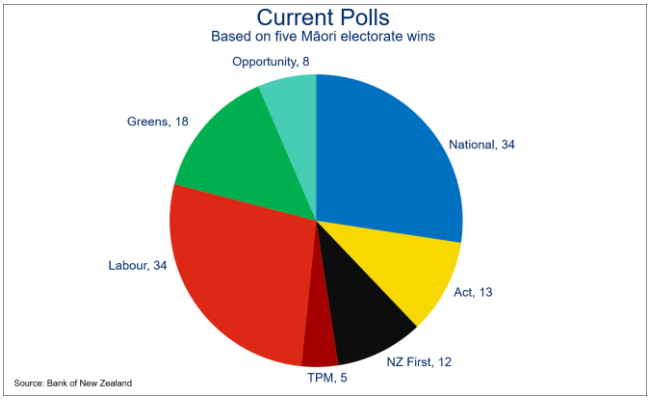
- What will this mean for growth and inflation?
- How will a potential change in the Reserve Bank's remit to include employment impact these factors?
- Will government policy add to or reduce investors' perceptions of the risk of buying New Zealand Government bonds?

Feedback we are getting from investors suggests that:

- A right leaning government should not change market pricing.
- A left leaning government may (and we stress may) cause a slightly steeper yield curve if investors ponder the implications of a dual mandate and the downward pressure that might put on short-term interest rates while also contemplating the possibility of slightly looser fiscal policy putting upward pressure on bond yields.

- In reality, we doubt much will happen until investors see the whites in the eyes of whatever new policies might be introduced by which ever government we vote in.

So close, so many possibilities



stephen_toplis@bnz.co.nz

Global Watch

- **RBA and BoE to hike**
- **US midterm elections in focus**
- **Global October PMI data released**

Our colleagues at NAB expect the RBA to hike 25bp to 4.85% on Tuesday, reflecting RBA's recent hawkish commentary revealing a reassessment of spare capacity. A hike is around 80% priced and is the consensus among analysts. The decision will be accompanied by updated SoMP forecasts, and the communication is likely to reflect that the risk still sits with a further rate rise. RBA Deputy Governor Hauser's speaks on "Trust, expectations and monetary policy" on Thursday following the decision. Household spending data is released Wednesday and expected to rise by 0.8% m/m in September, reflecting higher fuel prices and spending on major sporting events. Second tier data include building approvals on Monday and trade balance on Thursday. Tuesday is a public holiday in Victoria.

In the US, midterm elections (Tuesday) and October payrolls (Friday) are the main events. Q3 earnings continue, with Apple and Palantir the highlights, released on Monday. Amongst the many Fed speakers, Williams on Friday is the one to watch. Look out for ISM manufacturing (Monday) and services (Wednesday) too. In Canada, the BoC's Macklem speaks Tuesday, with employment data and the 2026 Budget both landing Friday.

The BoE is expected to hike its Bank Rate to 4% on Thursday. Markets also lean towards a hike from the Riksbank (Wednesday) and a hold from Norges Bank (Thursday). Also in Europe, October preliminary CPI (Wednesday) is forecast at 3.9% y/y, up 0.1ppts. Core and services prices could both ease, by 0.1 ppt to 2.4% and 3.1% respectively. France will be in focus, with Tuesday's vote on the 2027 budget's revenue measures expected to pass, though further stages may limit market relief. Final October PMIs are also out.

In Asia, a speech by BoJ's Ueda on Saturday is the main event following last week's policy decision where the BoJ held its policy rate at 1.25%. The BoJ's September meeting minutes are out on Thursday followed by September labour earnings data on Friday are the other key data. China's RatingDog manufacturing (Monday) and services (Wednesday) PMIs are also released.

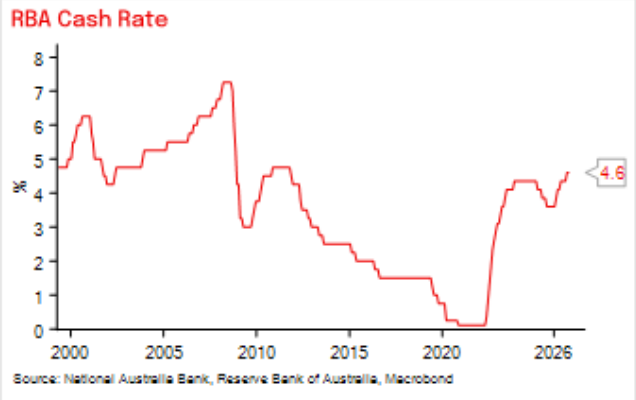
Key Event Previews

Tuesday

AU RBA Policy Decision

NAB expect the RBA to hike by 25bp to 4.85%, the highest level in 18 years. Recent data has been broadly in line or weaker than expectations, but the inflation picture is materially worse than the RBA's August forecast, and recent RBA commentary suggests a reassessment of domestic capacity pressures where they will be more tolerant of a further rise in unemployment.

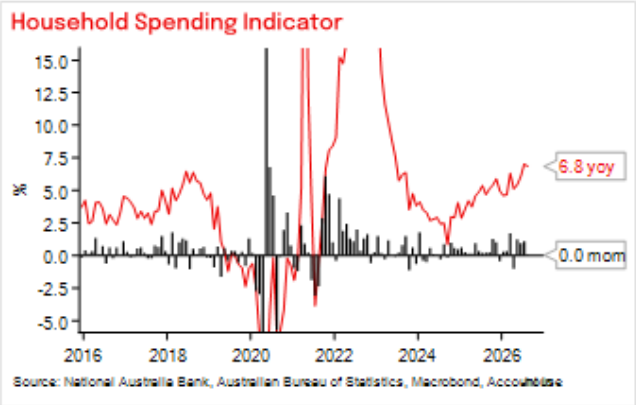
The November SoMP near-term cash rate assumption likely to be ~40bp higher than in the Aug SoMP, and the oil assumption about 40% higher. Accordingly, NAB expect the RBA to revise down its GDP forecasts over 2027 and revise up unemployment forecasts. Near term headline CPI is expected to be revised up sharply to reflect higher energy prices. A stronger starting point for underlying inflation in the near-term and downward pressure from higher unemployment further out is likely to be about offset by the expected reassessment of NAIRU.



Wednesday

AU Household Spending (Sep)

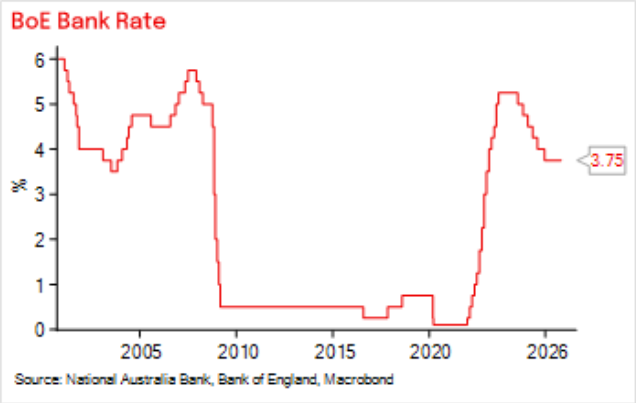
Following a flat outcome in August, NAB expect nominal household spending to rise by 0.8% m/m (7.4% y/y) in September. The NAB Spend Trend suggests growth across both essential and discretionary categories, with higher fuel prices lifting fuel spending and pre-purchase of tickets for upcoming major sporting events supporting recreation and culture spending.



Thursday

UK Bank of England Bank Rate

The BoE meets on Thursday and a 25bps hike to 4% is priced by markets. It will be the first change in rates since December 2025 and the first increase since the end of the post-covid hiking cycle in August 2023. While policy is already restrictive and the MPC continues to signal there is limited evidence of second round effects, the recent rise in inflation to 3.5%, stronger economic growth and signs of stabilisation in the labour market call for pre-emptive action. NAB are not expecting a unanimous decision seeing a 6:3 or 7:2 vote for a hike a more likely outcome.

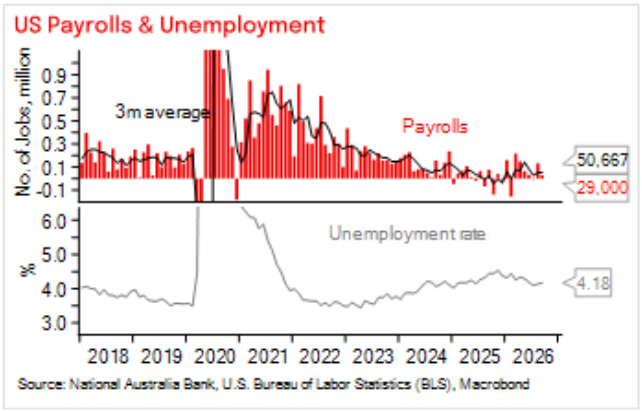


Friday

US Nonfarm Payrolls

The last two months of payrolls data have tempered concerns of a tightening labour market in the US, leaving it in a place that the Fed considers is consistent with full employment. October's print will test this narrative.

A tick down in the unemployment rate or a significant step up in employment growth could bring back the tightening narrative and would help back in the market's expectation for a December hike (currently ~70% priced). Conversely, a loosening in the labour market could embolden the Fed to leave the Federal Funds Rate on hold again given the insistence price stability does not, in Chair Warsh's words, require "throwing sand in the gears of the economy."



india_power@bnz.co.nz

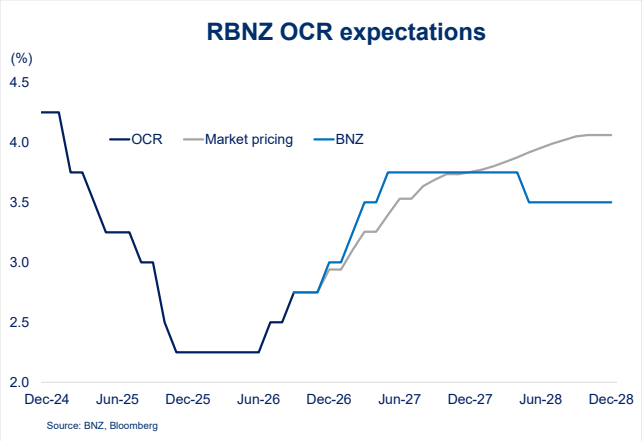
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ rates retraced further from their recent highs last week. The RBNZ's surprise hold supported a rally at the front end, while rising risk aversion contributed to lower global rates as tech stocks fell sharply. The RBNZ's reluctance to hike despite broadening inflation pressures, when the market had priced close to a 95% chance of a 25bp increase, suggests greater uncertainty around the timing of future tightening. This is despite the MPC retaining a clear tightening bias. The market currently prices around an 80% chance of a hike at the December MPS.

The 2-year swap rate has broken below the 4.00–4.20% range that prevailed through October. We had previously identified 3.80% as fair value based on our OCR forecasts, little changed despite pushing the expected 3.75% OCR peak back to May after last week's surprise hold. Our fair-value estimate is based on discounted cash flows and excludes swap market supply-demand dynamics. However, if a more reluctant RBNZ alternates hikes and pauses, our methodology puts 2-year fair value near 3.70%.

Market pricing slips below BNZ's near-term OCR track



Market pricing (grey line in the chart above) has moved below BNZ's baseline OCR scenario for upcoming meetings as conviction in back-to-back RBNZ hikes has faded. Beyond the end of next year, however, pricing remains above our baseline, reflecting a larger premium for policy uncertainty. Two-year rates are around 25bp below their recent highs, but we see the latest move as part of a transition to a new trading range rather than the start of an extended decline.

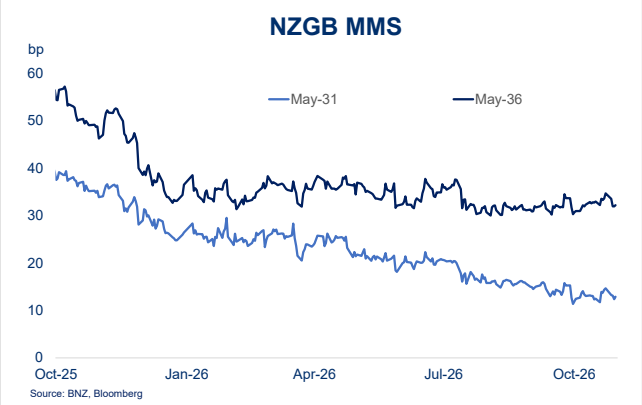
While scope for a further outright rally may be becoming more limited, we retain a constructive view on NZGB performance versus swaps. NZ Debt Management has reduced weekly nominal NZGB tender volumes by NZ$100m to NZ$350m for November, with lower forecast borrowing at PREFU having left scope for the reduction. NZDM also signalled that a tap of the May-2034 green nominal bond would take place in the second half of FY27.

Assuming weekly tender volumes remain at the new level, as we expect, around NZ$5bn of syndication issuance would be needed to complete the NZ$30bn FY27 gross issuance programme. The current level of eligible green expenditure would support a transaction of this size.

We have previously highlighted the benign NZGB supply backdrop. While the adjustment reallocates issuance between tenders and the expected syndication rather than reducing the annual programme, lower weekly supply should be marginally supportive for NZGBs. However, strong tender coverage suggests supply has been readily absorbed, limiting the incremental impact. We continue to expect broader supply dynamics to support NZGB performance relative to swaps.

The election presents a potential risk to this view, although we expect little immediate bond market reaction to Saturday's result. Final results may take several weeks to confirm, particularly if coalition negotiations are required, and any change in fiscal settings will take time to emerge. Our analysis of economic and fiscal updates since 2021 also points to a limited initial impact. Each NZ$10bn upward revision to the forecast bond programme has cheapened 5- and 10-year NZGBs relative to swaps by around 1.5bp on the day of release, with the larger impact emerging as issuance occurs.

Further gradual MMS tightening expected



Against this backdrop, the 10-year NZGB MMS spread has remained rangebound, with the +30bp area continuing to contain bond outperformance this year. Although tightening has been limited, the compression trade offers more than 1bp of carry and roll per month, alongside fundamental support from declining net issuance as a share of GDP. With the spread near the bottom of its two-year range, further tightening is likely to be gradual, while a material deterioration in the fiscal outlook remains the main risk to our base case.

stuart_ritson@bnz.co.nz

Foreign Exchange Market

Reuters pg BNZWFWDS Bloomberg pg BNZ

The NZD significantly underperformed last week following the RBNZ's shock decision to leave policy unchanged. NZD/USD fell 1.2% to 0.5630, and the NZD weakened on all the key crosses, trading at fresh multi-year lows against the AUD, GBP and CNY. The CAD was the strongest of the majors, supported by higher oil prices and the BoC kicking off its tightening cycle, while the AUD was supported by further hawkish RBA commentary.

The RBNZ's decision to leave the OCR on hold shocked the market, which had almost fully priced a 25bps hike. The 4-3 vote suggests the decision was finely balanced, but it was puzzling given the Bank's acknowledgement that core inflation has risen to the top of the 1-3% target range, that price increases have become more broad-based, and that GDP growth was stronger than expected over the first half of the year.

Ahead of last week's meeting, we argued that with the market pricing considerable tightening, any hint of a pause, or any lack of commitment to addressing the uncomfortable inflation outlook, would be NZD-negative. With a series of RBNZ rate hikes already well priced, we argued that the RBNZ would need to "over-deliver" on rate hikes for the NZD to react positively.

While there was no strong economic justification for the surprise decision, Governor Breman said several times that the Bank was likely to raise the OCR at coming meetings, which limited the damage to the NZD. NZD/USD never seriously challenged its 2026 low of 0.5565, finding support after a lurch down to 0.5585.

The RBNZ blamed "global events" for the NZD's recent sharp depreciation, seemingly oblivious to the fact that its decision to keep interest rates suppressed has been a key driver of the currency's debasement over the past year. A central bank that keeps rates low in a high-inflation environment is a recipe for a weaker currency, as anyone who has monitored the BoJ's policy stance, and its tortured language around meeting its inflation target in recent years, can attest. Notably, it was only on Friday that the BoJ finally admitted that underlying inflation had reached its 2% target. This is despite Japan's annual CPI inflation rate, excluding fresh food and energy, averaging 3% over the past four years, a period in which the BoJ was long in denial and allowed its real exchange rate to depreciate to a 40-year low.

We are not changing our NZD projections at this juncture, as our expectations for any recovery from the current depressed level are already very cautious. Our year-end target of 0.5750 is only about a cent away, and on a seasonal basis, November and December are typically the NZD's strongest months of the year. It would also be folly to change forecasts ahead of Saturday's general election, the outcome of which remains highly uncertain.

Of some comfort, NZD/USD was net flat in October, a month in which oil prices skyrocketed and our risk appetite index fell to a six-month low, reflecting higher credit spreads and equity market wobbles around AI-related and tech stocks. This suggests that downside risk for NZD/USD is limited, even in the face of adversity. Short-term support remains at 0.5580, ahead of key multi-year support at 0.55.

Other central banks were also in focus last week. The Fed, ECB and BoJ left policy unchanged, while the Bank of Canada kicked off a tightening cycle. RBA Governor Bullock delivered hawkish testimony to a parliamentary committee, echoing Deputy Governor Hauser's hawkish comments the previous week. Market pricing for this week's RBA meeting has risen to an 80% chance of a 25bp hike. That would be the fifth rate hike this year and would widen the gap between Australia's cash rate target and NZ's OCR to 210bps. This is one reason the NZD/AUD cross is unlikely to stage a sustained recovery in a hurry, and why we still can't rule out further downside after it fell to a fresh 13-year low of 0.7935 last week.

The BoE is also expected to raise its policy rate by 25bps to 4.0% this week, which would be its first hike of the cycle. Last week's fall in NZD/GBP to an 11-year low, just below 0.42, runs counter to our projection for the cross to gradually push higher.

Domestically, the focus will be on NZ labour market data. The consensus expects employment growth to be strong enough to nudge the unemployment rate down to 5.5%, which would be its first fall in five years.

On the global economic calendar, key releases include euro area CPI, Japanese wages and, in the US, the ISM manufacturing and services surveys, nonfarm payrolls, the unemployment rate and other labour market data. Following the recent round of policy meetings, there will also be plenty of central bank speeches.

Cross Rates and Recent Ranges

	Current	Last wk %chg	Last 3-wks range*
NZD/USD	0.5636	-1.2%	0.5570 - 0.5710
NZD/AUD	0.8016	-1.2%	0.7940 - 0.8150
NZD/CAD	0.7873	-1.5%	0.7840 - 0.8030
NZD/GBP	0.4209	-1.3%	0.4200 - 0.4280
NZD/EUR	0.5052	-0.9%	0.5000 - 0.5120
NZD/JPY	88.77	-0.8%	88.20 - 90.30

*Indicative range over last 3 weeks, rounded

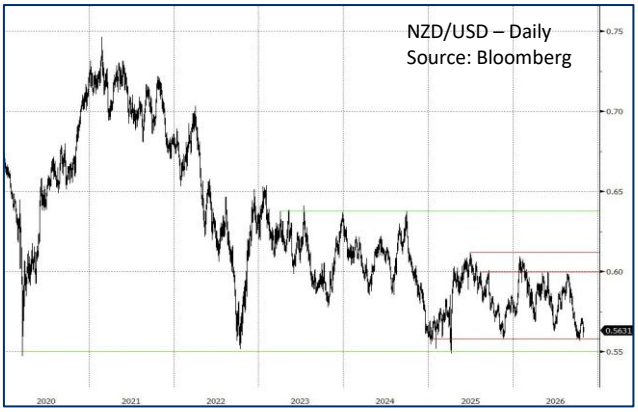
jason.k.wong@bnz.co.nz

Technicals

NZD/USD

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

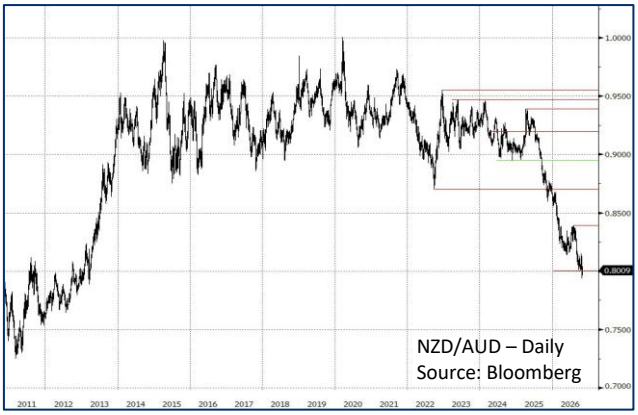
No change. Support reinforced at 0.5580 after the level wasn't breached during last week's lurch down. Resistance still far away at 0.60.



NZD/AUD

Outlook: Downside risk
ST Resistance: 0.84 (ahead of 0.87)
ST Support: 0.7935

Tentative support at last week's 13-year low of 0.7935, but no obvious support level below that.



jason.k.wong@bnz.co.nz

NZ 5-year Swap Rate

Outlook: Lower
ST Resistance: 4.48
ST Support: 4.10

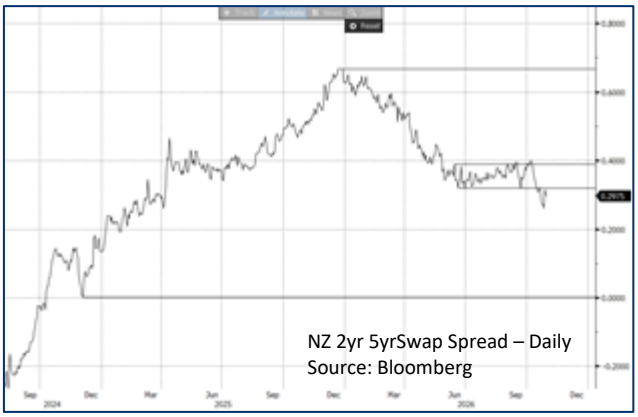
5-year swap moved sharply lower with global yields last week. We are closely watching support at 4.10.



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

Outlook: Lower
ST Resistance: 0.32
ST Support: 0

2s5s curve tried to steepen last week but appears to have bounced off our resistance. We retain our outlook for a flatter curve.



matthew.herbert@bnz.co.nz

Quarterly Forecasts

Forecasts as at 2 November 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified

	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
						Forecasts				
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	-3.7	-4.4	-4.7	-4.6	-4.5
CPI (q/q)	0.5	1.0	0.6	0.9	1.5	0.7	1.4	0.5	0.5	0.7
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	3.7	4.5	4.1	3.1	3.1
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		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 **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										
Dec	3.00	3.50	4.35	4.95	3.95	4.20	4.65	4.15	4.90	0.05
2027 **Mar**	3.50	3.90	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	1.34	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
Current	0.56	0.80	0.50	0.42	88.7	64.0
Forecasts						
Dec-26	0.58	0.81	0.50	0.43	89.1	64.8
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	66.7
Dec-27	0.59	0.88	0.51	0.45	87.9	66.9
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 2 November 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	1.3	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	4.1	2.3	4.7	2.2	3.1	4.5	2.4
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	-2.4	3.2	0.7	-0.8	-0.3	-1.8	2.0
External Balance										
Current Account - $bn	-23.3	-19.0	-13.7	-22.3	-17.4	-24.8	-20.9	-13.5	-20.6	-19.4
Current Account - % of GDP	-5.6	-4.4	-3.0	-4.7	-3.5	-6.0	-4.9	-3.0	-4.4	-3.9
Government Accounts - June Yr, % of GDP										
OBEGAL 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	64.8	66.9
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.50	3.75	5.50	4.25	2.25	3.00	3.75
90-day Bank Bill Rate	5.64	3.60	2.50	3.90	3.85	5.63	4.26	2.49	3.50	4.00
5-year Govt Bond	4.60	4.00	4.10	4.30	4.10	4.50	3.90	3.90	4.35	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	3.95	3.80
5-year Swap	4.40	3.65	3.87	4.20	4.05	4.43	3.63	3.61	4.20	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
Monday 02 November				
AU	Melbourne Institute Inflation YoY Oct			4.80%
AU	Building Approvals MoM Sep	2.00%		-6.10%
CH	RatingDog China PMI Mfg Oct	52		52.1
EC	S&P Global Eurozone Manufacturing PMI Oct	52.4		52.4
UK	S&P Global UK Manufacturing PMI Oct F	52.8		52.8
EC	ECB's Vujcic, Makhlouf Speak			
Tuesday 03 November				
CA	S&P Global Canada Manufacturing PMI Oct			51.5
US	S&P Global US Manufacturing PMI Oct F	56		56
EC	ECB's Escriva, Moulin and Raven Speak			
US	ISM Manufacturing Oct	54.5		54.5
US	Construction Spending MoM Sep	0.40%		0.90%
NZ	Building Permits MoM Sep			5.60%
AU	RBA Cash Rate Target November - 3	4.85%	4.85%	4.60%
EC	ECB's Kocher, Dolenc, Escriva & Moulin Speak			
Wednesday 04 November				
US	JOLTS Job Openings Sep	7162k		7079k
US	Durable Goods Orders Sep F	1.80%		1.80%
US	Cap Goods Orders Nondef Ex Air Sep F	0.50%		0.50%
CA	BoC Macklem and Rogers Speak			
EC	ECB's Nagel and Sleijpen Speak			
NZ	Employment Change QoQ 3Q	0.40%	0.40%	0.50%
NZ	Unemployment Rate 3Q	5.50%	5.60%	5.60%
NZ	Participation Rate 3Q	70.70%	70.75%	70.70%
NZ	Average Hourly Earnings QoQ 3Q			1.40%
NZ	ANZ Commodity Price MoM Oct			0.60%
AU	Household Spending MoM Sep	0.20%	0.80%	0.00%
CH	RatingDog China PMI Composite Oct			52.4
CH	RatingDog China PMI Services Oct	51.6		51.6
EC	S&P Global Eurozone Services PMI Oct F	51.7		51.7
EC	S&P Global Eurozone Composite PMI Oct F	51.9		51.9
UK	S&P Global UK Services PMI Oct F	53.1		53.1
UK	S&P Global UK Composite PMI Oct F	53.1		53.1
EC	CPI YoY Oct P	4.00%		3.80%
Thursday 05 November				
NZ	Cotality Home Value MoM Oct			-0.30%
US	ADP Employment Change Oct	67k		90k
EC	ECB's Lane, Cipollone, Moulin, Schnabel & Zigman Speak			
US	Trade Balance Sep	-$107.9b		-$105.6b
US	Imports MoM Sep			4.30%
US	Exports MoM Sep			1.40%
US	S&P Global US Services PMI Oct F	57.9		57.9
US	S&P Global US Composite PMI Oct F			57.6
US	ISM Services Index Oct	54.8		54.9
CA	International Merchandise Trade Sep	4.35b		4.20b
CA	S&P Global Canada Services PMI Oct			48.3
CA	S&P Global Canada Composite PMI Oct			48.7
JN	BOJ Minutes of Sept. Meeting			
AU	Trade Balance Sep	A$1000m		A$495m
AU	Exports MoM Sep			3.70%
AU	Imports MoM Sep			5.80%
AU	RBA's Hauser-Speech			
UK	S&P Global UK Construction PMI Oct	46.5		46.1
EC	PPI YoY Sep	10.60%		8.20%
Friday 06 November				
UK	Bank of England Bank Rate Nov - 5	4.00%		3.75%
US	Initial Jobless Claims October - 31	196k		194k
US	Fed's Hammack and Barkin Speak			
CA	BoC Macklem and Rogers Speak			
EC	ECB's Lagarde, Dolenc, Nagel and Lane Speak			
JN	Labor Cash Earnings YoY Sep	3.80%		3.80%
JN	Real Cash Earnings YoY Sep	1.30%		1.50%
EC	Retail Sales MoM Sep	-0.10%		0.10%
Saturday 07 November				
UK	BOE Post-MPC Decision Briefing			
US	Change in Nonfarm Payrolls Oct	65k		29k
CA	Unemployment Rate Oct	6.50%		6.50%
US	Unemployment Rate Oct	4.20%		4.20%
US	Average Hourly Earnings MoM Oct	0.30%		0.10%
US	Average Hourly Earnings YoY Oct	2.90%		3.00%
CA	Ivey Purchasing Managers Index SA Oct			58.2
US	U. of Mich. Sentiment Nov P	48		48
US	U. of Mich. 1 Yr Inflation Nov P	4.70%		4.70%
US	U. of Mich. 5-10 Yr Inflation Nov P	3.50%		3.50%
US	Fed's Bowman Speaks			
NZ	General Election			
JN	BOJ Governor Ueda Speaks			

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS				
Call	2.75	2.75	2.75	2.50
1mth	2.93	3.09	3.02	2.58
2mth	3.05	3.20	3.12	2.51
3mth	3.16	3.31	3.22	2.53
6mth	3.40	3.55	3.42	2.52
GOVERNMENT STOCK				
05/28	3.72	3.89	3.83	2.86
05/31	4.28	4.44	4.49	3.50
04/33	4.52	4.66	4.74	3.83
05/36	4.81	4.94	5.04	4.20
05/41	5.17	5.29	5.39	4.67
05/54	5.39	5.51	5.60	4.96
GLOBAL CREDIT INDICES (ITRXX)				
Nth America 5Y	62	63	59	53
Europe 5Y	66	67	64	55

	Today	Week Ago	Month Ago	Year Ago
SWAP RATES				
2 years	3.90	4.05	4.01	2.56
3 years	4.03	4.17	4.18	2.74
4 years	4.13	4.25	4.30	2.91
5 years	4.20	4.32	4.40	3.07
10 years	4.52	4.62	4.76	3.69
FOREIGN EXCHANGE				
NZD/USD	0.5631	0.5681	0.5601	0.5707
NZD/AUD	0.8008	0.8097	0.8033	0.8730
NZD/JPY	88.73	89.48	88.43	88.00
NZD/EUR	0.5046	0.5085	0.4990	0.4954
NZD/GBP	0.4205	0.4258	0.4236	0.4343
NZD/CAD	0.7868	0.7961	0.7986	0.8020
TWI	64.0	64.6	63.7	66.5

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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