Quarterly Economic Outlook

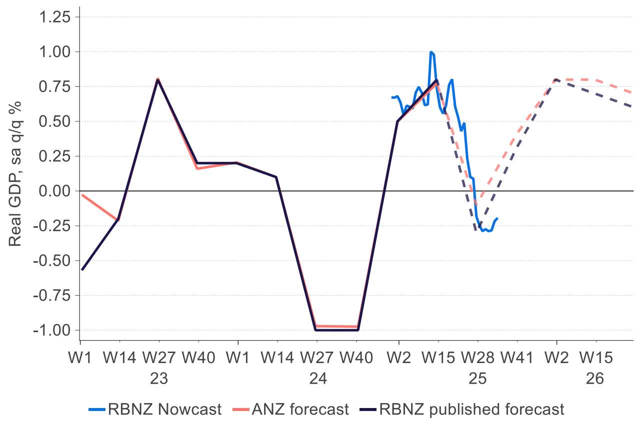
Delayed, but not derailed

August 2025

At a glance

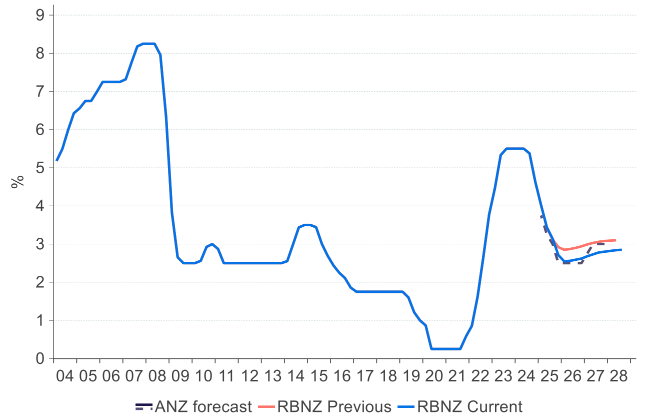
We've downgraded our near-term GDP forecast…

Taking signal from the high-frequency data



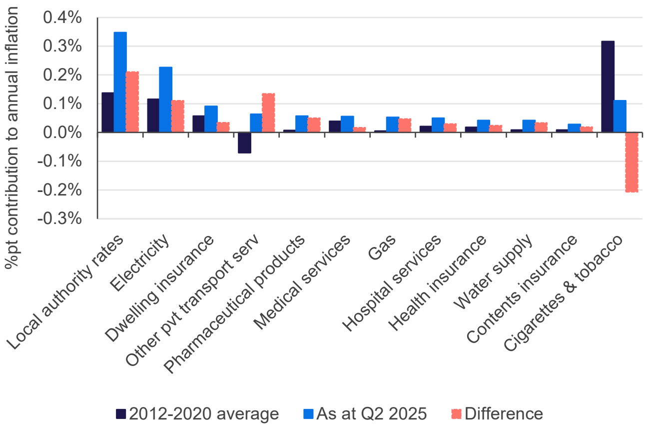
…but the RBNZ has come to the rescue a little earlier than we previously thought likely.

A dovish pivot in August solidifies the odds of recovery from Q3 onwards



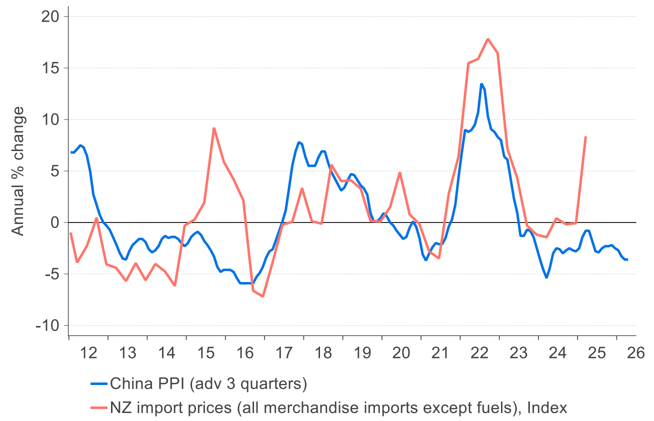
Some parts of the CPI basket are running hot and are not sensitive to monetary conditions

But these components should slow from here, and we think there is more than enough excess capacity out there to compensate for them



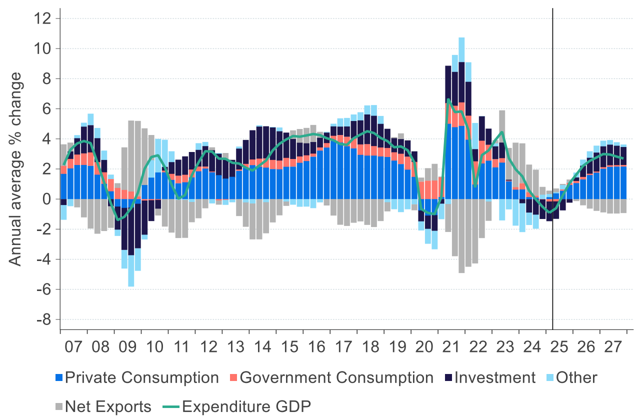
Deflationary forces in China should support our terms of trade

And mitigate upside tradable inflation risks



Conditions are in place for recovery

As domestic demand takes the baton from primary sector exports



Inside

Source: Stats NZ, RBNZ, NBS, Macrobond, ANZ Research

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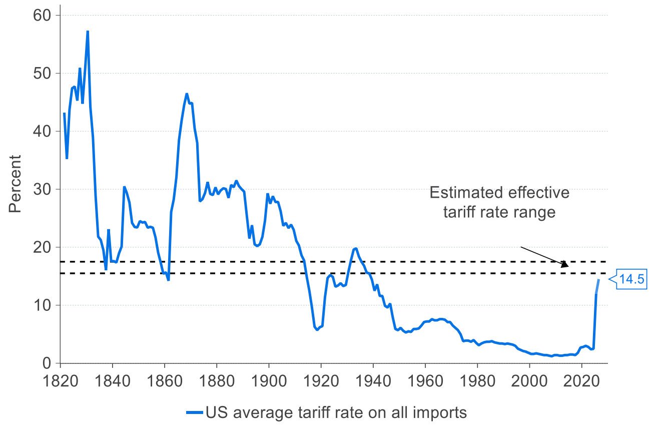
The big picture

An unscheduled stop, but not off the rails

We're now a few months on from US President Trump's "Liberation Day" tariff announcements, but the dust is only just beginning to settle – and of course, we're only ever one new tariff announcement away from it being kicked up again. Global markets appear to be betting on a relatively contained fallout, but the jury is still out as regards to what it all means for global trade and growth. US tariffs haven't been this high since the late 1930s, and the global economy is a very different place than it was back then: uncertainty is set to linger for a long while yet.

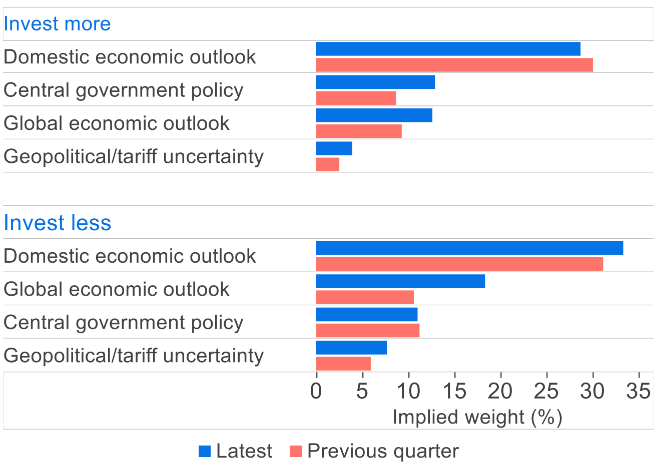
Figure 1. Average tariff rate in the US



Source: TF, Macrobond, ANZ Research

US tariffs are expected to be paid in large part by US consumers and importers. But New Zealand's tariff rate relative to other economies will still be a key determinant of our competitiveness in US markets. The recent announcement that New Zealand will face a tariff rate of 15% as opposed to 10% suggests a slightly duller competitive edge than otherwise. But as we noted in our last edition, it's the indirect impacts – such as the impact on growth in our key trading partners and the hit to economic confidence – that are likely to have the bigger effects here.

Figure 2. Top four considerations to invest more/less



Source: Macrobond, ANZ Research

Figure 2 shows the top four considerations quoted by firms who expect to invest more, and those who expect to invest less. The domestic outlook remains the top consideration impacting investment decisions, unsurprisingly. But for firms who expect to invest more, central government policy has lifted, likely reflecting the Investment Boost policy announced in Budget 2025. Meanwhile, the global outlook remains a key consideration amongst both those expecting to invest more and those who say they will invest less, but it has jumped to #2 amongst the latter. How these forces net out is still a big unknown, but our forecast is for a relatively gradual recovery in business investment, with risks on both sides.

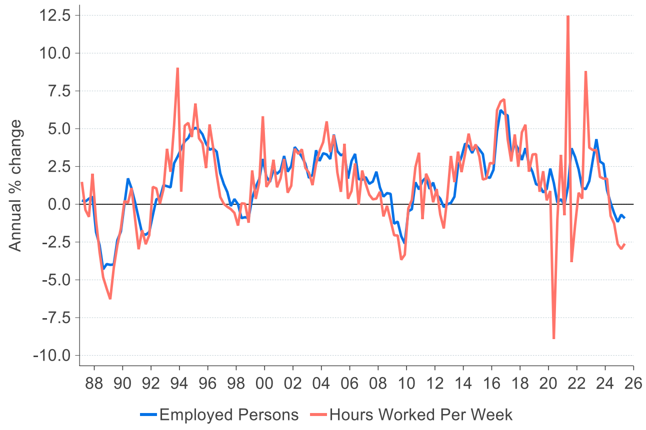
Domestically, there appears to be a lot more than heightened global uncertainty weighing on momentum. Households appear to be feeling well under par, which is quite understandable when you consider household inflation expectations remain elevated – likely reflecting high inflation for some necessities (such as food). The sizable disconnect between household inflation expectations and firms' wage expectations suggests many households will feel like they are going financially backwards for a while yet. The good news is that most measures of inflation-adjusted wage growth are back in positive territory (even if households don't believe it), but the bad news is that households are becoming increasingly worried about their job security as the labour market continues to soften.

Figure 3. Firm's wage expectations vs household inflation expectations

Source: Stats, Macrobond, ANZ Research

It's not just a wages story. Demand for labour is looking particularly weak, with both hours worked and employment growth in the red. The fact that growth in hours worked is now well below employment growth suggests firms are reducing hours before potentially resorting to layoffs. Until the labour market starts feeling a little better, it's hard to see households feeling gung ho any time soon.

Figure 4. Employment vs hours worked



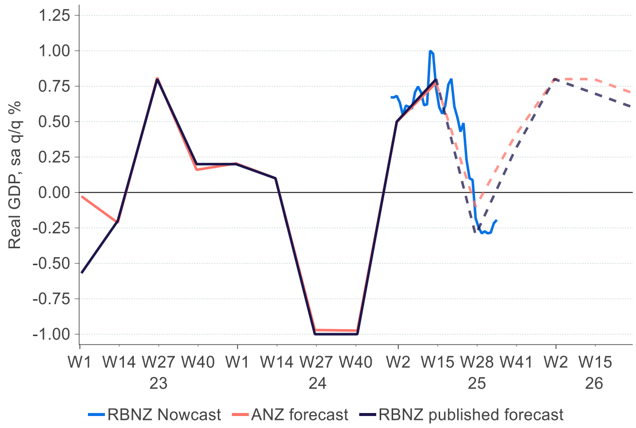
Source: Stats NZ, Macrobond, ANZ Research

Our analysis suggests "labour hoarding" dynamics have kept the unemployment rate around 0.5% pts lower than otherwise in recent quarters. But with the high-frequency data suggesting the economic recovery is falling short, the risk that firms start shedding hoarded labour appears to be growing. Should firms "right-size" their labour input via a reduction in headcount instead of the economic recovery doing it for them, the economy could become a lot more disinflationary than we or the RBNZ have been forecasting. But our forecast is that the recovery will gather steam in time to prevent this happening. The RBNZ's pivot in August to signalling another two OCR cuts from here helps mitigate the risk that the unscheduled stop in the recovery in Q2 turns into something more lasting.

House prices have also been landing on the sluggish side of expectations, with likely contributors being the deterioration in job security, robust growth in the number of properties available for sale, and the fact that many would-be borrowers may not see the current trajectory for mortgage rates (not to mention falling rents and rising rates and insurance bills) as particularly enticing. It would be unfair to say the housing market hasn't responded to lower interest rates, given sales have lifted off the floor, but the pickup we have seen hasn't been enough to inject any clear momentum into prices. We will address downside risks to our 2025 house price forecast of 2.5% in our upcoming Property Focus.

The RBNZ's Kiwi-GDP nowcast is a great place to see what the recent deterioration in the high-frequency data might mean for Q2 GDP growth; it suggests the economy contracted in Q2. Taking signal from that, the RBNZ downgraded their Q2 forecast from 0.3% q/q to -0.3% in the August MPS. We have done something similar, taking our forecast from +0.1% to -0.1% (more details on page 7). Some better retail trade data for Q2 released since the MPS means we are not quite as pessimistic as the RBNZ, although the overall picture of the data remains one of the economy stumbling in Q2.

Figure 5. Kiwi-GDP vs ANZ and RBNZ forecast



Source: RBNZ, Macrobond, ANZ Research

Early indicators for Q3 suggests the economy is now growing again: our Truckometer, Electronic Cards Transactions, the PMI and the PSI all lifted slightly in July, but we wouldn't characterise these data as "strong".

Pulling it all together, we remain comfortable with our expectation that the RBNZ will do what's needed in order to engineer a recovery sufficient to stabilise inflation around target. We continue to expect the OCR will be cut to a low of 2.5%, with 25bp cuts in October and November.

Table 1. Summary of key forecasts

Calendar Years	2020	2021	2022	2023	2024	2025f	2026f	2027f
Real GDP[1] (annual average % change)	-1.4	5.7	2.9	1.8	-0.6	0.7	2.7	2.7
Unemployment Rate (sa; Dec qtr)	4.9	3.2	3.4	4.0	5.1	5.2	4.6	4.2
CPI Inflation (annual % change; Dec qtr)	1.4	5.9	7.2	4.7	2.2	2.9	1.7	2.1
Official Cash Rate (Dec qtr end)	0.25	0.75	4.25	5.50	4.25	2.50	2.50	3.00

[1] Production based

Source: Statistics NZ, REINZ, Bloomberg, ANZ Research

Forecasts finalised 26 August 2025. See page 8 for detailed forecast charts and this link to download tables

Agricultural production: backbone, wishbone or back strain?

Agricultural incomes are one of the brightest parts of the NZ economy right now, but with consumers having to stump up double figures for a block of butter in many stores, some might understandably think of high food prices as more a strain than a strength of the New Zealand economy at present. This box discusses some of the indirect benefits of a strong-performing agricultural sector that often get overlooked. We're not saying there are no costs associated with our high levels of agricultural production and current high prices, but any cost-benefit analysis needs to factor this stuff in.

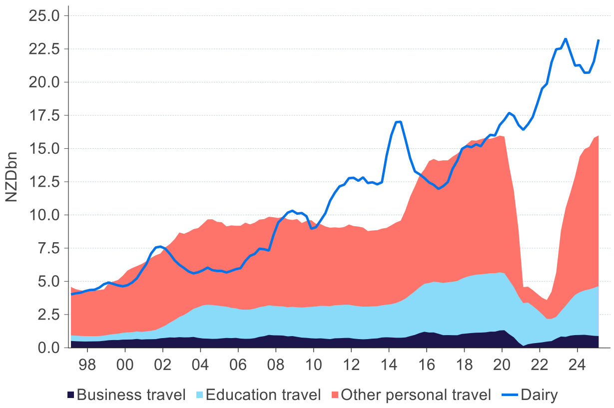
Backbone or wishbone?

New Zealand's agricultural sector is sometimes described as the backbone of our economy. It may directly account for only around 4% of production GDP and filled jobs, but when you add in the fact that about a third of manufacturing is linked to the industry and that farmers require transport and professional services such as lawyers and accountants, the number might be closer to 10%. To many that number might sound small, but this is just the beginning of the story.

Exports matter

Primary sector exports (including mining) accounted for 82% of New Zealand's total goods exports in the year to June 2025. Dairy is now unambiguously our number one export, with its historical rival – travel services exports such as international tourism – having barely recovered to pre-pandemic levels (the number of visitor arrivals continues to hover around 85% of pre-pandemic levels, meaning the recovery in "volume terms" remains incomplete).

Figure 6. Main New Zealand goods exports to the US



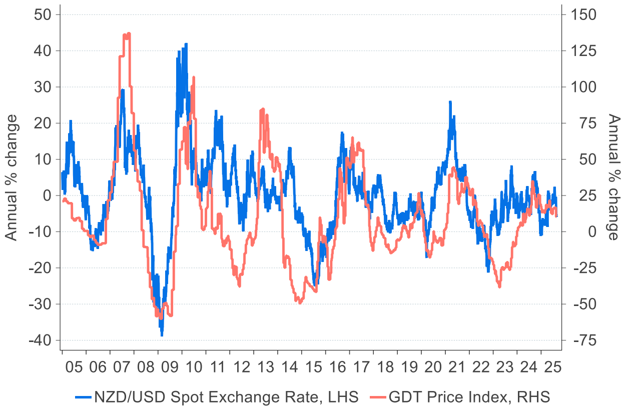
Source: Stats NZ, Macrobond, ANZ Research

Another way to frame it is that primary goods exports (dairy, meat, fruit, etc) worth $62bn in the year to June 2025 generated enough income to pay for 77% of our goods imports (from plant and machinery all the way through to household consumption items). Agriculture needs imported inputs too, of course, but it's clear that without it, New Zealand wouldn't have as much capacity to pay its way in the world. And it's not just money in the pockets of our farmers; everyday households that have no direct association to our primary industries benefit from that. However, these benefits are indirect, and therefore often not front of mind for the average person doing the supermarket shop and facing 47% y/y butter inflation!

Sharing the love: NZD implications

When New Zealand's export commodity prices rise, the New Zealand dollar tends to strengthen (figure 2). All else equal, that makes the price of imported goods and services cheaper. In other words, the floating NZD acts as a distributional mechanism that shares the love when our exporters are doing well (and shares the pain when they are not). More explicitly, an NZD lift when export returns are high erodes the NZD returns to our exporters, but makes imports cheaper for everyone. While there are plenty of other factors that drive the NZD, such as interest rate differentials and global risk appetite, it is generally accepted that higher-than-otherwise export returns mean a higher-than-otherwise NZD. So, on the one hand, we might see the price of dairy products rise, but on the other hand we have cheaper-than-otherwise petrol, clothing, footwear, cars, electronic goods, holidays abroad etc. If it's imported, it's likely to cheapen up if our export prices and producers are doing well.

Figure 7. Dairy prices vs NZD/USD



Source: Global Dairy Trade, Bloomberg, Macrobond, ANZ Research

Bolstering the means we must live within

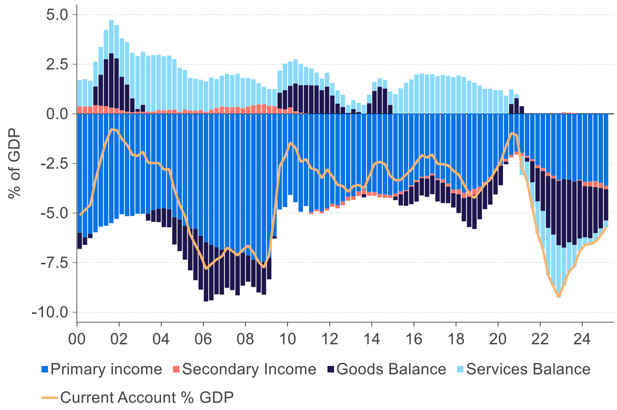
But the benefits to everyday households don't stop there. A healthy export sector means higher-than-otherwise corporate profits and therefore tax revenues, which help pay for key government services such as healthcare, education, and social welfare. Without the primary sector tax take, structural fiscal deficits would persist for longer, limiting the Government's ability to respond to the next inevitable shock when it comes along.

In addition, a strong export sector can also help keep the risk premium on New Zealand interest rates low, helping to contain borrowing costs for the Government, companies and homeowners. The link between exports and interest rates may not seem intuitive, but it certainly exists: higher export earnings help contain our current account deficit, which in turn contains our external sector imbalances, which in turn supports New Zealand's sovereign credit rating.

Higher-than-otherwise creditworthiness helps to directly supress government interest expenses (paid by taxpayers). And it also has impacts across New Zealand's financial markets – all the way to fixed mortgage rates and business loans.

Of course, we could (if we really wanted/had to) contain our current account deficits with lower-than-otherwise domestic demand (reducing our imports and dependence on foreign capital to fund our investments). But that could be a very painful adjustment for the broader economy: living within our means by shrinking the economy is less appealing than growing the industries that produce the foreign receipts that help keep New Zealand from slipping deeper and deeper into the red with the rest of the world.

Figure 8. Current account deficit



Source: Stats NZ, Macrobond, ANZ Research

Primary industries can't do all the work

Perhaps one misconception out there is that the primary sector can, on its lonesome, drive persistent economic expansion while the rest of the economy sits on the sidelines. That is not true. Primary industries are certainly an important ingredient when it comes to creating favourable macroeconomic conditions for the rest of the economy (contained current account deficits etc), but you need more than that to get this waka moving in the right direction (particularly when we're paddling against the current – as we are now, amid heightened global uncertainty). Indeed, while the RBNZ certainly factors in our primary industries when considering the state of the business cycle, they know that unless you get the household sector moving (via private consumption, which accounts for around 60% of GDP), you're unlikely to see a sustained economic recovery. In other words, we can think of our primary industries as an auxiliary engine of growth: extremely important from an external sector sustainability perspective (reducing the risk that we find ourselves up the creek without a paddle), but not powerful enough to get us from A to B, day in day out, if the rest of the economy is snoozing.

Bringing it all together

All in all, the agricultural sector is vital to the wellbeing of all New Zealanders – even those with no direct connection to the rural economy. A strong export sector has positive implications: fiscal sustainability, containing New Zealand's external imbalances, containing pressure on interest rates via lower risk premia, and bolstering our international purchasing power when our export sector is doing well (the supermarket dairy fridge might be expensive, but filling up the car is a little cheaper than it would otherwise be).

Every price change creates winners and losers, unavoidably, but stepping back, it's crystal clear that New Zealand's endowments of water and fertile soils make us all better off. So the next time you're thinking about the elevated price of butter, pause for a minute to ponder the other side of that coin: a lower-than-otherwise cost of fuelling up the car (or perhaps a cheaper-than-otherwise e-bike so you don't have to), reduced external sector imbalance, and improved economic and fiscal sustainability. There's certainly a lot more to that $11 block of butter than meets the eye.

Our forecasts

Delayed, but not derailed

Despite a souring in the high-frequency data recently, we remain optimistic that we are on route towards recovery, even if it is a little delayed. It is a relatively gradual recovery from a low base (meaning it doesn't feel like much) but further monetary easing should make it happen. In fact, we think we're now potentially past peak pessimism, with some of the early data for Q3 picking up (albeit not strongly) and the RBNZ's August MPS signalling they are willing to provide a little more support than previously.

GDP navigating another patch of rough track

Volatility in the GDP data continues to raise the odds that policy makers, forecasters and commentators misdiagnose the underlying state of economic momentum. After a sharp contraction in mid-2024, the economy expanded 0.5% q/q in Q4 2024, followed by a solid 0.8% q/q expansion in Q1. Now, the high-frequency data are pointing to a contraction in Q2 and weak growth in Q3. We expect GDP growth to come in at -0.1% q/q in Q2 and 0.4% in Q3, before a stronger recovery takes hold from Q4 onwards as the full transmission of monetary policy to growth is realised.

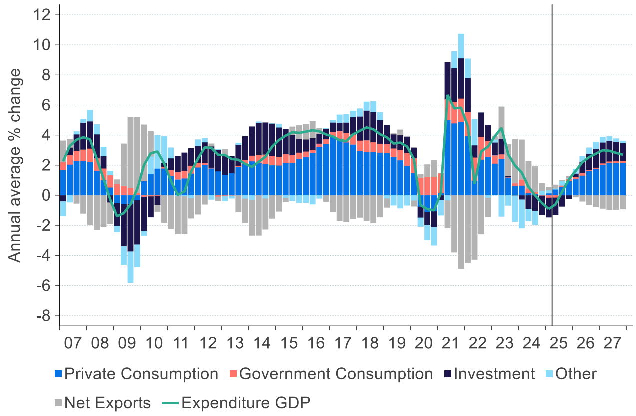
Annual average growth is less volatile; running at -1.0% y/y in Q1, this measure was hardly sending a strong signal. Our forecast is for the economy to expand just 0.7% in 2025, reflecting only a very gradual recovery in underlying momentum from what turned out to be a soft 2024. But as monetary easing continues, we expect momentum to gather, with the economy expanding 2.7% in both 2026 and 2027. That's not gangbusters by any means, but it is consistent with the RBNZ's cautious approach to easing, given lingering pockets of strength in the CPI.

As discussed in the box on page 5, primary sector exports have been the bright spot in the economy of late, but this "export-led" recovery is expected to flatten out from here. While we're not forecasting bad times ahead for our agricultural sector, it's hard to see things getting much better! It's not common for all the stars align for our major primary industries, but this past year or so has seen exactly that: a relatively low NZD alongside relatively robust world prices and favourable growing conditions. So we do think its impulse to broader economic momentum is close to running its course.

At the end of the day, there can be no *sustained* recovery without the household sector, and given the lengthy list of headwinds facing households, we think the major tailwind (easing monetary conditions) will have to blow a little harder.

In big-picture terms, we expect domestic momentum to gradually recover over the coming year or so as household consumption and investment recover. Net exports are expected to turn from a driver of growth to a drag as growth in exports slows and imports recover alongside domestic demand.

Figure 9. Contributions to GDP growth



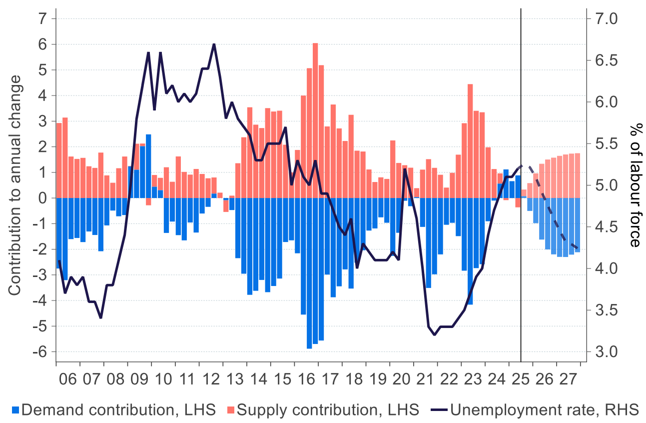
Source: Stats NZ, Macrobond, ANZ Research

…as the labour market remains rattled

While the unemployment rate came in very close to our expectation in Q2, the underlying details were unambiguously softer. Labour demand went backwards in Q2, with employment contracting 0.1% and hours worked contracting 1% q/q. Meanwhile, discouraged worker effects (weak labour demand weighing on incentives to participate in the labour market) contained the increase in the unemployment rate.

From a spare capacity perspective, the fact that supply is moving with demand suggests inflation pressures are not far off the RBNZ's expectations, but the mix does reflect a weaker underlying economy. That said, we think the labour market is a little more disinflationary than the headline unemployment rate suggests. The underutilisation rate has lifted at a faster rate than the unemployment rate, implying disinflationary slack in the labour market continues to open up.

Figure 10. Contributions to changes in the unemployment rate



Source: Stats NZ, Macrobond, ANZ Research

Looking forward, we expect the unemployment rate to peak at 5.3% next quarter (Q3), before gradually drifting lower as demand picks up. But as we've noted previously, a delayed recovery would imply a material risk that firms shed their hoarded labour, resulting in a higher unemployment rate by year end, and/or see the recovery in employment we've pencilled in play out a little more slowly.

Our forecasts

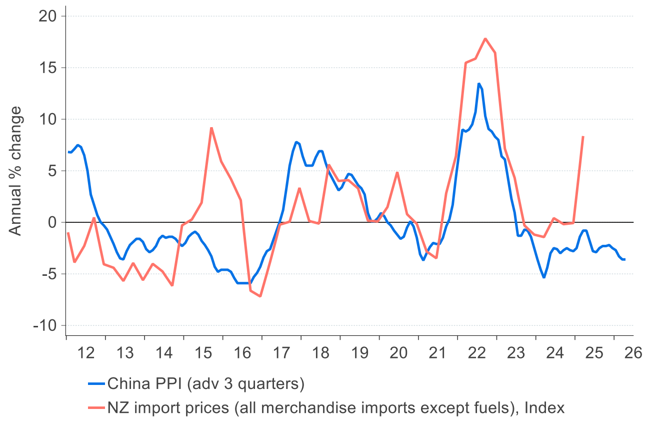
With the labour market remaining in a disinflationary state for much of the forecast horizon, we see little risk of wage-price spiral dynamics returning anytime soon. In other words, while the RBNZ is keeping a close eye on some pockets of strength in the CPI (particularly regarding prices that are not sensitive to monetary policy, such as council rates), we think there is sufficient spare labour market capacity to ensure that underlying disinflation progress continues for a while yet. Wage signals out of our ANZBO survey are certainly benign.

RBNZ balancing the risks to inflation

Headline inflation has accelerated in recent quarters, coming in at 2.7% y/y in Q2. We expect it to accelerate to 3.0% in Q3 (a slight upgrade from our previous forecast of 2.9%), with a risk it temporarily breaches the 1-3% target band. Compared to our previous forecast, near-term tradable inflation is expected to come in a smidgen hotter than previously, which in part reflects past NZD weakness and volatility in oil prices. But when it comes to tradable inflation, it's often a case of what goes up must come down, meaning higher tradable inflation today could mean lower tradable inflation in the not-too-distant future. We expect the near-term acceleration in tradable inflation to unwind over 2026.

The RBNZ is expected to remain attentive to the risk that tradable inflation remains stubbornly high going forward – as well it might, given global trade frictions, geopolitical tensions, and looming supply chain adjustments. However, risks certainly aren't one sided. China, our largest trading partner, is currently facing a bout of deflationary pressures, and that's likely to contain upwards pressure on New Zealand's import prices.

Figure 11. China's PPI vs NZ import price

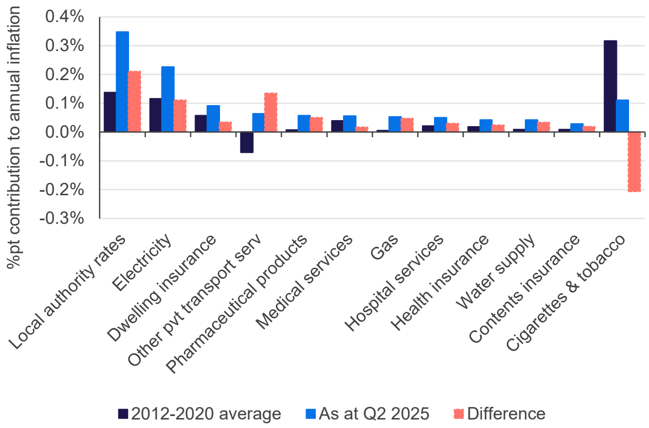


Source: Stats NZ, NBS, Macrobond, ANZ Research

On the non-tradable side, disinflationary progress remains on track, with slack in the labour market looking like it'll be more than enough to keep this relatively sticky side of the inflation basket on its downward trajectory for a while yet. We expect non-tradable inflation to slow to just under 2.5% in 2026, which is below the 3% level that's historically been consistent with headline inflation around the 2% target midpoint. This forecast also factors in persistently elevated inflation in pockets of the CPI basket such as council rates and electricity, but these aren't expected to intensify from here.

Figure 12 shows the components of the CPI that we have identified as potentially being insensitive to monetary conditions and which have been running meaningfully above their 2012-2020 average. On the other side, we include cigarettes and tobacco: future excise tax increases are not expected to be as large is they have been in the past. All up, the contribution to annual inflation from these pockets of the CPI in Q2 2025 was around 0.5% pts above the 2012-2020 average. Looking forward, the contribution from council rates is expected to come down (but remain elevated), insurance inflation is expected to slow, and the impetus to electricity prices from higher lines charges is expected to be smaller from next year. In other words, that ~0.5% pt contribution to annual inflation from these factors is poised to get smaller.

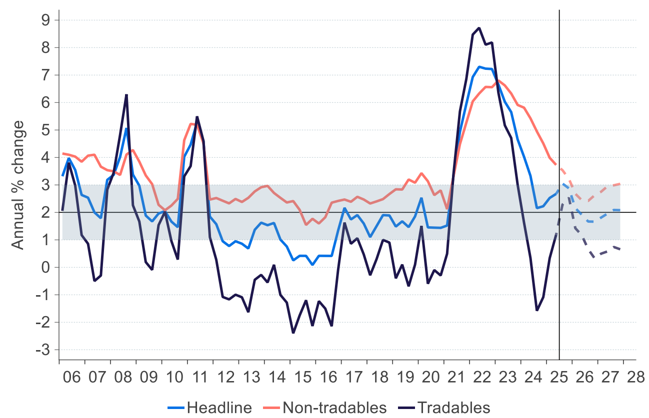
Figure 12. Selected contributions to inflation



Source: Stats NZ, ANZ Research

Putting it all together, we expect CPI inflation to stabilise around 2% over the medium term (troughing just under 2% in 2026) as tradable inflation turns a corner and non-tradable inflation stabilises where it needs to be after the RBNZ follows through with a little monetary stimulus.

Figure 13. Inflation forecasts



Source: Stats NZ, Macrobond, ANZ Research

Our forecasts

OCR expected to fall to 2.5%, short-end interest rates to follow

With downside medium-term inflation risks commanding more attention, and sticky inflation risks dissipating, we remain comfortable with our view that the OCR will trough at 2.50%. We'd characterise risks to our forecast for 25bp cuts in October and November as roughly balanced.

Short-end rates are expected to follow the OCR lower, with 90-day bill rates falling later and by more (around 40bp), but 2-year swap rates falling earlier and by less (about 15bp) compared to levels prevailing today. The timing mismatch arises because 90-day interest rates can only anticipate OCR changes one, or possibly two meetings ahead of time, whereas 2-year swap rates will move with expectations for what will happen over the next 2 years. The magnitude mismatch arises because 2-year rates have already fallen in anticipation of upcoming OCR cuts, and because they are anticipating eventual hikes.

That latter point about the expectation of eventual hikes has been the main reason why 2yr swap rates are only slightly below 3% despite widespread projections (including the RBNZ's) that have the OCR falling to about 2.5%. In terms of risks, if markets start finding reasons not to price in eventual hikes (which could happen if the economy stagnates or inflation moderates towards the RBNZ's 2% target), that could see 2yr swap rates fall even if the RBNZ stops cutting. Conversely, if OCR cuts gain economic traction more forcefully (or earlier), then expectations for hikes may be brought forward, putting upward pressure on short-end interest rates.

Long-end interest rates supported by global fiscal sustainability concerns and erosion in confidence in central banks

Economic resilience and tariff-related inflation fears have kept a soft floor under US interest rates since April, with spillover effects felt here and around the world. But even as the tempo of US data has softened and tariff angst has eased, US bond yields have come down only a little. Indeed, the yield on the bellwether US 10-year Treasury bond was around 4.4% when we published our last quarterly in May, and it's around 4.3% now. There are several reasons for this, but fiscal sustainability (or more precisely, the lack of it) is by far the most glaring issue – not just in the US, but in Europe too. Other structural factors like pension reform (the move away from defined benefit schemes to defined contribution schemes and the like) that will affect demand for long-duration bonds and concerns about central bank independence are also playing a role. However, the fiscal outlook is the biggie, and it is being felt in global markets via relentless bond supply as governments the world over tap markets via regular bond auctions and tenders.

While New Zealand's fiscal outlook is better than many of its peers, we are a price-taker in the global bond market. Global investors have the luxury of being able to choose which government bonds they buy, and as they make up the majority of buyers in the local market, when yields rise in the US and Europe, that undermines demand for New Zealand bonds. The correlation between New Zealand bond yields and their US equivalent is so much higher than their correlation with the OCR that although the RBNZ has cut the OCR by 250bp (from 5.5% to 3%) since it started easing last August, New Zealand 10-year bond yields are higher than before the RBNZ started easing.

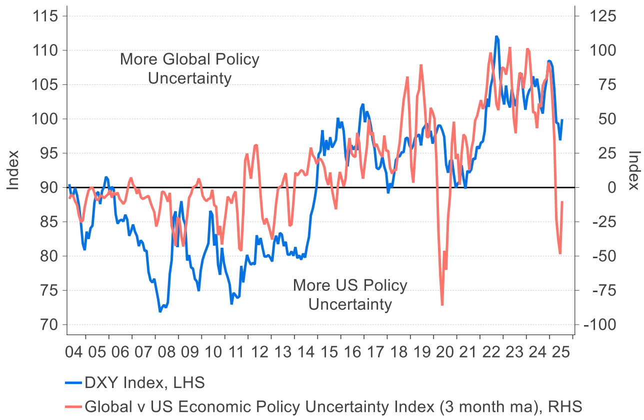
Owing to our expectation that global bond yields remain elevated, we have pencilled in a flat forecast for local 10-year bond yields, expecting them to hold around 4.4%. That would continue a very stable 2025. Remarkably, month-end readings for New Zealand 10-year bond yields have spanned a range of just 18bp (between 4.43% and 4.61%) year-to-date. Volatility is very low, and as a result of this stability, our forecasts have yield curves steepening over the remainder of the year, before flattening over 2026 as markets look to eventual RBNZ OCR hikes.

Broad and gradual USD weakness still expected

While the RBNZ's dovish pivot in August drove the Kiwi lower, and is a short-term negative from a carry perspective, we expect global themes to dominate over the longer term, with negative consequences for the USD. Rising US policy uncertainty has been a major headwind for the USD (figure 14), with trade policy driving a temporary exodus from US assets in April. Trade uncertainty has impacted US consumer and business expectations, resulting in a slowing in US activity and a softer labour market. This has affirmed our view of a 25bp Fed rate cut in September. The tariff impact on US inflation and consumption will materialise in the coming months and weigh on the USD.

Across FX majors, contrasting with the clouded and uncertain US outlook has been optimism over Europe, with the announcement of German stimulus to support the economy via spending on manufacturing, transport and infrastructure. Rising sentiment towards the European economic outlook has seen EUR and European currencies outperform as EU-US narratives diverge.

Figure 14. Global vs US Policy Uncertainty Indices



Source: Baker, Bloom & Davis, Bloomberg, Macrobond, ANZ Research

By the numbers, we see the USD DXY index ending the year at 95, driven by further broad-based USD weakness. We expect NZD/USD to be at 0.62 by year end, rising gradually to 0.64 by the end of 2026 and 0.65 over 2027.

Our forecasts

Table 1: Forecasts (end of quarter)

FX Rates	26-Aug	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
NZD/USD	0.585	0.610	0.620	0.630	0.630	0.640	0.640	0.650
NZD/AUD	0.902	0.924	0.925	0.926	0.926	0.928	0.928	0.929
NZD/EUR	0.503	0.517	0.517	0.521	0.516	0.520	0.516	0.520
NZD/JPY	86.4	86.6	85.6	85.7	84.4	84.5	83.2	83.2
NZD/GBP	0.435	0.445	0.446	0.450	0.447	0.451	0.448	0.451
NZ$ TWI	67.7	70.3	71.1	71.7	71.4	72.0	71.6	72.2
Interest Rates	**26-Aug**	**Sep-25**	**Dec-25**	**Mar-26**	**Jun-26**	**Sep-26**	**Dec-26**	**Mar-27**
NZ OCR	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.75
NZ 90-day bill	3.01	2.70	2.62	2.62	2.62	2.62	2.82	3.12
NZ 2-yr swap	2.93	2.84	2.80	2.90	2.98	3.04	3.15	3.20
NZ 10-yr bond	4.39	4.40	4.40	4.40	4.40	4.40	4.40	4.40

Source: Bloomberg, ANZ Research

Forecast charts

Figure 1. Production GDP level (headline vs per capita)

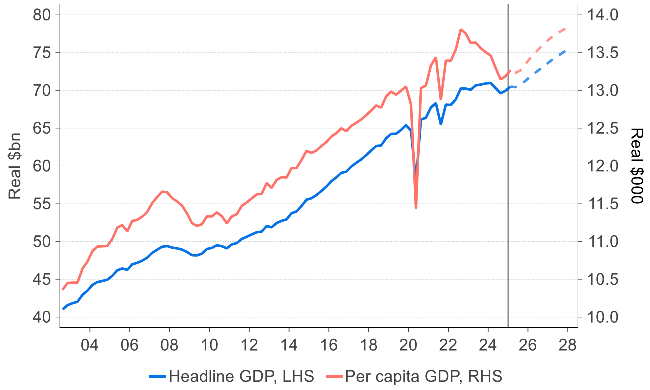


Figure 2. Production GDP growth

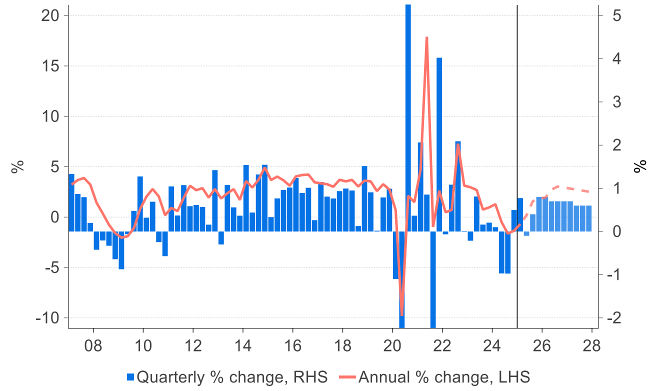


Figure 3. Contributions to GDP growth (detailed)

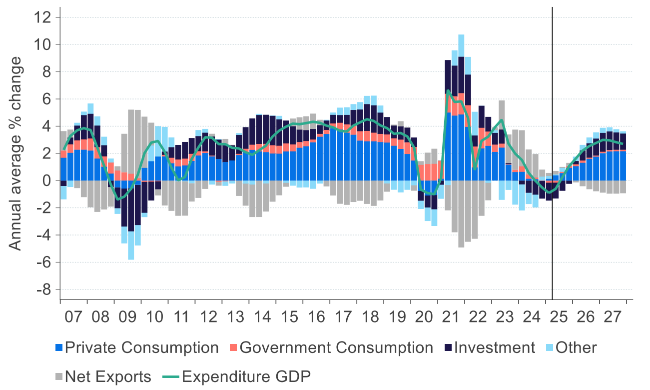


Figure 4. Real investment

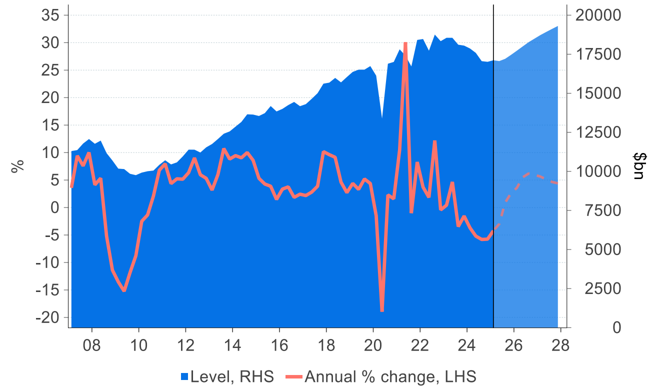


Figure 5. Real private consumption

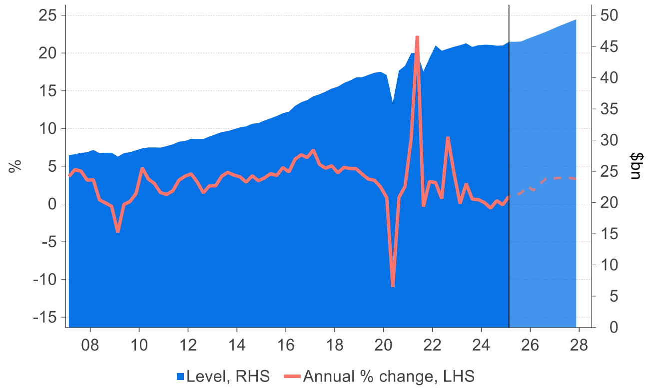


Figure 6. Real government consumption

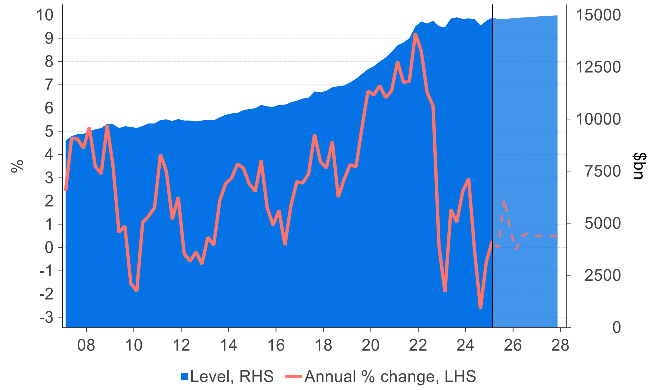


Figure 7. Real exports (goods and services)

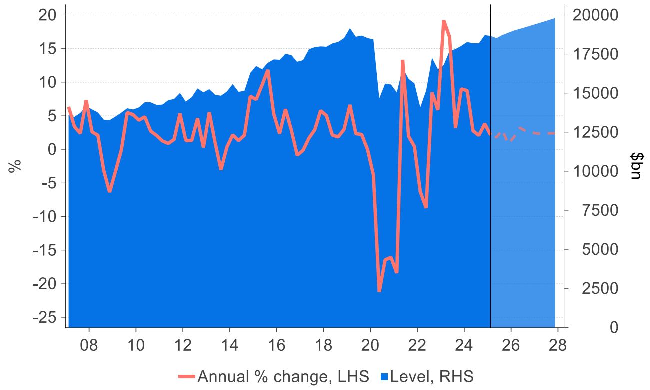
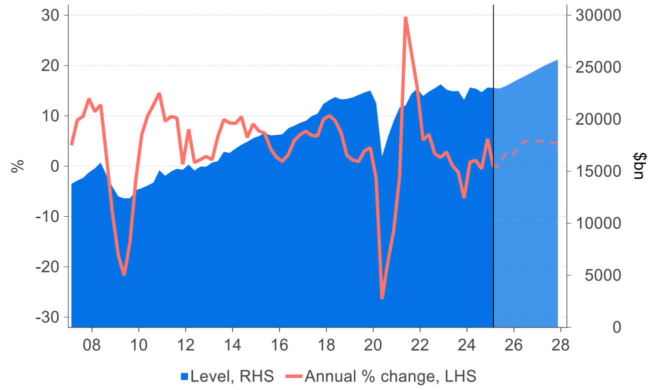


Figure 8. Real imports (goods and services)



Source: Stats NZ, Macrobond, ANZ Research

Forecast charts

Figure 9. Terms of trade

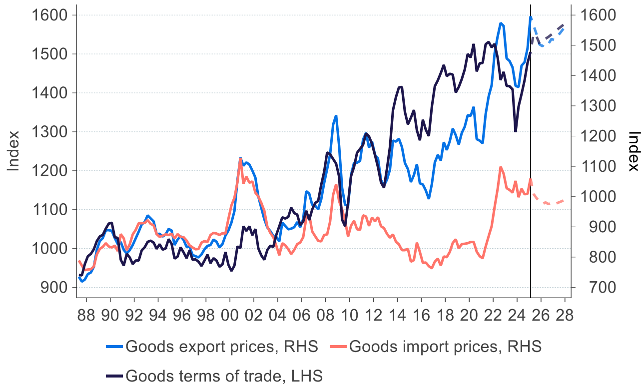


Figure 10. Current account balance

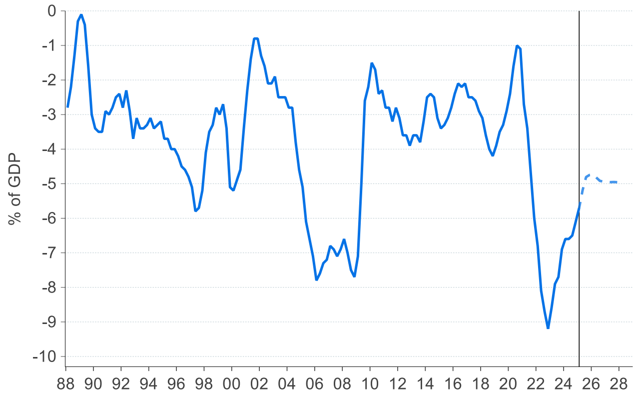


Figure 11. Output gap

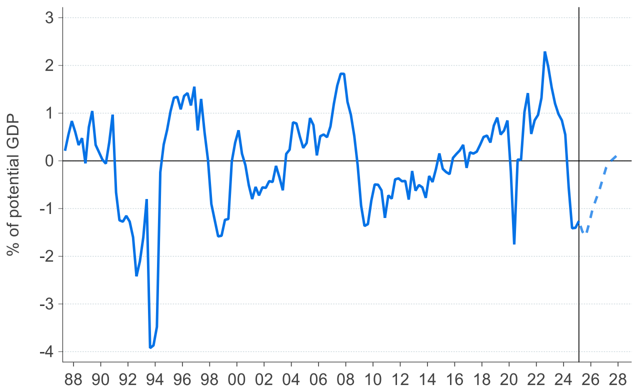


Figure 12. House prices (REINZ HPI)

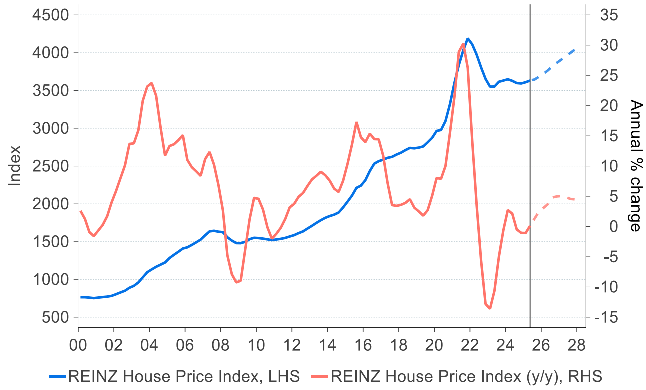


Figure 13. Annual migration

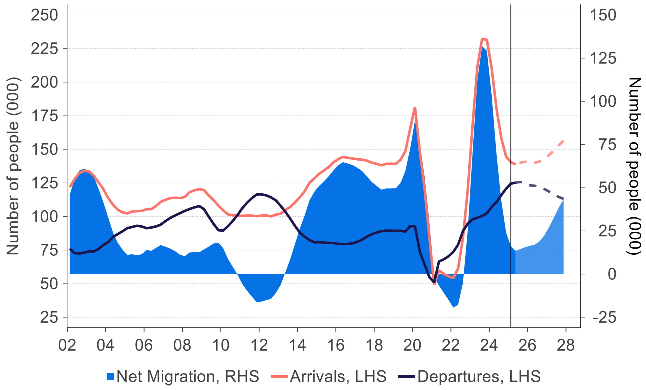


Figure 14. Resident population

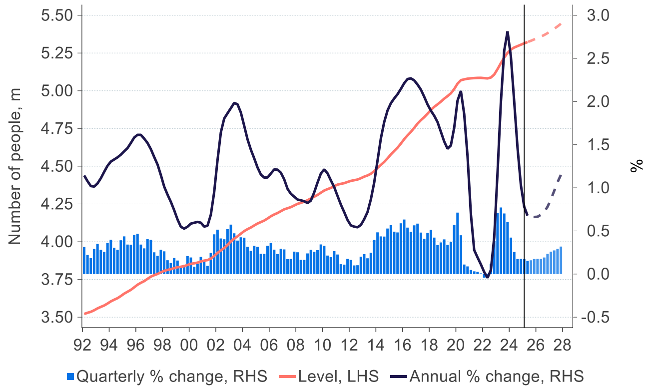


Figure 15. Participation and employment rate

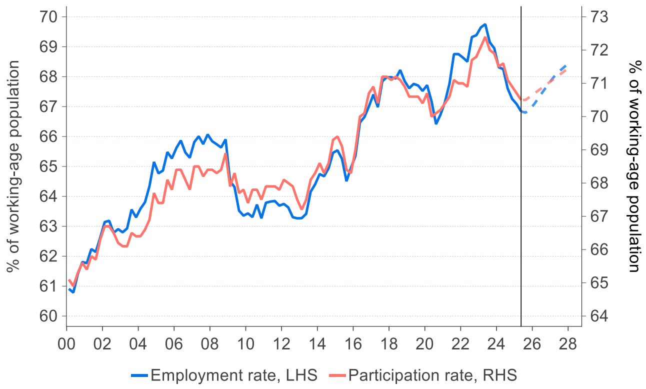
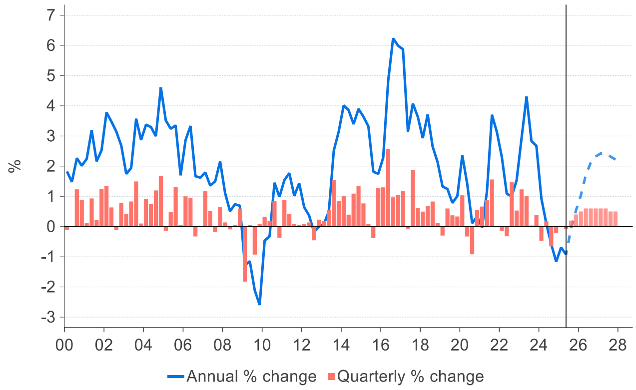


Figure 16. Employment



Source: Stats NZ, REINZ, Macrobond, ANZ Research

Forecast charts

Figure 17. Unemployment rate decomposition

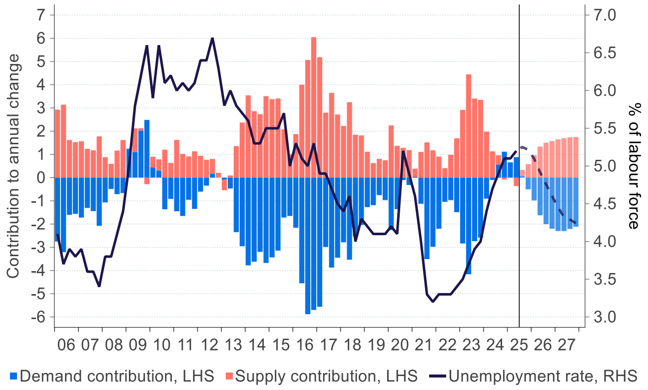


Figure 18. Wages and labour costs

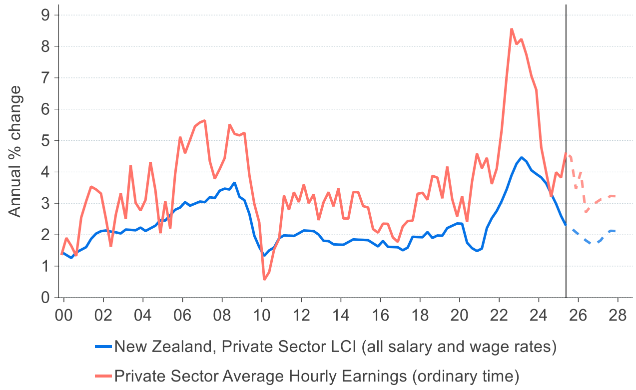


Figure 19. Inflation forecasts

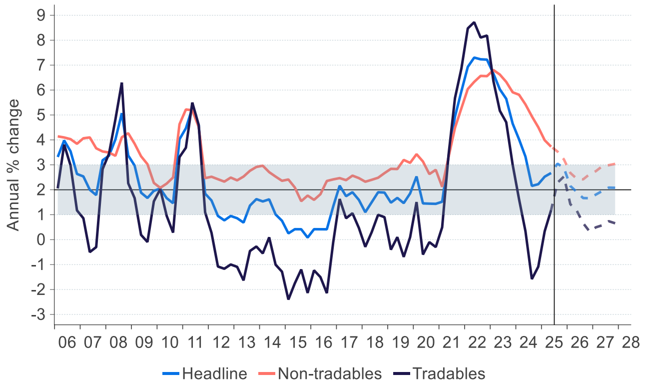


Figure 20. Headline inflation forecast decomposition

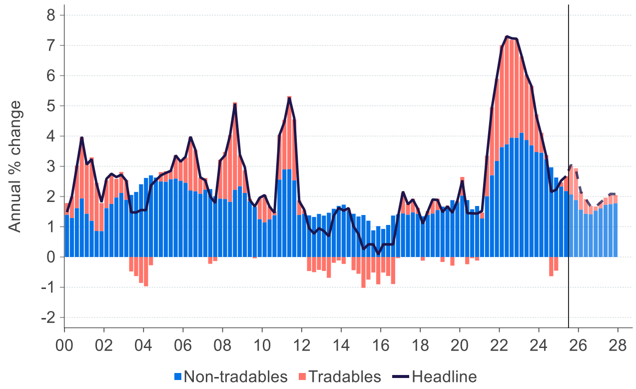


Figure 21. OCR and 90-day rate

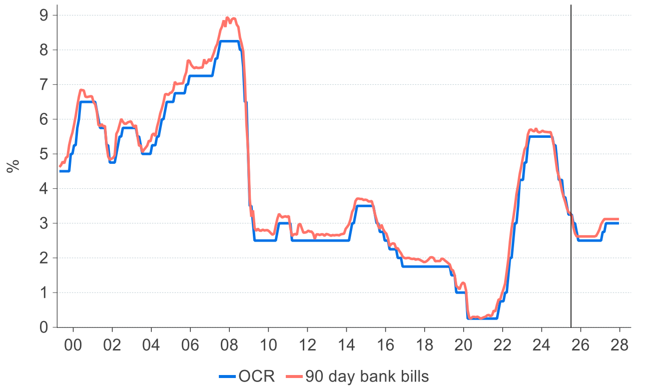


Figure 22. 2-year swap rate and 10-year bond yield

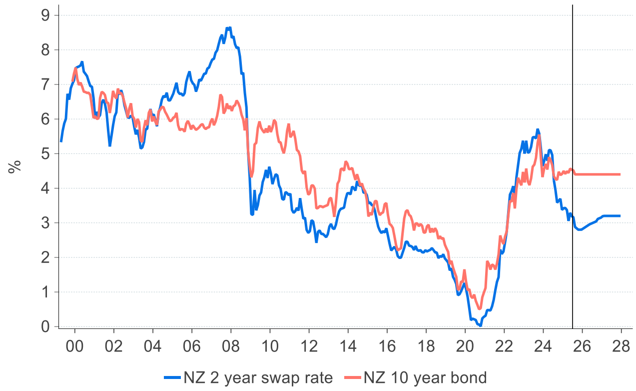


Figure 23. NZD against JPY and CNY, and TWI basis

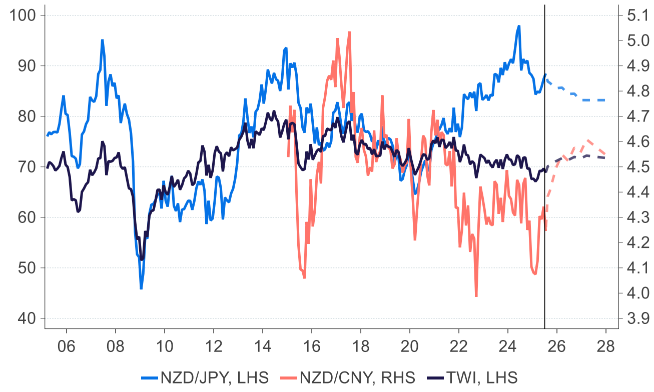
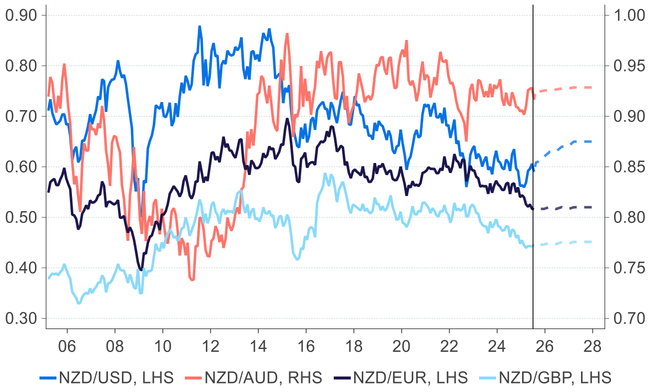


Figure 24. NZD against USD, AUD, EUR and GBP



Source: Stats NZ, Bloomberg, Macrobond, ANZ Research

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