

Research Markets Outlook

19 October 2026

October MPR preview

- **RBNZ was cautionary in September**
- **But inflation pressures have surged since then**
- **We forecast a 25 point hike at the upcoming meeting**
- **With a pointer to more**
- **Q3 CPI all noise, no signal**

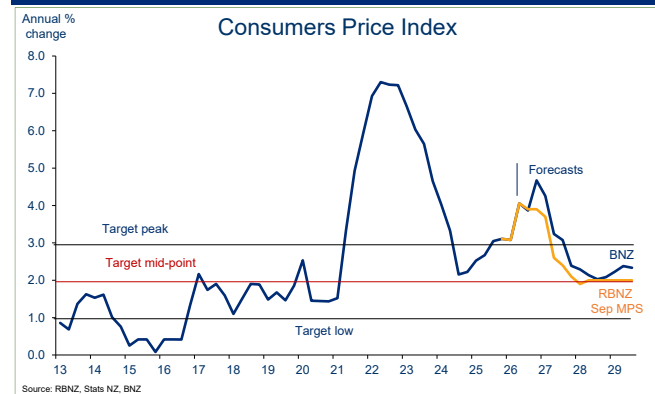
When the world changes you must change with it. Back in September the Reserve Bank proffered a Monetary Policy Statement which indicated a reluctance to continue raising interest rates largely because of a belief that inflation could be quickly returned to 2.0%, and that there were significant downside risks to growth. Whether you believed that was justification for its apparent dovishness or not is largely irrelevant. The world is now in a very different place to what the RBNZ had anticipated and so it should adjust accordingly.

To start with, New Zealand's refined oil prices, in USD, are around 20% higher than the Reserve Bank would have been expecting. This not only feeds straight into headline inflation but will maintain upward pressure on the prices of everything that is transported. Equally, it will continue to bolster inflation expectations.

In Friday's release of the Selected Price Indexes there was also clear evidence of mounting second round effects from the oil price movements. This has caused us to nudge upward our expectation for September quarter CPI inflation (due for release Thursday) by 0.1% to 0.8% for the quarter, 3.9% for the year. This is the same as the RBNZ's 0.8%/3.9% pick.

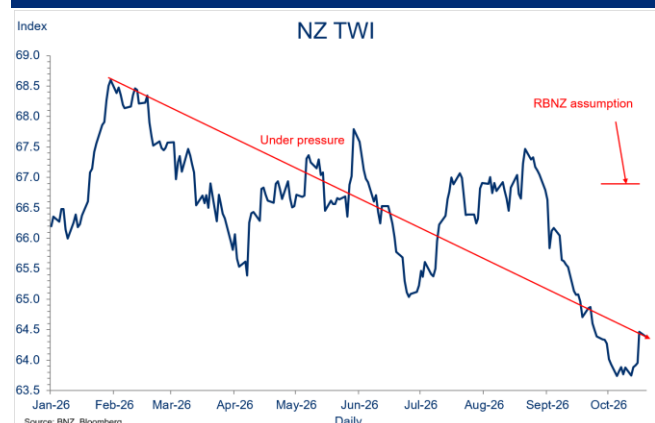
But the real point of interest is Q4 inflation, not due until January next year, which we are now forecasting to be 4.7% compared with an RBNZ assumption of 3.9%. Sure, the miss is largely via an oil price spike that should be looked through and one which will ultimately put further downward pressure on real disposable incomes (lowering medium term inflation) but the medium-term upward pressure on the general level of prices cannot be overlooked. With this in mind, recall that at least one member of the Monetary Policy Committee, Prasanna Gai, has already published research highlighting the enduring risks of supply driven price shocks if not met with a central bank response.

Inflation too high for too long



But, frankly, oil prices are the Reserve Bank's least concern. The weakness in the New Zealand dollar rings alarm bells as its impact will be felt for some time. The currency is around 4% weaker than what the RBNZ had assumed. This must lift the Bank's year ahead inflation forecast enough, by itself, to put at risk its ability to get inflation to the mid-point of its band.

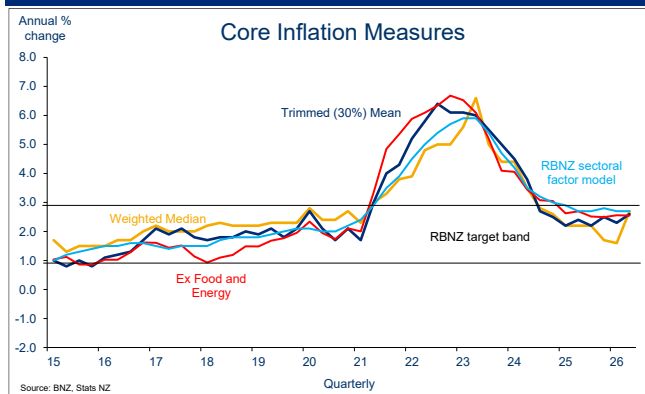
NZD a medium term inflation threat



Note that the Bank's dovish September stance, when set alongside a global central banking community which is becoming more fearful of inflation, is a direct cause of the currency weakness. A lack of reaction to the currency's drop could well see another unwelcome leg down.

As if all this is not enough, note that measures of core inflation are sitting stubbornly near the top end of the RBNZ's target band. They will probably move higher still when the December quarter CPI detail is released. This implies the output gap wasn't as wide as specified in the first place. Of course, one of the great ironies of using the output gap as a key driver of your inflation forecasts is that it is unobservable.

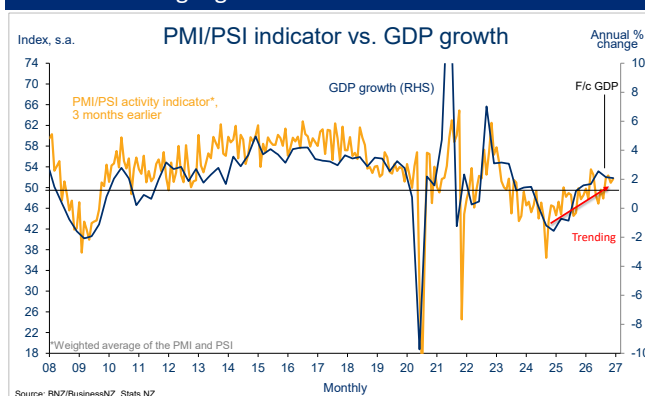
A core problem



Equally as important, the RBNZ focussed strongly on downside risks to growth when it produced its September missive. While risks are still plentiful, evidence would suggest that, for now at least, those risks are lower than the Bank might have feared.

To start with, the starting point for economic activity is around 0.5% higher than the Reserve Bank assumed back in September. This means the output gap is also lower so is putting less downward pressure on inflation. Compounding this issue, it appears growth in the working age population is lower than thought thanks largely to revisions. This means potential growth is also weaker. And last but not least, most measures of economic activity seem to be holding up quite well despite the significant headwinds that prevail. For example, our performance indices for manufacturing and services, in combination, showed an acceleration in activity and, importantly, a pick-up in employment.

Growth trending higher



Taking all these things into consideration, we believe the Reserve Bank will not only need to raise its cash rate in October but should also signal there is more to come. There is no rate track published in a Monetary Policy Review but there will be one presented to the Monetary Policy Committee for its consideration. We believe the end point in that track will be at least as high as the 3.28% projected in September and, more likely, around the 3.50% mark.

So far Anna Breman has revealed a very strong commitment to get inflation down to 2.0% - laser focused in fact. But we caution that achieving this will become increasingly difficult if the MPC displays the sort of reticence to raise rates that it did in September. It reminded us of the approach Alan Bollard took during his tenure which, ultimately, probably ended up with interest rates needing to rise more than would have been the case had the Bank been more aggressive sooner. Hindsight, of course, is a wonderful thing but there may be lessons to learn. It is also worth noting that Bollard was more comfortable using the width of the target band. Breman's rhetoric suggests otherwise for her.

Some think the Bank will be concerned about the political implications of raising the cash rate during the run up to an election. No matter what central banks say, they are very wary of becoming embroiled in an election campaign. It will be no different this time around. However, we are very quick to note that not raising interest rates might be seen as overtly political given that we are already amid a tightening cycle and inflationary pressures have recently jumped. Moreover, it shouldn't be overlooked that the market is currently pricing around an 80% chance of an October hike.

To cap things off, given that we still hold the view that there remains a lot of work for the central bank to do then it would be completely inconsistent with that view were we to suggest a pause in October while forecasting a 3.75% peak in the cash rate. For all intents and purposes, to do so would be forecasting a policy mistake.

For embattled borrowers there is some solace in that current market pricing has the cash rate peaking at over 4.0%. This is already priced into the yield curve which means that borrowing rates, except for the floating rate, already largely incorporate future rate moves. On this basis the standard two year mortgage lending rate, by example, would not be expected to rise anywhere near the 100 basis point increase we are forecasting for the cash rate.

As a footnote, after completing our preview, and for a bit of amusement, we asked copilot to have a look at the minutes of the RBA's latest meeting to see if it could offer up any lessons for the RBNZ.

According to copilot the RBA minutes offer four particularly important warnings:

- A supply shock can require tighter policy even though monetary policy cannot reverse the original price increase.
- Measured spare capacity may overstate the economy's true supply capacity.
- A low policy rate relative to rising global neutral rates can loosen conditions through the exchange rate.
- Waiting for definitive evidence of persistence can be costly when inflation is already above target.

Sound familiar?

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Global Watch

- **APEC Finance ministers meet in Hong Kong**
- **Fed and ECB quiet ahead of next policy decisions**
- **China Q3 GDP expected to print below target**

APEC finance ministers meet in Hong Kong (Tuesday and Wednesday) while flash PMIs are out across the US, euro-zone, UK and Japan on Friday. Although US out-performance remains the dominant narrative here, EZ and UK services levels have picked up to more robust levels recently. Manufacturing across the board is resilient above 50.

It's a quiet data week in Australia. RBA Deputy Governor Hauser speaks Wednesday. There is less than half a chance of a tightening priced over the next two meetings and NAB continue to see the RBA on hold from here, but the risk still sits with a hike, and the RBA is unlikely to want to fuel any further paring in pricing.

In Asia, China's Q3 GDP and September data (retail sales, industrial production and fixed asset investment) arrive today. There may be some financial reforms announced alongside Beijing's Financial Street Forum (Monday-Thursday). In Japan, September CPI (Friday) is expected to show core measures move higher, following the upside surprise in the Tokyo numbers. Trade data (Wednesday) and machine tool orders (Thursday) are also released.

It is also a quiet week in the US with the Fed in blackout ahead of its 28 October meeting. Data is second tier, with final October UMich sentiment (Friday) and housing starts (Tuesday). Netflix (Tuesday), Tesla and Meta (both Wednesday) mark the major earnings reports out next week. In Canada, CPI (Monday) and retail sales (Friday) are out.

In Europe, the ZEW October analysts survey is released on Tuesday, with consumer confidence on Thursday. With the ECB meeting on the 29th, officials will be muted on policy. In the UK, August labour market data is released Tuesday. NAB expect some stabilisation in private sector earnings that have been easing for two years. Broader labour

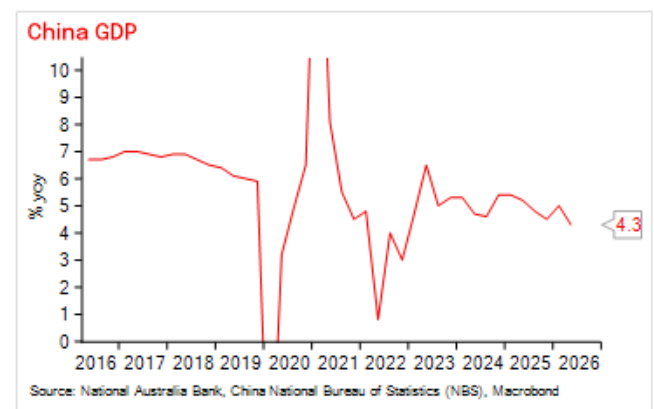
market data remains soft. CPI inflation for September on Wednesday is expected to see headline prices rising from 3.1% to 3.4%, aided by rising fuel costs. Core and services prices are both expected to rise by 0.2ppts to 2.8% and 3.6% respectively. Public finances data arrives Wednesday and retail sales Friday.

Key Event Previews

Monday

CN China Q3 GDP

Q2's GDP growth result of 4.3% was below China's 4.5-5.0% target range, reflecting persistently weak domestic demand. Recent retail sales, fixed asset investment and other activity indicators suggest little improvement through Q3. However, trade and growth in the tech sector will support GDP. Against this backdrop, consensus is looking for 4.4% y/y. In late September, likely with the aim of spurring growth to meet the official target, Beijing announced targeted fiscal support for housing, infrastructure, SMEs, and agriculture. GDP growth continuing to track below target in Q3 could prompt further action.



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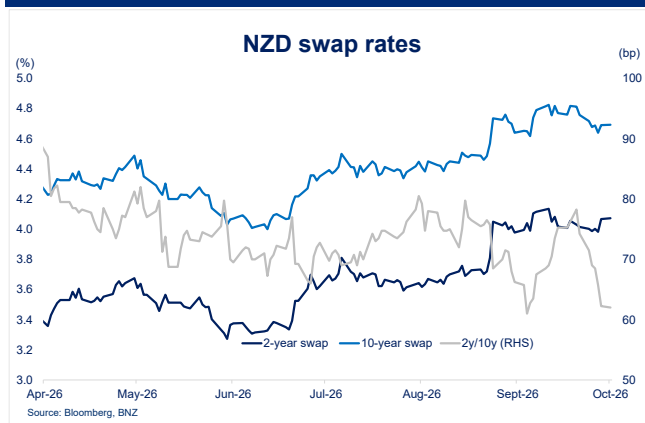
Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

Offshore volatility remained the main driver of NZ swap rates over the past week. The largest moves were in US fixed income, where a firm core CPI print initially sent yields sharply higher before positioning adjustments and rising risk aversion drove an equally abrupt reversal. US 10-year Treasury yields have since settled around 20bp below their recent 5.36% peak. NZ long-end rates followed the offshore rally, albeit underperformed, while front-end rates moved higher after partial September inflation data prompted a small upward revision to our Q3 CPI forecast and highlighted stronger upside risks for Q4.

Market pricing indicates a higher chance of an October rate hike. The implied probability increased to around 80% for next week's Monetary Policy Review. We expect a further 25bp increase. The September MPS explicitly identified persistent energy prices and second-round price effects as key upside risks to inflation, with four of six MPC members seeing risks skewed to the upside. Those risks appear to be crystallising, as surging energy prices point to Q4 inflation significantly exceeding the Bank's projection, while the weaker NZD adds to imported inflation pressures.

Flatter swap curve: 2s10s back at +60bp cycle low



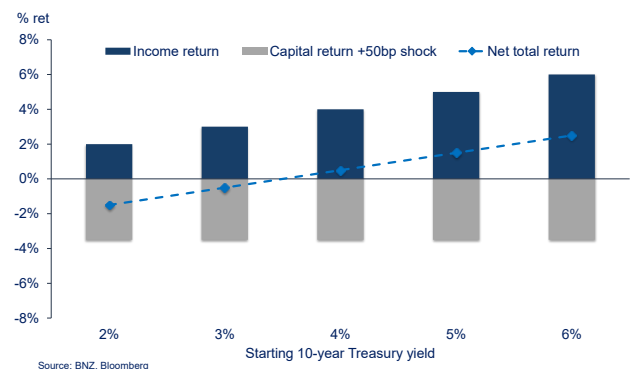
Q3 CPI, released on Thursday, is the final major data point ahead of the October RBNZ meeting. The composition will matter more than the headline, with the Bank likely focused on whether higher energy costs are generating broader and more persistent price pressures. Two-year rates dipped below 4% last week before rebounding and are now marginally above fair value based on our projected OCR path. We see limited scope for a sustained move above current levels if, as we expect, the OCR peaks at 3.75%. Meanwhile, the 2s10s curve twist-flattened towards its cycle low of around +60bp, reflecting the competing influences of lower global yields and rising domestic inflation risks.

Beyond the immediate domestic event risk, a key strategic question for NZ rates is whether US 10-year Treasury

yields, arguably the most important global yield reference, are beginning to find a peak. There are tentative signs that higher yields are attracting incremental demand. US government bond ETFs have drawn almost US\$20bn over the past month, compared with a monthly average of around US\$11bn over the past year. Rather than investors confidently calling the top in yields, the flows appear to reflect more attractive entry levels, particularly out to 10 years, where exposure to a further rise in term premium is less pronounced than further along the curve.

Higher starting yields provide a larger yield cushion

Return impact of +50bp yield move



The mathematics of higher starting yields are becoming more supportive for prospective total returns. With yields above 5%, investors receive substantially more income to offset the capital impact of any further rise in rates, providing a larger yield cushion than was available at lower starting yields. This improves the asymmetry around adding duration without requiring an outright call that yields have peaked. Even after the recent pullback, elevated equity valuations reinforce the relative appeal of government bonds, likely explaining some of the rotation towards fixed-rate exposure alongside improved valuations.

The improving total-return profile is also supported by broader measures of value. US 10-year real yields and the spread between nominal Treasury yields and consensus nominal growth are both close to one standard deviation above their five-year averages. Neither is a reliable timing signal, nor evidence that the peak in yields is behind us. However, alongside stronger end-investor participation at recent Treasury auctions, they suggest investors are increasingly being compensated for taking duration risk. Taken together, higher starting yields, more supportive valuations and improving demand suggest the balance of risk is becoming progressively more favourable for adding duration.

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Foreign Exchange Market

Reuters pg BNZFWFDS Bloomberg pg BNZ

The NZD showed further signs of consolidation last week, with NZD/USD rising 0.7% to 0.5650. The AUD was the weakest of the major currencies following a softer-than-expected labour market report, resulting in a strong 1.3% weekly gain for NZD/AUD to 0.8140. Movements in the other crosses were mixed, with the NZD relatively flat against CAD and GBP and showing modest gains against EUR and JPY.

Price action was notable last week, providing some tentative signs of a turning point in global bond and currency markets. Despite stronger-than-expected US CPI and PPI inflation data, US 2- and 10-year Treasury yields did not exceed their previous highs, while the market did not extend its pricing for additional Fed hikes over the coming year. Once the dust had settled, Treasury yields were notably lower, gaining some asset allocation support as investors reassessed the AI investment thesis. Meanwhile, the DXY rose to a fresh 18-month high before undergoing a sharp downward correction.

For NZD/USD, short-term support at 0.5580 was broken and a fresh 2026 low of 0.5565 was traded. However, the move was fleeting, with the Kiwi recovering to above 0.5650 towards the end of the week. Our tentative conclusion is that the NZD is in a consolidation zone, with selling pressure likely exhausted at its recent depressed level. We are cautiously optimistic that trading conditions for the NZD can improve from here, with risks skewed towards greater upside than downside pressure over the coming weeks.

The key question is whether last week's reversal reflected only stretched US Treasuries and USD positioning or the beginning of a more durable turn in US rates and the USD. If the latter, this would provide a much stronger foundation for an NZD recovery.

However, caution remains appropriate given the event risks ahead, namely the RBNZ's policy review next week and the 7 November general election. We expect a third successive 25bp increase in the OCR, taking it to 3.0%, although the market is not treating this as a done deal. A 25bp hike could strengthen the case for NZD support around recent lows, while a pause could trigger a downside break. Our projection that the NZD will find its footing and end the year at 0.5750 relies on the RBNZ hiking not only next week but again in December, while signalling that further tightening will be required in 2027.

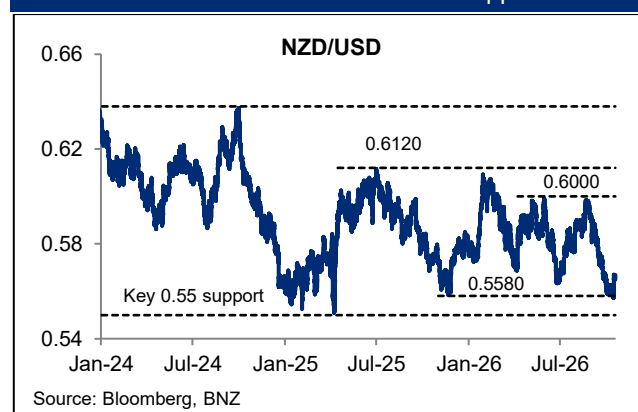
The 7 November general election, which remains too close to call, is another event weighing on the NZD outlook. We do not necessarily see a possible change of government as a negative driver for the NZD next year, but election-related uncertainty could create a short-term headwind.

NZD/AUD fell to a fresh 13-year low of 0.8004 before buyers stepped in. This was followed by a weaker-than-expected Australian employment report, which reduced the likelihood of the RBA delivering another rate hike this cycle and drove NZD/AUD back above 0.81. The price action points to solid support around 0.80. Our projections are consistent with a sustained recovery in the cross, although this is more likely to be a 2027 story, on our expectations that the RBNZ's hiking cycle continues against an unchanged RBA policy outlook and the NZ economy outperforms Australia next year.

In the week ahead, the domestic focus will be on the Q3 CPI, where another strong print is expected, even as annual inflation dips slightly to 3.9% from 4.1%. The market should look through this decline, as inflation is expected to stretch to new heights in Q4. Core inflation measures should also be higher, with some likely to breach 3%.

CPI data are also due this week for the UK, Canada and Japan. Other releases on the radar include UK labour market data, China's Q3 GDP and September activity data, and preliminary global PMI estimates for October. Recall that last month's strong US PMI release triggered a notable market reaction.

NZD recovers somewhat after the test of support at 0.5580



Cross Rates and Recent Ranges

	Current	Last wk %chg	Last 3-wks range*
NZD/USD	0.5663	0.7%	0.5570 - 0.5680
NZD/AUD	0.8135	1.3%	0.8000 - 0.8150
NZD/CAD	0.8002	-0.1%	0.7950 - 0.8050
NZD/GBP	0.4251	0.0%	0.4230 - 0.4280
NZD/EUR	0.5059	0.4%	0.4960 - 0.5040
NZD/JPY	89.48	0.5%	88.10 - 89.60

*Indicative range over last 3 weeks, rounded

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Technicals

NZD/USD

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

We leave support at 0.5580, despite the fleeting breach last week, given the subsequent recovery. Resistance is still far away at 0.60.



NZD/AUD

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

Support at 0.80 was solidified last week. Resistance is still far away at 0.84.



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NZ 5-year Swap Rate

Outlook: Lower
 ST Resistance: 4.48
 ST Support: 4.10

5-year swap remained stable last week, continuing to sit just below our resistance. We continue to favour a move lower and will reassess should it break back through our resistance.



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

Outlook: Neutral
 ST Resistance: 0.67
 ST Support: 0

2s5s curve flattened aggressively last week, closing the week at +31bp. It now sits below our short term channel.



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Quarterly Forecasts

Forecasts as at 19 October 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified

	Forecasts									
	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-0.6	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	0.8	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	3.9	4.7	4.3	3.2	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

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										
Dec	3.25	3.75	4.40	4.95	4.00	4.25	4.65	4.15	4.90	0.05
2027 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
Current	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%
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Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 19 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	4.3	2.3	4.7	2.2	3.1	4.7	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	-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										
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	64.9	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 19 October				NZ	CPI YoY 3Q	3.80%	3.90%	4.10%
CH	Used Home Prices MoM Sep		-0.31%	NZ	CPI Tradeable QoQ 3Q	0.20%	0.80%	2.70%
EC	ECB's Sleijpen speaks			NZ	CPI Non Tradeable QoQ 3Q	1.20%	1.20%	0.60%
CH	GDP SA QoQ 3Q	1.00%	0.90%	EC	ECB's Kocher speaks			
CH	Retail Sales YoY Sep	0.50%	0.40%	UK	CBI Trends Total Orders Oct	-20		-9
CH	Industrial Production YoY Sep	5.50%	5.20%	UK	CBI Trends Selling Prices Oct			12
CH	Fixed Assets Ex Rural YTD YoY Sep	-7.30%	-7.20%	Friday 23 October				
CH	Surveyed Jobless Rate Sep	5.30%	5.30%	US	Initial Jobless Claims Oct-17	200k		199k
EC	ECB's Lane, Panetta, Elderson speak			US	Initial Claims 4-Wk Moving Avg Oct-17			198.50k
Tuesday 20 October				US	Continuing Claims October-10	1715k		1710k
US	NAHB Housing Market Index Oct	31	32	EC	Consumer Confidence Oct P	-17		-16.5
EC	ECB's Lane speaks			EC	ECB's Panetta speaks			
GE	PPI YoY Sep	6.30%	4.60%	AU	S&P Global Australia PMI Mfg Oct P			49.6
UK	Private Earnings ex Bonus 3M/YoY Aug	3.00%	2.90%	AU	S&P Global Australia PMI Services Oct P			51.9
UK	ILO Unemployment Rate 3Mths Aug	4.90%	4.90%	UK	GfK Consumer Confidence Oct	-15		-13
UK	Payrolled Employees Monthly Change Sep	-8k	-26k	JN	Natl CPI YoY Sep	2.10%		1.90%
GE	ZEW Survey Expectations Oct	30	34.7	UK	Retail Sales Inc Auto Fuel MoM Sep	-0.20%		0.50%
Wednesday 21 October				GE	S&P Global Germany Services PMI Oct P	52.5		52.9
US	ADP Weekly Employment Change Oct - 3		24.750k	EC	S&P Global Eurozone Manufacturing PMI Oct P	52.7		52.9
US	Philadelphia Fed Non-Manufacturing Activity Oct		-22	EC	S&P Global Eurozone Services PMI Oct P	52.5		53
US	Housing Starts Sep	1300k	1275k	EC	ECB 1 Year CPI Expectations Sep	3.10%		3.00%
US	Pending Home Sales MoM Sep	-0.50%	0.30%	EC	ECB 3 Year CPI Expectations Sep	2.90%		2.90%
UK	BOE's Greene speaks			UK	S&P Global UK Manufacturing PMI Oct P	51.8		51.9
AU	RBA's Hauser speaks			UK	S&P Global UK Services PMI Oct P	51.8		52.1
JN	Trade Balance Sep	-¥210.4b	-	Saturday 24 October				
UK	CPI YoY Sep	3.40%	3.10%	US	S&P Global US Manufacturing PMI Oct P	55.5		55.9
UK	CPI Services YoY Sep	3.60%	3.40%	US	S&P Global US Services PMI Oct P	58		58.8
EC	ECB's Cipollone speaks			EC	ECB's Cipollone speaks			
Thursday 22 October				US	U. of Mich. Sentiment Oct F	46.3		46.3
UK	BOE's Bailey speaks			US	Kansas City Fed Services Activity Oct			0
EC	ECB's Lagarde speaks							

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH AND BANK BILLS					SWAP RATES				
Call	2.75	2.75	2.75	2.50	2 years	4.07	4.00	4.00	2.47
1mth	3.03	3.02	2.95	2.65	3 years	4.21	4.16	4.15	2.63
2mth	3.14	3.12	3.06	2.56	4 years	4.30	4.27	4.25	2.80
3mth	3.26	3.22	3.17	2.53	5 years	4.38	4.36	4.34	2.96
6mth	3.47	3.44	3.41	2.49	10 years	4.69	4.72	4.65	3.56
GOVERNMENT STOCK					FOREIGN EXCHANGE				
05/28	3.89	3.82	3.85	2.75	NZD/USD	0.5652	0.5588	0.5715	0.5744
05/31	4.47	4.46	4.45	3.41	NZD/AUD	0.8138	0.8029	0.8028	0.8821
04/33	4.71	4.72	4.69	3.74	NZD/JPY	89.29	88.61	89.92	86.59
05/36	5.00	5.02	4.95	4.11	NZD/EUR	0.5030	0.5008	0.4985	0.4934
05/41	5.34	5.37	5.29	4.59	NZD/GBP	0.4242	0.4230	0.4276	0.4285
05/54	5.54	5.57	5.51	4.90	NZD/CAD	0.7995	0.7979	0.8020	0.8063
GLOBAL CREDIT INDICES (ITRXX)					TWI	64.4	63.7	64.9	66.5
Nth America 5Y	62	58	56	52					
Europe 5Y	64	63	58	56					

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