AUSTRALIA & NEW ZEALAND WEEKLY.

Week beginning 26 September 2022

Editorial: We have lowered our AUD forecast to US 65¢ by end 2022.

Australia: Q3 ACCI-Westpac business survey, retail trade, private sector credit, monthly CPI (initial release).

NZ: RBNZ Governor speaking, business confidence, building consents.

China: industrial profits, various PMIs.

Europe: CPI, unemployment rate.

US: regional surveys, housing sales and prices, personal income and spending, PCE deflator, Chicago PMI.

Key economic & financial forecasts.

INFORMATION CONTAINED IN THIS REPORT CURRENT AS AT 23 SEPTEMBER 2022.

WESTPAC INSTITUTIONAL BANK

We have lowered our AUD forecast to US 65¢ by end 2022

Following the September meeting of the FOMC we have raised our terminal forecast rate for the federal funds rate from 4.125% to 4.625% peaking at the January 2023 FOMC meeting.

That forecast follows the near term guidance we saw from the FOMC in their latest Report.

That entails us lifting our expectation for the November move from 50bps to 75bps; no change from our 50bps call for December; and a final 25bp movement in late January (revised up from "on hold").

The Committee's estimates are finely balanced for November/ December with only one member needed to tip the median down to a total of 100bps from the current median of 125bps. But we assess that, based on the press conference, Chairman Powell is in that more hawkish group.

Despite increasing the terminal rate for the federal funds by 50bps we have held the expected terminal rate for Australia steady at 3.6%.

The expected timing of the final RBA hike is unchanged for the February Board meeting in 2023, coming just after the final increase in the federal funds rate in late January.

We expect that both central banks will choose to hold their rates steady through the remainder of 2023 until there is convincing evidence that they are nearing their inflation targets.

Over the course of 2023 we expect that the Australian economy will slow to a growth rate of 1% with the US growing even more slowly at 0.5%. Classical recessions cannot be ruled out in either jurisdiction.

Given we have lifted our federal funds rate terminal by a further 50bps (after the 75bp lift following the recent US Inflation Report) why not lift Australia's rate further?

Recall that when we recently lifted the federal funds rate target by 75bps we lifted the RBA terminal rate by 25bps.

But the Australian economy is more sensitive to the overnight cash rate than the US economy will be to the federal funds rate.

Recall that 60% of Australian mortgages are floating rate and around 80% of the fixed rate mortgages are set to run off by end 2023, around 90% of Australia's mortgage market will be directly impacted by the overnight cash rate by end 2023.

Even though only one third of households in Australia hold mortgages, with one third tenants and one third outright owners, interest rates affect all households.

Mortgage borrowers' cash flows are impacted; investors try to pass on their higher funding costs to tenants, especially in those cities where vacancy rates are near historical lows; and outright owners are suffering significant negative wealth effects.

The RBA has moved rates very quickly to 2.35%, which is below the assessed neutral level of at least 2.5%.

We continue to expect that once the rate is increased by 50 basis points to 2.85% at the October 4 meeting, which is into the contractionary zone, the Board will slow the pace back to 25 basis points for the November, December, and February meetings.

Two of those meetings (November and February) will follow Inflation Reports and while we expect those Reports to signal the need for higher rates, we expect the response will be 25 basis point moves, given the "treacherous lags" that will have built up in the system following the rapid increases since May.

If the RBA does not respond to the likely higher profile for the US federal funds rate, the adjustment will occur through the Australian dollar.

We have lowered our forecast for the AUD by year's end from USD0.69 to USD0.65.

We still expect the AUD to lift against the USD in 2023, with most of the recovery occurring in the second half of 2023 but have lowered our forecast for end 2023 for AUD from USD 0.75 to USD0.72.

The case for a rising AUD in 2023 is supported by:

- Our "above Consensus" forecast for growth in China; and the Asian region in 2023.
- Australia's commodity export prices holding up better than current market expectations.
- The importance of a return to some certainty around central banks and inflation. Markets will respond to slowing inflation and acceptance that central banks have gone on hold. We expect the "on hold" signal to be clearly embraced by markets by the second quarter of 2023 – ahead of current market expectations.
- That return to some policy certainty will boost "risk on" appetite.
- Recognition of the damage to the US economy from Fed policies and the need for rate cuts by the Fed in 2024. This recognition will see an easing in bond rates through 2023 in anticipation of 150bps in fed rate cuts in 2024.
- That 150bps will compare with a likely 100bps of rate cuts expected for the RBA in 2024, narrowing the expected yield differential.

There are two standout risks to this scenario:

- The global economic downturn that is expected for 2022H2 and 2023 is deeper and more sustained than we currently expect. Uncertainty about the depth and duration of the downturn will constrain any move to "risk on".
- Inflation proves to be much "stickier" than we currently expect, forcing central banks to "restart" their tightening policies, or, at best, delay rate cuts.

We have significantly lowered our 2022 end year "target" for the AUD to USD0.65. That means that over the remainder of 2022 there will be periods when the AUD will trade below the USD0.65 level given the high volatility in currency markets to date.

Despite the higher base level of the federal funds rate over the forecast period we have neither accelerated or extended the likely easing in the federal funds rate in 2024. We still expect 150bp of easing in the rate in 2024. That compares to the 100bp of easing we expect for the RBA in 2024. By end 2024, that would have the fed funds rate at 3.125% and the RBA cash rate at 2.60%.

Furthermore, we continue to expect both central banks to keep rates on hold from the March quarter 2023 – an earlier peak than is current expected by markets.

For the higher federal funds rate profile, we have added 20bps to the US 10 year profile and 30bps to the US 3 year profile.

We have narrowed the spread between US and AUD long bonds from 20bps to 10bps and lifted the AUD 3 year bond rates by 20bps to reflect the higher US rates.

The market's adjustment to the recent repricing has been to boost the RBA terminal rate to 4.1% (well above our 3.6%) and as a result the market repricing of Australian bond rates has been significantly more extreme than we envisage to be sustainable.

Bill Evans, Chief Economist

THE WEEK THAT WAS

This week has been all about monetary policy, in particular global central banks' fight against inflation. Their rhetoric, the implications for global growth and the market's reaction have led us to revise down our Australian dollar view.

The minutes of the RBA's September meeting presented a relatively balanced view, highlighting the need to act against inflation and the risks around expectations while also recognising the cost to activity and employment from tight policy and the lags associated with changes in the monetary stance. Unlike August, at the September meeting, "the arguments around raising interest rates by either 25 basis points or 50 basis points" were discussed, with "the importance of returning inflation to the target, the potential damage to the economy from persistent high inflation and the still relatively low level of the cash rate" leading the Board to favour 50bps. Arguably, with the US August CPI and the rhetoric of global central banks since highlighting the uncertainties that remain with respect to inflation, the case for quickly taking policy to neutral and then above in Australia has strengthened. Westpac expects another 50bp increase in October followed by three 25bp hikes to a peak cash rate of 3.60% at February 2023.

Meanwhile in the US, Chair Powell and the Committee again made an aggressive stand against inflation at the September FOMC meeting, raising their peak fed funds rate forecast to 4.6% in 2023 and inflation projections for 2022-2024 while also remaining sanguine on the impact to activity and employment. The short time horizon to the end of this hiking cycle – likely January 2023 – leaves little room for the data to speak, and so a further 150bps of hikes has to be expected from here. The cost to the economy will be significant however. We now expect the US economy to experience an output gap circa 3.5% by end-2023 and near 4.0% by end-2024 following next-to-no growth in 2022 and 2023 and a below-trend gain in 2024. A rise in the unemployment rate in the order of 2ppts is anticipated as a result.

Nonetheless, the market pricing in rate cuts into term interest rates throughout 2023 along with the FOMC's acute concern over inflation expectations will result in the Committee holding off on rate cuts until 2024, when we expect concerns over external inflation risks to have subsided as domestic slack suppress growth in wages and discretionary consumer spending. The consequences of this tightening cycle have the potential to restrain growth opportunities for the US into the medium-term, in stark contrast to the FOMC's current expectations. As is evinced by the sharp reduction in the housing construction pipeline, this has the potential to create additional supply constraints (and inflation) further out.

Finally to the UK, the Bank of England decided to raise the bank rate by 50bps in September, from 1.75% to 2.25%. Despite not having lifted the pace of rate hikes, the shift in the Committee's dissent profile was still perceived as a hawkish tilt by markets. Indeed, with three members having voted for a 75bp hike and five members favouring a 50bp move, the overarching consensus from the Committee is that inflation will remain uncomfortably high for many months, strengthening the case for further rate hikes into year-end.

The UK Government's announcement of an Energy Price Guarantee was a welcome development, expected to improve household's real income position and the inflation outlook – now expected to peak "slightly under 11%" – though uncertainties around its impact on demand, both within energy consumption and more broadly across the economy, led to a split decision between 50bps and 75bps. Regardless, this meeting largely served as a platform to reaffirm the Committee's commitment to reducing inflationary pressures and reining in inflation expectations at the cost of economic activity. We continue to expect the Committee to hike into 2023, anticipating a Bank Rate of 3.00% at December 2022 and 3.25% by March 2023. To this view, there are clear upside risks which largely relate to whether the consumer will use the funds saved on energy to make additional purchases.

As above, in light of this week's developments, Westpac has revised down our expectation for the Australian dollar at end-2022 to USD0.65 and for end-2023 to USD0.72. Chief Economist Bill Evans today outlined the reasoning for the change as well as the primary risks. Most notable is the outlook for the global economy and, of course, inflation. If the impact of policy tightening is more significant than we currently expect, particularly in Asia, or inflation proves more sticky than forecast globally, then our currency is likely to come under further pressure.

Week ahead & data wrap

The economic landscape is becoming bumpier, both at home and abroad.

Looking first at local conditions, signs of cooling in the household sector have been mounting. Most recently, our September Westpac McDermott-Miller survey showed that economic confidence among New Zealand households is languishing at very low levels. In fact, consumer confidence is sitting around the sorts of lows that we saw during the recession in the early-1990s and during the 2008/09 Global Financial Crisis.

Households' finances are being squeezed. House prices have fallen sharply over the past year, with nationwide prices dropping around 9% since November. We've also had interest rates pushing higher. And on top of that, we've seen big increases in living costs, including large rises in the prices for food, fuel and housing. That's a particular challenge for many households on lower incomes who tend to spend a larger share of their incomes on necessities.

On all of those fronts, there is more pain to come. Inflation is set to remain at high levels over the remainder of this year. In addition, the RBNZ is likely to continue with large increases in the cash rate, with 50bp increases on the cards at both the October and November meetings.

The pressure on households' finances is already weighing on spending appetites. Retail spending has flattened off in recent months, with purchases of durable items like furnishings going backwards. And with the pressure on household budgets continuing to mount, we expect that there will be more softness as we go into the Christmas shopping period.

But while the household sector is clearly losing steam, conditions in other parts of the economy have been faring better.

In the business sector, the latest PSI and PMI reports point to resilient demand and a lift in forward orders. That resilience has been broad-based across industries, and there has been a notable firming in conditions in the hospitality sector after some very tough years.

There's no denying that conditions in the hospitality sector remain challenging. However, recent months have seen a sharp rise in international tourist numbers. Since the reopening of our borders, total visitor numbers have now risen to around 40% of their pre-pandemic levels, with visitor numbers from Australia having already retraced 75% of their 2019 levels. It will take time for international visitor numbers to fully retrace their previous peak. Even so, the recovery to date has been an important boost to confidence in the hospitality sector, and numbers are set to continue climbing over the months ahead.

We're also continuing to see strong returns for our commodity exports. Notably, Fonterra recently announced a record milk price payout for the 2021/22 season of $9.30/kg, pointing to record on farm profits. Looking to the coming season, the milk price outlook for the 2022/23 season remains strong, with whole milk powder prices rising 7% over the past month alone.

The firmness in our export industries will be an important buffer for economic conditions over the coming months. Nevertheless, we still think that a slowdown in growth is on the cards. Interest rates are continuing to push higher, and as they flow through the economy they will be an increasing drag on demand over the coming months.

In addition to higher interest rates, businesses are grappling with a number of other challenges. First is the tightness in the labour market and related difficulties sourcing staff. That's constraining activity and has also resulted in large increases in labour costs for many businesses as they compete to attract and retain staff.

Businesses' operating costs more generally have also been rising at a rapid pace, climbing by around 10% over the past year. We expect to see ongoing pressures on operating costs over the coming months. Those increases are squeezing businesses profit margins despite the resilience of demand to date.

Importantly, with signs that domestic demand is cooling, many businesses are likely to find that they have less scope to pass on cost increases into output prices than they had over the past year.

In addition to changing conditions on shore, the global backdrop is becoming increasingly rocky and the downside risks for growth have been growing. Central banks around the globe have been rapidly tightening policy settings to lean against bubbling inflation pressures. At the same time, geopolitical tensions, including those related to the conflict in Ukraine, are rippling through commodity and financial markets. That's adding to the headwinds for growth.

The rapid changes in the global backdrop have seen the New Zealand dollar plunge in recent weeks. Relative to the US dollar, the Kiwi has fallen nearly 10% since its peak in August, and at the time of writing was trading around 58.4c. The last time we saw those sorts of lows was during the Covid lockdown in 2020 and in 2009 during the depths of the financial crisis.

That sharp fall in the New Zealand dollar will help to boost our export earnings, providing some insulation for the global headwinds that threaten to buffet the New Zealand economy. However, it also signals higher costs for the imports and ongoing pressure on households finances.

Satish Ranchhod, Senior Economist

Round-up of local data released over the last week

Date	Release	Previous	Actual	Westpac f/c
Mon 19	Aug BusinessNZ PSI	54.4	58.6	–
Wed 21	GlobalDairyTrade auction (WMP)	5.1%	3.7%	4.0%
Thu 22	Q3 Westpac-MM Consumer Confidence	78.7	87.6	–
	Aug trade balance $m	–1406	–2447	–2400

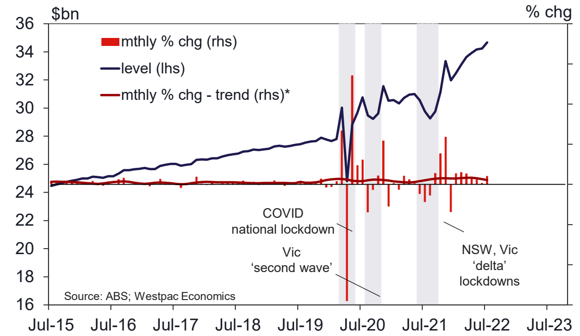
Aus Aug retail sales

Sep 28, Last: 1.3%, WBC f/c: 0.0%
Mkt f/c: 0.4%, Range: 0.0% to 0.9%

Retail sales surprised to the upside in July, posting a 1.3% gain despite RBA rate rises, cost of living pressures and a sharp slide in consumer sentiment. The result likely reflects a mix of delayed impacts from these negatives, still positive reopening dynamics, the cushioning effect of large financial buffers accumulated during the pandemic, and higher retail prices, which cushion the effect of slower volumes on nominal sales. Certainly there was little in the detail to suggest the result was a 'rogue'.

The August update should show more signs of moderation, although again, judging the net impact of rate rise effects and these other factors is difficult. On balance, card activity suggests retail activity is 'cresting' with August expected to show a flat outcome in the month.

Monthly retail sales



Aus Q3 ACCI-Westpac business survey

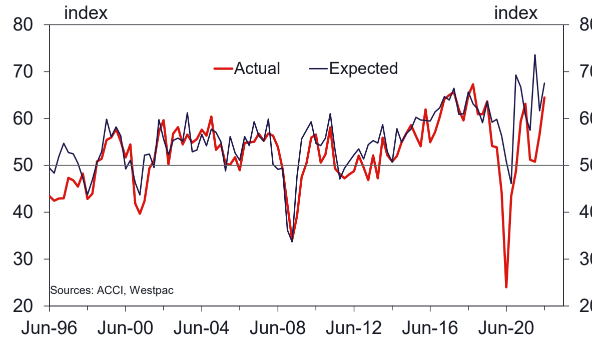
Sep 29, Last: 64.5

The ACCI–Westpac business survey for the September quarter, conducted through August into September, will provide a timely update on manufacturing and insights into economy wide trends.

Momentum in the manufacturing sector started to build in Q2, after being affected by omicron and weather-related disruptions in Q1. The reopening - which will be a key dynamic in the September quarter - should continue to facilitate a lift in activity. It is the pace of this recovery which is of keen interest.

The survey also highlights that the manufacturing sector is facing a broad set of challenges. Supply headwinds surrounding labour and material shortages are acting as a handbrake to growth. Also, soaring input costs are flowing through (in part) to higher prices and squeezing margins.

Westpac-ACCI Composite indexes
Actual & expected, sa



Aus Aug private sector credit

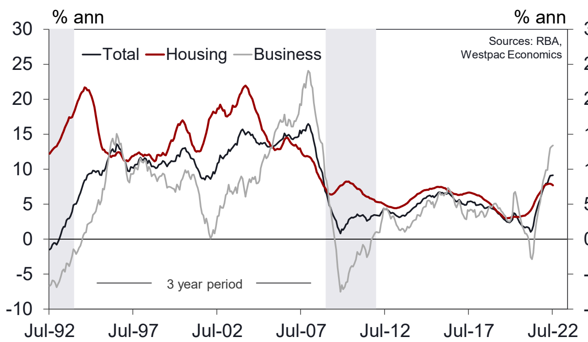
Sep 30, Last: 0.7%, WBC f/c: 0.6%
Mkt f/c: 0.6%, Range: 0.5% to 0.7%

Annual credit growth climbed to a brisk 9.1% in May and held there in June and July. That is the fastest annual pace since October 2008, albeit well below the end 2007 peak of 16.5%. Businesses and households responded to very expansionary policy settings - stimulus which is now being wound back.

The June quarter 2022 was a stand-out, as the economy experienced a burst of activity on the reopening from earlier covid disruptions. Credit grew at an 11.1% annualised pace in the quarter, including an unsustainable 20% annualised pace for businesses - housing grew at a mere 7.5% pace.

In July, the monthly rate of credit growth edged down to 0.74%, from 0.9%, and we expect a 0.6% outcome for August - with the slowing led by housing. The housing market has been hit by the RBA's rapid fire interest rate hikes - new lending fell by -4.4% in June and then slumped -8.5% in July.

Credit: annual growth at 9.1%, a 13½ year high



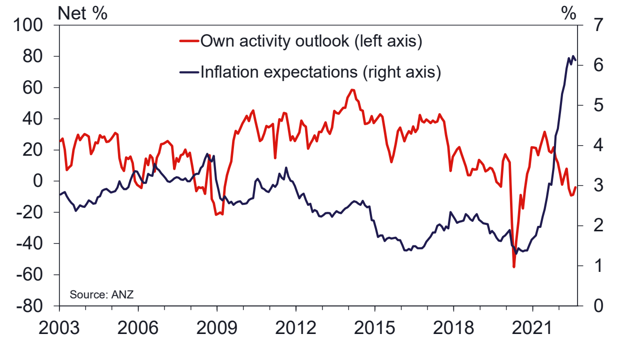
NZ Sep ANZBO business confidence

Sep 29, Last: -47.8

Business confidence nudged higher for a second month in August. Nevertheless, New Zealand businesses remain deeply pessimistic about the economic outlook. Businesses have been grappling with shortages of staff, strong cost pressures, and the rise in interest rates. We expect those factors will continue to weigh on confidence in the September survey.

The survey's cost and pricing gauges will again be worth keeping a close eye on. While still elevated, both the number of businesses who expect costs to rise over the coming months and the number who are planning on raising their prices eased back in August. If those trends continue in September, it will reinforce our expectation that the peak in inflation has passed.

NZ business confidence



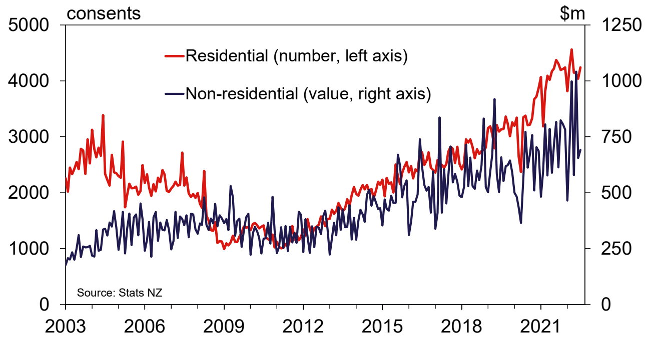
NZ Aug residential building consents

Sep 30, Last: +5.0%, Westpac f/c: Flat

We expect that dwelling consent issuance will remain broadly steady in August, with consent numbers still running at firm levels. Monthly consent issuance has effectively been tracking sideways for around a year now. While there has been some month-to-month volatility associated with 'lumpy' categories like retirement villages, consents have failed to rise meaningfully above 4,200/month for any sustained period.

Material and labour shortages have been a break on the pace of building. At the same time costs have been rising, while house prices have been declining. Over time, those factors will weigh on construction activity. But for now, the slowdown looks like it will be gradual.

NZ building consents



For the week ahead

		Last	Market median	Westpac forecast	Risk/Comment
Mon 26					
Jpn	Sep Nikkei services PMI	49.5	–	–	Demand weakening on COVID-19 resurgence...
	Sep Nikkei manufacturing PMI	49.4	–	–	... services and mfg to remain subdued in near-term.
Ger	Sep IFO business climate survey	88.5	86.0	–	Outlook highly uncertain; set to remain that way.
US	Aug Chicago Fed activity index	0.27	–	–	Regional surveys are mixed...
	Sep Dallas Fed index	-12.9	-8.0	–	... but the outlook is fragile.
	Fedspeak	–	–	–	Collins, Bostic, Logan, Mester.
Tue 27					
NZ	RBNZ Governor Orr speaking	–	–	–	Talking on policy and the outlook (no published notes).
Chn	Aug industrial profits %yr	0.8%	–	–	Profits under pressure; likely to remain so into year-end.
US	Aug durable goods orders	–0.1%	–0.1%	–	Investment spending clearly subdued.
	Jul FHFA house prices	0.1%	0.0%	–	Set to see further slowing...
	Jul S&P/CS home price index	0.44%	0.25%	–	... as rate hikes take effect
	Sep consumer confidence index	103.2	104.5	–	Confidence starting to consolidate; similar to Uni of Michigan.
	Sep Richmond Fed index	-8	-10	–	Volatile of late; further weakening into year-end likely.
	Aug new home sales	-12.6%	-2.2%	–	Housing market under significant and lasting pressure.
	Fedspeak	–	–	–	Chair Powell on digital currencies; Evans and Bullard too.
Wed 28					
Aus	Aug retail sales	1.3%	0.4%	0.0%	Likely to see a 'cresting' of retail spending.
UK	Sep Nationwide house prices	0.8%	–	–	Annual growth cooling as rate hikes impact.
US	Aug wholesale inventories	0.6%	0.4%	–	Unwanted inventory accrual a risk given end demand.
	Aug pending home sales	-1.0%	-0.5%	–	Housing market under significant and lasting pressure.
	Fedspeak	–	–	–	Daly, Bostic, Bullard, Evans.
Thu 29					
Aus	Q3 ACCI-Westpac business survey	64.5	–	–	Manufacturing, a strong expansion, on the reopening burst.
	Q3 job vacancies (ABS measure)	13.8%	–	–	At very elevated levels – at a time of labour shortages.
	Jul, Aug monthly CPI indicator	–	–	–	A media release of monthly CPI; it is not a full data release.
NZ	Sep ANZ business confidence	-47.8	–	–	Sentiment and activity to remain subdued, costs elevated.
	RBNZ Governor Orr	–	–	–	BIS panel discussion on the 'Future of Central Banking'.
Eur	Sep economic confidence	97.6	96.0	–	The highly uncertain outlook has left...
	Sep consumer confidence	-28.8	–	–	... consumer confidence at record lows.
UK	Aug net mortgage lending £bn	5.1	–	–	Rising rates and the slowing economy to weigh on lending.
US	Initial jobless claims	213k	–	–	Likely to remain at low levels for time being.
	Q2 GDP, annualised	-0.6%	-0.6%	-0.6%	Final estimate to confirm component detail.
	Fedspeak	–	–	–	Bullard, Mester, Daly.
Fri 30					
Aus	Aug private sector credit	0.7%	0.6%	0.6%	Emerging signs of a slowing in Q3, as RBA rapidly raises rates.
NZ	Sep ANZ consumer confidence	85.4	–	–	Off its recent lows, but still very weak.
	Aug building permits	5.0%	–	0.0%	Weaker financial incentives weighing on new developments.
Jpn	Aug industrial production	0.8%	-0.2%	–	Down-trend into year-end likely on cooling global demand.
Chn	Sep manufacturing PMI	49.4	49.4	–	Ongoing virus risks are limiting mfg activity...
	Sep non-manufacturing PMI	52.6	52.6	–	... and slowing momentum in services.
	Sep Caixin manufacturing PMI	49.5	–	–	Close to official estimate; small/mid-sized firms equally weak.
	Q2 current account balance US$bn	80.2	–	–	Final estimate; surplus to narrow into year-end on demand.
Eur	Aug unemployment rate	6.6%	6.6%	–	Holding at record lows.
	Sep CPI %yr	9.1%	9.7%	–	80% of CPI basket running above the ECB's 2.0%yr target.
UK	Q2 GDP, final	-0.1%	–	–	Extent of HH consumption weakness is the key concern.
US	Aug personal income	0.2%	0.3%	–	Real income will remain under pressure while...
	Aug personal spending	0.1%	0.2%	–	... inflation puts consumption at risk.
	Aug PCE deflator	-0.1%	0.1%	–	August core CPI upside surprise...
	Aug core PCE deflator	0.1%	0.5%	–	... to also appear in PCE.
	Sep Chicago PMI	52.2	51.8	–	Broad-based weakening in conditions evident.
	Sep Uni. of Michigan sentiment	59.5	59.5	–	Final estimate.
	Fedspeak	–	–	–	Brainard and Williams.

Forecasts

Interest rate forecasts

Australia	Latest (23 Sep)	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Cash	2.35	3.35	3.60	3.60	3.60	3.60	3.35	3.10
90 Day BBSW	2.91	3.80	3.80	3.80	3.80	3.63	3.38	3.13
3 Year Swap	4.03	3.95	3.85	3.70	3.55	3.45	3.40	3.35
3 Year Bond	3.60	3.60	3.55	3.45	3.35	3.25	3.20	3.15
10 Year Bond	3.92	3.75	3.50	3.40	3.20	3.00	2.80	2.70
10 Year Spread to US (bps)	20	15	10	10	10	10	10	10
US								
Fed Funds	3.125	4.375	4.625	4.625	4.625	4.625	4.375	3.875
US 10 Year Bond	3.71	3.60	3.40	3.30	3.10	2.90	2.70	2.60
New Zealand								
Cash	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
90 day bill	3.77	4.10	4.10	4.10	4.10	4.10	4.10	3.80
2 year swap	4.62	4.10	4.00	3.80	3.60	3.40	3.20	2.95
10 Year Bond	4.18	4.00	3.80	3.70	3.60	3.45	3.30	3.20
10 Year spread to US	47	40	40	40	50	55	60	60

Exchange rate forecasts

Australia	Latest (23 Sep)	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
AUD/USD	0.6616	0.65	0.66	0.67	0.69	0.72	0.73	0.74
NZD/USD	0.5828	0.58	0.59	0.60	0.62	0.65	0.66	0.66
USD/JPY	142.23	143	141	139	137	134	132	130
EUR/USD	0.9826	0.97	0.99	1.02	1.04	1.07	1.09	1.10
GBP/USD	1.1232	1.10	1.12	1.14	1.17	1.20	1.22	1.24
USD/CNY	7.1003	7.00	6.80	6.60	6.40	6.30	6.20	6.15
AUD/NZD	1.1353	1.12	1.12	1.12	1.11	1.11	1.11	1.12

Australian economic growth forecasts

	2021	2022				2023		Calendar years			
% change	**Q4**	**Q1**	**Q2**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**2020**	**2021**	**2022f**	**2023f**
GDP % qtr	3.9	0.7	0.9	1.1	0.6	0.3	0.2	–	–	–	–
%yr end	4.5	3.3	3.6	6.7	3.4	3.0	2.2	-0.7	4.5	3.4	1.0
Unemployment rate %	4.7	4.1	3.8	3.4	3.1	3.1	3.4	6.8	4.7	3.1	4.2
CPI % qtr	1.3	2.1	1.8	1.0	2.5	1.0	0.7	–	–	–	
Annual change	3.5	5.1	6.1	6.3	7.6	6.4	5.2	0.9	3.5	7.6	3.1
CPI trimmed mean %qtr	1.0	1.5	1.5	1.5	1.2	0.8	0.7	–	–	–	
%yr end	2.6	3.7	4.9	5.5	5.8	5.0	4.2	1.2	2.6	5.8	3.0

New Zealand economic growth forecasts

	2021	2022				2023		Calendar years			
% change	**Q4**	**Q1**	**Q2**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**2020**	**2021**	**2022f**	**2023f**
GDP % qtr	3.0	-0.2	1.7	0.4	0.6	0.6	0.5	–	–	–	–
Annual avg change	5.5	4.9	1.0	2.4	2.2	2.8	3.2	-2.1	5.5	2.2	2.2
Unemployment rate %	3.2	3.2	3.3	3.3	3.4	3.5	3.6	4.9	3.2	3.4	3.8
CPI % qtr	1.4	1.8	1.7	1.6	0.3	1.0	0.8	–	–	–	–
Annual change	5.9	6.9	7.3	6.6	5.3	4.6	3.6	1.4	5.9	5.3	3.6

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