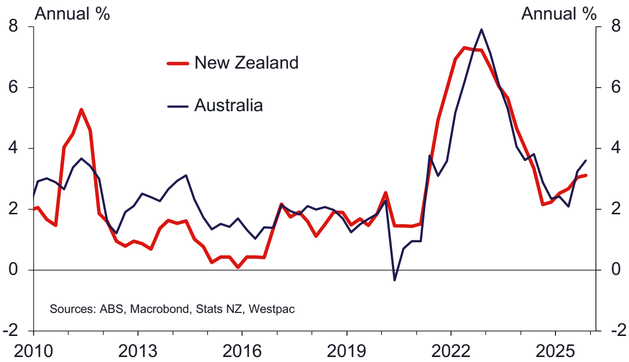
WEEKLY ECONOMIC COMMENTARY

2 Feb 2026 | **Westpac Economics Team** | **westpac.co.nz/economics** | economics@westpac.co.nz

Same-same, but different.

Inflation surprised to the upside in both New Zealand and Australia in the latter part of 2025, with core inflation running hotter than expected on both sides of the Tasman. The related abrupt change in expectations for **an increase in the RBA cash rate** has prompted questions from customers about whether interest rate hikes from the RBNZ can also be expected in the near term. We continue to think that the RBNZ will remain on hold until the latter part of 2026 as there are important cyclical differences between the normally highly correlated Australasian economies right now.

Headline inflation – New Zealand and Australia



One relevant factor is that while inflation has increased in both countries, inflation in New Zealand remains better contained than in Australia. For example **New Zealand's headline inflation rate** was just over the top of the RBNZ's target range at 3.1% in the year to December, whereas **in Australia headline inflation was 3.6%**. Core inflation has also been a bit more moderate in New Zealand, though the earlier decline in the various measures of underlying inflation has been arrested. For example, New Zealand's trimmed mean inflation rose to 2.7% from 2.4% previously. In contrast, in Australia trimmed mean inflation rose to 3.4%yr – outside of the

Key views

	Last 3 months	Next 3 months	Next year
Global economy	→	→	→
NZ economy	↑	↗	↗
Inflation	→	↘	↘
2 year swap	↑	→	↗
10 year swap	↑	→	↗
NZD/USD	↗	→	↗
NZD/AUD	↘	↘	→

Westpac GDP nowcasts

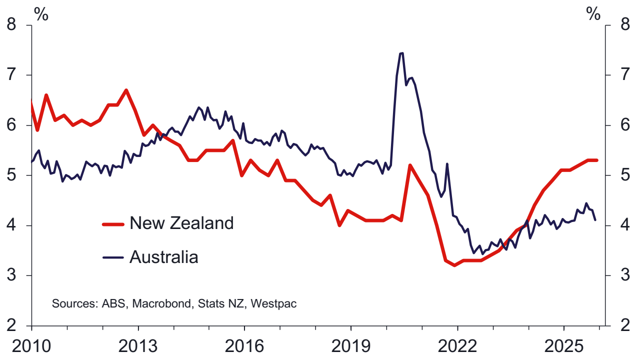
Key data and event outlook

Date	Event
3 Feb 26	RBA Monetary Policy Decision
4 Feb 26	Labour market surveys, December quarter
12 Feb 26	NZ Government accounts (6 months to December)
17 Feb 26	NZ Selected price indexes, January
18 Feb 26	RBNZ OCR Review & Monetary Policy Statement
17 Mar 26	NZ Selected price indexes, February
17 Mar 26	RBA Monetary Policy Decision
18 Mar 26	FOMC meeting (19 Mar NZT)
19 Mar 26	NZ GDP, December quarter
8 April 26	RBNZ OCR Review

RBA's target range. Hence on inflation grounds alone there appears less pressure on the RBNZ to tighten quickly.

Another key difference is in the relative position of the Australasian labour markets. The New Zealand unemployment rate is cyclically high right now at 5.3%. However, in Australia the unemployment rate is significantly lower at 4.1%. It certainly seems to be the case that the New Zealand labour market, while stabilising recently, remains on much weaker footing than in Australia. Wage growth in New Zealand is accordingly relatively weaker and yet to show signs of turning higher.

Unemployment rates – New Zealand and Australia



There are some clear signs emerging in New Zealand of improving economic momentum. For example, recent business surveys such as the QSBO and PMIs have pointed to an improvement in trading conditions and business confidence as we've entered 2026. Consumer confidence has lifted in New Zealand and retail spending has firmed, while planned residential construction work has also taken a sizeable step higher. Per capita GDP growth is rising more strongly recently in New Zealand compared to Australia.

However, that improvement in New Zealand's economic momentum comes from a much weaker base than in Australia. The RBNZ estimated in their November *Monetary Policy Statement* that the output gap was a large 2% of GDP in mid-2025, whereas in Australia the RBA was unsure if the Australian output gap was even negative at all. It will take time for excess capacity in New Zealand to be eroded which gives the RBNZ time compared to the RBA Board.

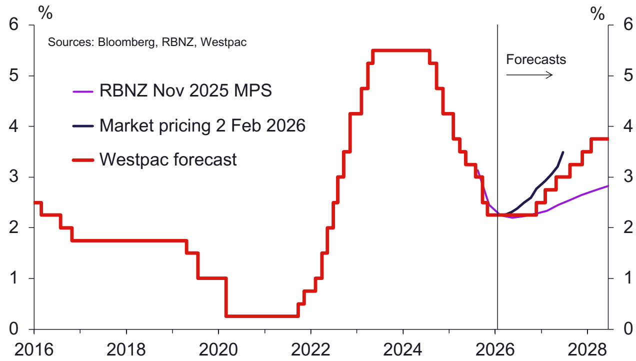
In large part, these differences reflect **the more gradual approach the RBA took to policy tightening** than the RBNZ in the wake of the pandemic. That's meant that economic activity and the jobs market in Australia have been more resilient.

We are currently reviewing our forecasts ahead of our February *Economic Overview*. We continue to expect the RBNZ will start to raise the OCR in the latter part of this year and have pencilled in the first hike in December. However, the tone of recent data has clearly increased the chances of earlier OCR hikes.

Given the greater than expected strength in inflation and firming in economic activity, it's likely the RBNZ will be bringing forward their forecasts of when the OCR will start to rise when they release their updated economic projections on 18 February.

But while the economic outlook has strengthened, it doesn't seem to have improved to the extent where a higher OCR in the first half of 2026 is on the cards. The still-high level of spare capacity, including the high unemployment rate, allow the RBNZ time to look at new data to assess the sustainability of the recovery we now see starting.

Official Cash Rate forecasts



Economic conditions continuing to firm.

Turning to recent economic data, news over the past week generally reinforced the picture of the New Zealand economy continuing to firm through the latter part of 2025 and early 2026, though the recovery is still uneven.

Starting off with the labour market, the number of filled jobs held steady in December after a solid 0.5% rise in November. The variation across the two months looks to be largely a timing issue related to employment in the education sector. More importantly, the underlying trend appears to be that employment was stabilising towards the end of last year and even picking up in some sectors.

Consistent with those signs of stabilisation, we expect the **December quarter labour market surveys** (out this Wednesday) will show that the unemployment rate is at, or at least very close to a peak. We're forecasting a 0.3% rise in employment over the December quarter (consistent with Stats NZ's monthly updates). That would broadly match the rise in the working-age population over the quarter, leaving the unemployment rate unchanged at 5.3%. While that stabilisation is encouraging, the existing slack in the labour market means wage growth is set to remain modest for some time.

Other recent data also point to a firming in economic conditions. Although the latest ANZ business outlook survey did drop, that followed a sizeable step higher over the past few months. The gauges of recent activity, expected trading conditions and hiring intentions are all still at healthy levels. Similarly, consumer confidence took another step higher in January, including a further (albeit modest) lift in the number of households who think it's a good time to make a major purchase.

Last week's trade data for December added to the run of indicators painting the economy in a positive light. Merchandise exports grew almost 15%y/y, led by strong growth in exports of dairy products, meat and metals (including precious metals). While much of this growth can be explained by higher commodity prices, our estimates suggest that export volumes have continued to build on the 3.8%q/q growth recorded in the September quarter. In a similar vein, strengthening economic activity contributed to a near 15%y/y lift in import spending in December, led by growth in intermediate imports. The data also pointed to improving domestic demand, with imports of capital equipment again posting strong growth.

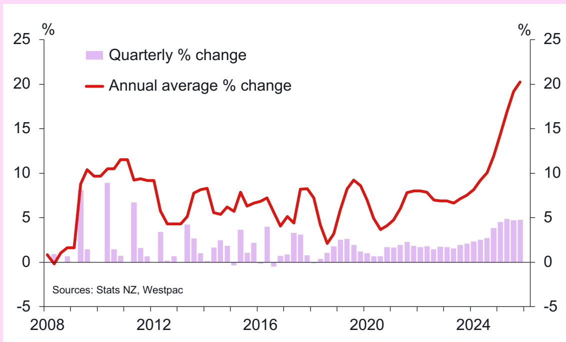
While US dollar weakness is the main driver, the recent improvement in the New Zealand economy – as also reflected in market's bringing forward of the expected timing of RBNZ rate hikes – has contributed to the rebound in the NZ dollar since the November lows. Therefore, in combination with revisions to our global FX forecasts, we have raised our forecast for the NZ dollar at March quarter end to 0.60 from 0.57 previously. From that higher starting point we expect a gentle appreciation of the NZ dollar to around 0.63 by year end, which will also lead to a modest rise in the NZ dollar on some crosses (we see NZD/AUD firming slightly to 0.88 by year end).

Satish Ranchhod, Senior Economist

Chart of the week.

Health insurance costs have been accelerating in recent years, with last week's CPI showing a 20% rise in premiums over 2025. This is not a reflection of the ageing population, as the CPI measure is adjusted for policyholder characteristics including age. Rather it reflects a trend towards healthcare costs rising faster than the general rate of inflation. New treatments mean that the cost per procedure tends to rise over time. Insurers have also cited constraints on the public healthcare system which are pushing more people towards the private system, with the result that insurers are covering more procedures per customer on average. Our upcoming in-depth report will take a closer look at developments in New Zealand's private health care sector.

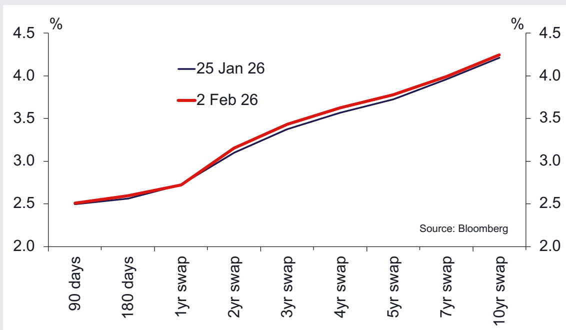
Health insurance



Fixed versus floating for mortgages.

The RBNZ seems to have pretty much closed the door on further OCR cuts and suggests the hurdle for further reductions from here is high. Longer term mortgage rates have started to lift as markets look forward to the return of the OCR to more neutral levels in due course. 3-5 year fixed-rate mortgage rates are now just above 5% for those borrowers with at least a 20% deposit, while 1-2 year rates are in the 4.5-4.75% range. Fixing for longer periods of two to five years appears attractive as these will insulate borrowers from a lift in the OCR in the next couple of years.

NZ interest rates



Global wrap

North America.

As widely expected, the Fed left policy settings unchanged last week, although two Governors – Miran and Waller – voted for a 25bp cut. Chair Powell noted a clear improvement in the economic outlook, with risks to both the employment and inflation aspects of the dual mandate judged to have declined. There was little reaction to the Fed's commentary, with the market continuing to price the next 25bp rate cut to occur around midyear. Markets were also unfazed by President Trump's nomination of former Governor Kevin Warsh to be the next Fed Chair. On the data front, the Conference Board's consumer confidence index slumped 10pts to a 10-year low of 84.5 in January, with respondents expressing greater pessimism about the labour market. However, initial jobless claims remained low at just 209k last week. The focus this week will remain on the labour market with the highlight being Friday's release of the January employment report. Further insight with be provided earlier in the week by the JOLTS survey, while the ISM manufacturing and services surveys will cast light on both the labour market and the economy more generally.

Europe.

Preliminary data pointed to a 0.2%q/q lift in GDP in the euro area in the December quarter, nudging down annual growth to 1.3%y/y. Across the major economies, Germany and Italy grew 0.3%q/q, France grew 0.2%q/q and Spain outperformed with growth of 0.8%q/q and 2.6%y/y. The coming week will bring the release of preliminary inflation data for January while Thursday's ECB Governing Council meeting is likely to reiterate the Bank's on hold stance. In the UK, the BoE MPC also meets on Thursday. After cutting the Bank Rate in December, the BoE is widely expected to leave settings unchanged this month.

Asia-Pacific.

Last week's NAB business survey indicates that momentum in the Australian economy remained positive heading into end 2025. The headline business conditions index grew from +7 to +9 in December, regaining some losses from the November read and sitting +3pts above its long-run average. The prospects for policy tightening at tomorrow's RBA meeting were further boosted by the CPI report. This revealed a solid 0.9%q/q lift in the closely watched trimmed mean measure of inflation in the December quarter, lifting annual growth to 3.4% from 3.0% previously. Westpac now expects the RBA to lift its cash rate by 25bps at tomorrow's Board meeting. In China, the official PMI reports released over the weekend were weak, with the manufacturing index falling to 49.3 and the non-manufacturing index falling to 49.4.

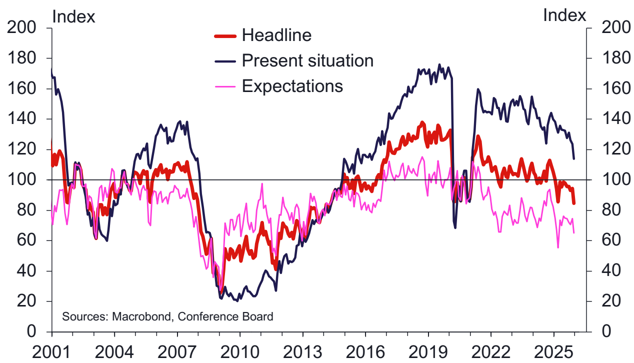
Trading partner real GDP (calendar years)

	Annual average % change			
	2024	**2025**	**2026**	**2027**
Australia	1.0	1.8	2.4	2.5
China	5.0	5.0	4.6	4.5
United States	2.8	1.9	1.8	1.8
Japan	0.1	1.2	0.8	0.8
East Asia ex China	4.3	4.1	3.9	4.0
India	6.5	6.6	6.8	6.3
Euro Zone	0.8	1.4	1.1	1.4
United Kingdom	1.1	1.5	1.1	1.5
NZ trading partners	2.9	3.0	2.8	2.9
World	3.3	3.2	3.2	3.2

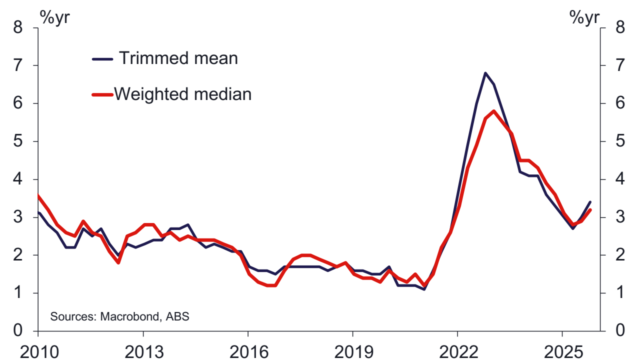
Australian & US interest rate outlook

	30 Jan	Mar-26	Dec-26	Dec-27
Australia				
Cash	3.60	3.85	3.85	3.60
90 Day BBSW	3.83	3.90	3.90	3.55
3 Year Swap	4.26	4.20	3.95	3.60
3 Year Bond	4.28	4.20	3.95	3.60
10 Year Bond	4.82	4.75	4.75	4.60
10 Year Spread to US (bps)	55	50	35	0
US				
Fed Funds	3.625	3.375	3.375	3.375
US 10 Year Bond	4.27	4.25	4.40	4.60

US Conference Board consumer confidence index



Australian CPI inflation



Financial markets wrap

Foreign exchange.

NZD/USD peaked last week at 0.6093, leaving it overbought and in need of a corrective pullback. The catalyst came on Friday, with the announcement that Kevin Warsh would be nominated by President Trump to be the next Fed Chair. This boosted the US dollar, Warsh viewed as a credible candidate with inflation-fighting credentials. This US dollar rally could persist during the week ahead, which suggests downside potential to 0.59 for NZD/USD.

Multi-month, though, we remain bullish, and target 0.62. NZ economic data is expected to trend positively during the year ahead as the economy recovers, and local interest rates are expected to gradually rise. In the US, the volatile nature of this administration's policymaking is likely to leave a scar on the US dollar's safe-haven identity.

The key event for the NZD/USD market this week will be the US payrolls data for January on Friday - a modest 68k gain is expected, which would be above the previous three outturns. The NZ economic calendar highlight will be the Q4 employment data on Wednesday, unemployment expected to remain at 5.3%.

NZD/AUD has spent January consolidating a 9-month long trend decline, ranging between 0.8552 and 0.8677. A breakout is possible this week if the RBA delivers a surprise tomorrow. Markets expect a 25bp rate hike to 3.85%, but the key will be guidance provided by Governor Bullock.

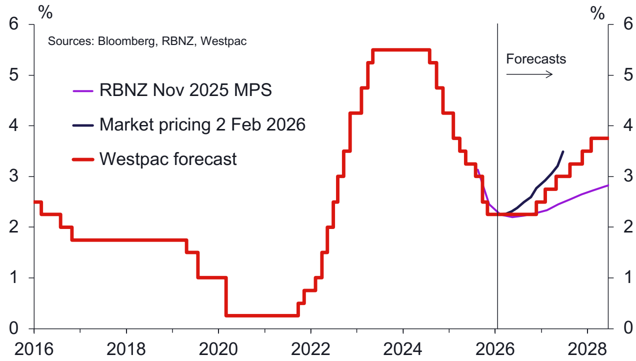
Interest rates.

The NZ 2yr swap rate has risen from a cycle low of 2.44% in October to a recent high of 3.15% on Friday. This rise reflects the improvement in the NZ economy during the past few months, which in turn has increased the chances of an OCR rate hike in 2026. The 2yr swap rate could rise slightly further during the month ahead, to around 3.20%, but gains beyond that would require fresh news which would raise the prospect of even more RBNZ tightening than is priced in currently.

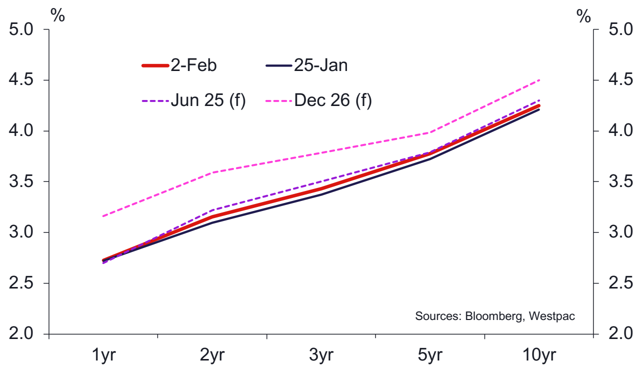
The OIS market continues to price 0% chance of a rate change at the next RBNZ meeting on 18 February (an MPS), but assigns a 100% chance of a hike by September 2026, and a 100% chance of a second hike by December.

The yield curve has flattened slightly from the peak formed in late December, driven by higher short maturity yields and relatively stable long maturity yields. We expect further flattening during the year ahead as markets become more confident about the extent of the next RBNZ hiking cycle.

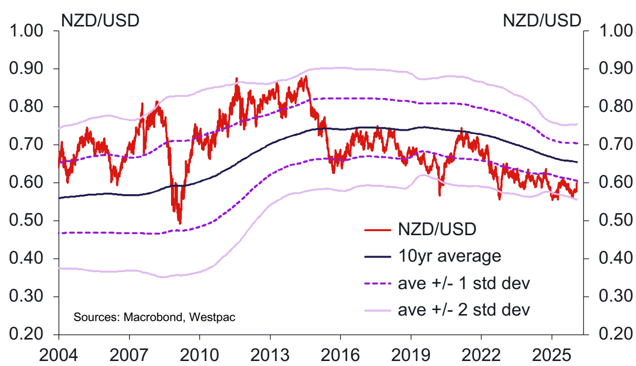
Official Cash Rate forecasts



Swap rates



NZD/USD vs rolling 10yr average



FX recent developments

	Historical data				F'cast
	Spot	3mth range	5yr range	5yr avg	Dec-26
USD	0.602	0.559-0.605	0.553-0.743	0.627	0.63
AUD	0.865	0.857-0.876	0.857-0.971	0.918	0.88
EUR	0.507	0.484-0.507	0.484-0.637	0.567	0.52
GBP	0.439	0.427-0.439	0.426-0.531	0.486	0.46
JPY	93.1	86.2-93.7	74.7-98.6	85.4	91.7

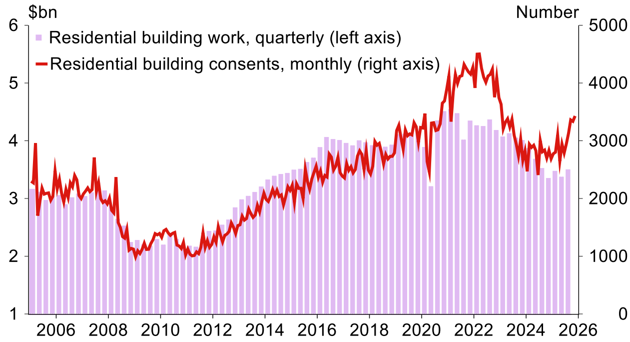
The week ahead

Dec Building Consents

Feb 3, last +2.8%

The trend in residential building consent numbers has turned around since mid-2025. Developers have been bringing an increasing number of new projects to market, with lower interest rates expected to support a lift in demand over the coming year. With many consents related to multi-unit medium density developments (which are often issued in batches), the monthly consent figures can be 'choppy'. However, we expect the December figures will show a further rise in the annual total taking it near a two year high. In contrast, the amount of planned non-residential activity has been tracking sideways with businesses still cautious about significant capital expenditure at this stage.

Residential building and consent numbers



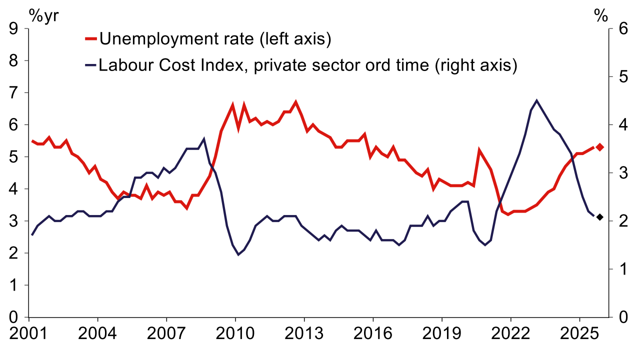
Sources: Macrobond, Stats NZ, Westpac

Q4 Labour Market Surveys

Feb 4,
Unemployment rate – Last: 5.3%, Westpac f/c: 5.3%
Labour Cost Index, private sector – Last: +0.4%, Westpac f/c: +0.5%

We expect the unemployment rate to remain at 5.3% for the December quarter. Higher-frequency indicators have pointed to a modest lift in jobs in recent months, enough to match the growth in the working-age population. While this will likely mark the peak in the unemployment rate for this cycle, we expect the improvement to be gradual over the next year, and the existing slack in the labour market means that wage pressures are likely to remain contained for some time.

Labour market indicators



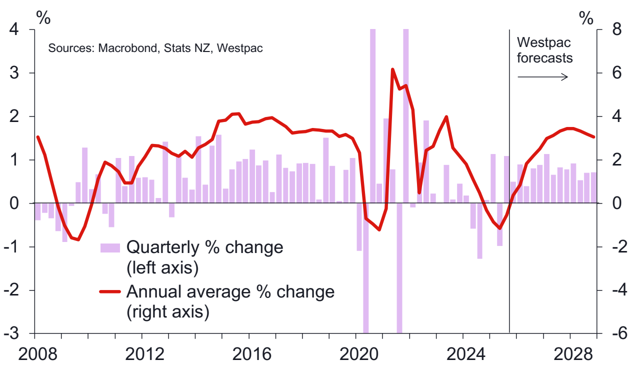
Sources: Macrobond, Stats NZ, Westpac

Economic and financial forecasts

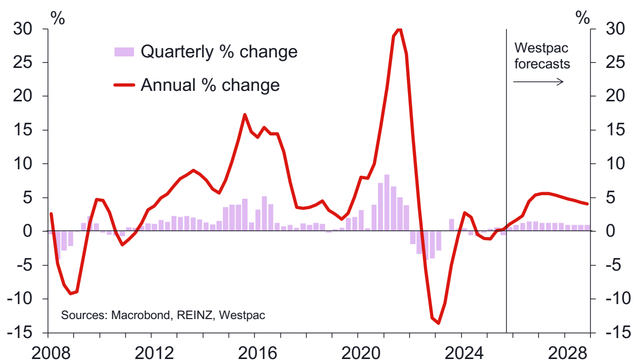
Economic indicators	Quarterly % change				Annual % change			
	Sep-25	Dec-25	Mar-26	Jun-26	2024	2025	2026	2027
GDP (production)	1.1	0.5	0.9	0.4	-1.6	1.7	3.0	3.4
Consumer price index	1.0	0.6	0.4	0.4	2.2	3.1	2.1	2.1
Employment change	0.0	0.3	0.3	0.6	-1.2	0.0	2.2	2.2
Unemployment rate	5.3	5.3	5.3	5.2	5.1	5.3	4.9	4.3
Labour cost index (all sectors)	0.4	0.5	0.5	0.6	3.3	2.1	2.3	2.2
Current account balance (% of GDP)	-3.5	-3.6	-3.7	-4.1	-4.7	-3.6	-4.5	-3.8
Terms of trade	-2.1	-1.7	-2.1	-0.9	13.7	2.2	1.0	3.7
House price index	-0.6	-0.4	1.0	1.3	-1.0	0.0	5.4	5.1

Financial forecasts	End of quarter				End of year			
	Sep-25	Dec-25	Mar-26	Jun-26	2024	2025	2026	2027
OCR	3.00	2.25	2.25	2.25	4.25	2.25	2.50	3.50
90 day bank bill	3.10	2.52	2.35	2.35	4.45	2.52	2.70	3.70
2 year swap	2.99	2.71	3.05	3.20	3.64	2.71	3.60	4.00
5 year swap	3.40	3.27	3.70	3.80	3.73	3.27	4.00	4.25
10 year bond	4.42	4.27	4.60	4.65	4.50	4.27	4.75	4.95
TWI	68.4	66.4	67.9	68.4	69.5	66.4	69.9	71.2
NZD/USD	0.59	0.57	0.60	0.61	0.59	0.57	0.63	0.66
NZD/AUD	0.91	0.87	0.86	0.86	0.91	0.87	0.88	0.89
NZD/EUR	0.51	0.49	0.50	0.51	0.55	0.49	0.52	0.55
NZD/GBP	0.44	0.43	0.44	0.44	0.46	0.43	0.46	0.47

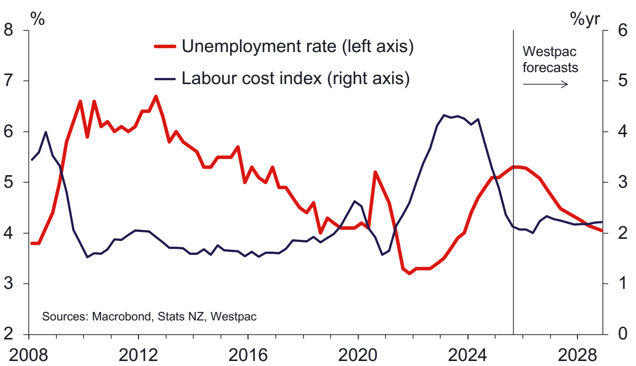
GDP growth



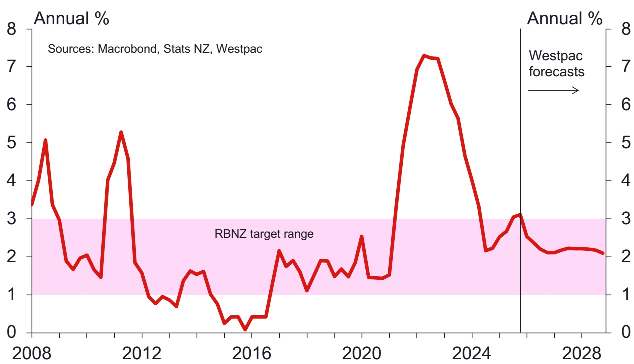
House prices



Unemployment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 02					
Aus	Jan Cotality Home Value Index, %mth	0.5	–	0.9	Daily measures point to a firmer 0.9% rise for the January.
	Jan MI Inflation Gauge, %ann	3.5	–	–	Lifting since mid-2025 to be at the highest level since Apr-24.
	Jan ANZ–Indeed Job Ads, %mth	–0.5	–	–	Continues to trend lower but the pace of decline has eased.
US	Jan ISM Manufacturing PMI, index	47.9	48.3	–	Demand indicators are still in contraction.
	Fedspeak	–	–	–	Bostic is scheduled to speak.
Wrld	Jan S&P Global Manufacturing PMI, index	51.6	–	–	Final estimate for Japan, Eurozone, UK and US.
Tue 03					
NZ	Dec Building Permits, %mth	2.8	–	–	Annual total continuing to trend higher.
Aus	Dec Dwelling Approvals, %mth	15.2	–6.4	–4.0	Typically a choppy monthly profile for units.
	RBA Policy Decision	3.6	3.85	3.85	Likely to hike after a firm December CPI report.
Chn	Jan RatingDog Manufacturing PMI, index	50.1	50	–	Survey focuses on small export-oriented businesses.
US	Dec JOLTS Job Openings, 000s	7146	7100	–	Job openings continue to fall while layoff rates hold steady.
	Fedspeak	–	–	–	Fedspeak from Barkin and Bowman .
Wed 04					
NZ	Q4 Unemployment Rate, %	5.3	5.3	5.3	Unemployment has likely reached its peak for this cycle …
	Q4 Employment, %qtr	0	0.3	0.3	… with job numbers starting to stabilise in late 2025.
	Q4 LCI Wage Inflation (Pvte, Ord Time), %qtr	0.5	0.5	0.5	Existing slack means that wage pressures are muted.
	Jan ANZ Commodity Prices, %mth	–2.1	–	3	Strong rebound in dairy, further gains in meat and wool.
Aus	RBA Speak	–	–	–	RBA's Jones fireside chat.
Chn	Jan RatingDog Services PMI, index	52	51.5	–	Pace of expansion has been easing since August.
Eur	Jan HICP, %yr	1.9	–	–	Core inflation persisting at 2.3-2.4%yr for eight months.
US	Jan ADP Employment Change, 000s	41	48	–	Signals a measured softening in the labour market.
	Jan ISM Non–Manufacturing, index	54.4	53.5		Index in ten straight months of expansion.
Wrld	Jan S&P Global Services PMI, index	53.9	–	–	Final estimate for Japan, Eurozone, UK and US.
Thu 05					
Aus	Dec Trade Balance , $bn	2.9	3.5	2.6	Volatile gold exports and imports likely to distort the picture.
UK	BoE Policy Decision	3.75	3.75	3.75	Expected to stay on hold as inflation risks linger.
Eur	ECB Policy Decision (Deposit Rate)	2.00	2.00	2.00	Downside risks for growth building; infl. dips below target.
	Dec Retail Sales, %mth	0.2	–	–	Non-food sales driving the increase.
US	Initial Jobless Claims	209	–	–	Hinting at some stabilisation in labour market conditions.
	Fedspeak	–	–	–	Fedspeak from Bostic.
Fri 06					
NZ	Waitangi Day	–	–	–	Markets closed.
Aus	RBA Speak	–	–	–	Governor Bullock parliamentary testimony.
Jpn	Dec Household Spending, %mth	2.9	0.1	–	Effect of fiscal stimulus package to show up from January.
Ger	Dec Industrial Production, %mth	0.8	–	–	Auto manufacturing helps to drive a third straight increase.
US	Jan Nonfarm Payrolls, 000s	50	78	78	Employment growth susceptible to downside risks.
	Jan Average Hourly Earnings, %mth	0.3	0.3	–	Growing in line with recent trends.
	Jan Unemployment Rate, %	4.4	4.4	4.4	Weak labour demand and supply to leave unemployment flat.
	Feb Uni. Of Michigan Sentiment, index	56.4	55.5	–	Still –20%yr lower amid pressures on purchasing power …
	Dec Consumer Credit, $bn	4.229	–	–	… while job worries is curbing appetite for debt.

Contact

Westpac Economics Team | **westpac.co.nz/economics** | economics@westpac.co.nz

Connect with us

Kelly Eckhold, Chief Economist | +64 9 348 9382 | +64 21 786 758 | kelly.eckhold@westpac.co.nz

Satish Ranchhod, Senior Economist | +64 9 336 5668 | +64 21 710 852 | satish.ranchhod@westpac.co.nz

Darren Gibbs, Senior Economist | +64 9 367 3368 | +64 21 794 292 | darren.gibbs@westpac.co.nz

Michael Gordon, Senior Economist | +64 9 336 5670 | +64 21 749 506 | michael.gordon@westpac.co.nz

Paul Clark, Industry Economist | +64 9 336 5656 | +64 21 713 704 | paul.clark@westpac.co.nz

Imre Speizer, Market Strategist | +64 9 336 9929 | +64 21 769 968 | imre.speizer@westpac.co.nz

Past performance is not a reliable indicator of future performance. The forecasts given in this document are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from these forecasts.

Disclaimer

Things you should know.

We respect your privacy: You can view the **New Zealand Privacy Policy** here, or the Australian **Group Privacy Statement** here. Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

Disclaimer.

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision.

This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward looking statements. The words "believe", "anticipate", "expect", "intend", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author's knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

Further important information regarding sustainability-related content: This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access **Westpac's Financial Services Guide** here or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at **www.westpac.co.nz**.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

Fiji: Unless otherwise specified, the products and services for Westpac Fiji are available from **www.westpac.com.fj** © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia and registered as a branch in Fiji. The liability of its members is limited.

Papua New Guinea: Unless otherwise specified, the products and services for Westpac PNG are available from **www.westpac.com.pg** © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia. Westpac is represented in Papua New Guinea by Westpac Bank - PNG - Limited. The liability of its members is limited.

U.S: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ('WCM'), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WCM other than as provided for in certain legal agreements between Westpac and WCM and obligations of WCM do not represent liabilities of Westpac.

This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2)of the Order; (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

European Economic Area ("EEA"): This material may be distributed to you by either: (i) Westpac directly, or (ii) Westpac Europe GmbH ("WEG") under a sub-licensing arrangement. WEG has not edited or otherwise modified the content of this material. WEG is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac. Any product or service made available by WEG does not represent an offer from Westpac or any of its subsidiaries (other than WEG). All disclaimers set out with respect to Westpac apply equally to WEG.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the **general disclosure** which can be found here. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Westpac Banking Corporation.