



WEEKLY ECONOMIC COMMENTARY



25 May 2026 | Westpac Economics Team | westpac.co.nz/economics | economics@westpac.co.nz

To hold or not to hold, that is the question.

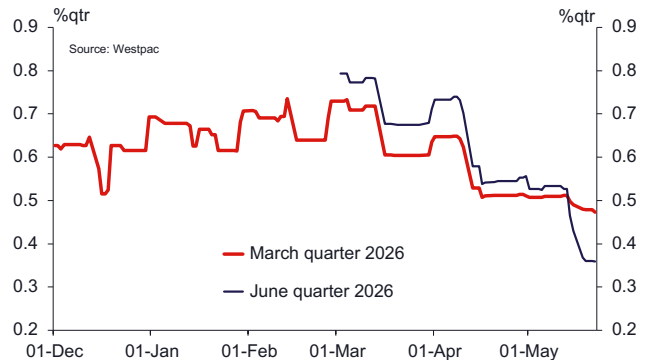
This Wednesday's RBNZ Monetary Policy Statement is shaping up as one that will likely deliver more signal than action. The most likely outcome is an unchanged Official Cash Rate (OCR) at 2.25%, but the meeting is 'live': watch for whether the decision goes to a vote (and if so, how close it looks); how far the Bank lifts its near-term inflation track in response to higher energy costs; how much it downgrades the 2026 growth outlook as the Iran war weighs on confidence; and – above all – what the updated OCR track implies for the timing and pace of a return towards neutral policy settings. The press conference and Summary Record of Meeting will matter as much as the headline decision given the difficult balance the RBNZ must strike between a materially higher inflation track and a weakening real economy.

The RBNZ is 'skewered' between high inflation and weak growth, which will leave the MPC wriggling on the hook while debating what to do this week. The inflation outlook has shifted decisively higher, driven primarily by the surge in refined fuel prices associated with the Iran war. Headline inflation is expected to move above 4% and remain elevated for much, if not all, of 2026. While the RBNZ may continue to emphasise its intention to look through the first-round effects of such a supply-side shock, as is conventional, the persistence of above-target inflation raises clear risks around expectations and pricing behaviour. At the same time, the growth backdrop has weakened materially. The war has added a layer of uncertainty that is weighing on both household and business sentiment, undermining spending and investment decisions, and delaying the continuation of the economic recovery that had been widely anticipated earlier in the year. This combination – higher inflation but weaker activity – places the RBNZ in a challenging

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
27 May 26	RBNZ OCR Review & Monetary Policy Statement
28 May 26	NZ Government Budget
4 Jun 26	Govt accounts for 10 months to April
16 Jun 26	NZ Selected price indexes, May
16 Jun 26	RBA Monetary Policy Decision
17 Jun 26	FOMC meeting (18 Jun NZT)
18 Jun 26	NZ GDP, March quarter
2 Jul 26	Govt accounts for 11 months to May
8 Jul 26	RBNZ OCR Review
14 Jul 26	NZIER QSBO Survey, June quarter

position and will drive careful calibration of both policy and communication.

Against that backdrop, the most coherent baseline that is consistent with the RBNZ's past rhetoric seems for the OCR to remain on hold in May, but for the Bank to deliver a materially more hawkish set of projections compared to the February Monetary Policy Statement. The rationale for not tightening immediately is not that inflation risks are benign, but rather that it may still be premature to conclude that a rate rise is required to secure the medium-term inflation objective. The Monetary Policy Committee is likely to place weight on the current level of uncertainty, the limited evidence so far on second-round inflation effects, and the risk that policy settings may already be more restrictive in effect than the nominal OCR suggests, given tighter financial conditions and weaker confidence. The most dovish on the MPC could argue that a premature increase in the OCR could prove counterproductive if it were subsequently reversed as the full extent of the growth slowdown becomes evident. Most though are more likely to accept that interest rates will rise in 2026, but that more information is required to fully justify what will be a very unpopular move – especially in election year. We think a vote will be required to break the deadlock and will thus provide some revealing (and well overdue) information on individual MPC members' views.

The lack of hard data on inflation persistence may prove particularly important in the MPC's calculations. And certainly, the Governor's previous comments seem to emphasise the need to see at least some evidence before moving. Core inflation remained within the target band in the March quarter, but there is relatively little new information on how it is evolving in the wake of the shock. Many of the channels through which second-round effects might emerge – particularly in services prices – are only observed with a lag, meaning that the June quarter CPI will likely be the first meaningful test of whether inflation pressures are broadening. Until that evidence is available, a cautious approach to policy adjustment will seem defensible to those more cautious MPC members. More broadly, the Bank may judge that waiting allows it to better understand the interaction between higher inflation and weaker demand, and to assess whether the expected increase in spare capacity will offset some of the upward pressure on prices over time.

However, even if the OCR is left unchanged, the RBNZ's forecast updates are likely to reflect a significant shift in the economic outlook. Growth forecasts for 2026 are expected to be revised down materially, with GDP expansion now seen closer to 1.8% to 2.0%, rather than the 2.8% envisaged in February. The labour market outlook is also likely to soften, with the anticipated decline in the unemployment rate deferred so that it

potentially ends the year in the mid-5% range. These changes imply a greater degree of slack in the economy than previously assumed, which in normal circumstances would help to contain inflation pressures over the medium term. Nevertheless, the near-term inflation profile is expected to be considerably higher, as the direct and indirect impacts of energy costs flow through to a wide range of prices.

This divergence between short-term inflation and medium-term capacity pressures is likely to be reflected most clearly in the projected path of the OCR. The Bank is expected to signal a higher endpoint for the tightening cycle, with the terminal OCR forecast rising modestly to around 3.2%. At the same time, the near-term path is likely to shift up more noticeably, with the December 2026 projection increasing to around 2.8%. Such a move would indicate an expectation of two and perhaps three rate increases in 2026, even if the exact timing remains conditional on incoming data. The implications for the July meeting will be a particular focus, although any signal may be partly obscured by the smoothing inherent in the forecast profile. As a result, greater clarity will likely come from the qualitative commentary rather than the numerical projections alone.

The central policy debate within the Committee will be one about timing rather than direction. There is little doubt that tightening is likely to be required over the medium term given the shift in the inflation outlook. The question is whether to begin that process immediately or to wait for more conclusive evidence on inflation persistence and the depth of the growth slowdown. Those favouring a delay are likely to emphasise the downside risks to activity, the limited information currently available on second-round effects, and the possibility that financial conditions have already tightened sufficiently to restrain demand. They may also point to the uncertainty surrounding the duration of the Iran war and the path of energy prices, noting that a quicker resolution could materially reduce inflation pressures.

By contrast, the case for an earlier move rests on the argument that the inflation outlook has changed so significantly that policy should begin adjusting sooner rather than later. Proponents of this view are likely to emphasise the risks to inflation expectations, particularly given the persistence of above-target inflation in recent years. Survey measures suggest that businesses are facing broad cost pressures and are increasingly inclined to raise prices, while households appear to be incorporating higher inflation into their expectations. Even if weak demand limits immediate price increases, there is a risk that pricing behaviour could become more entrenched once activity recovers. From this perspective, moving the OCR closer to neutral sooner could help contain these risks and provide greater flexibility in the future.

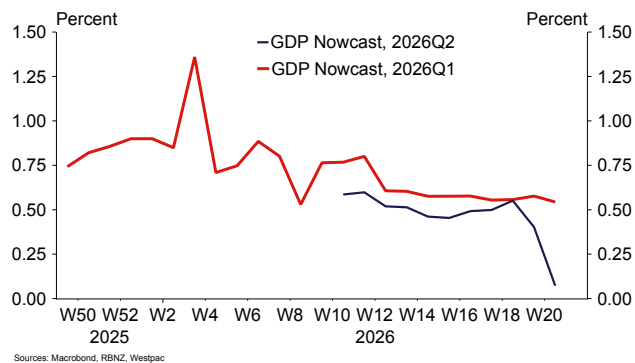
Financial considerations reinforce this argument. Real interest rates appear low in the context of rising inflation and inflation expectations and might suggest policy is too accommodative. In addition, the exchange rate has softened relative to earlier assumptions, which has likely contributed to recent inflation outcomes, and could drive more persistent inflation if New Zealand real interest rates remain too low for too long. Global central banking peers have shifted to a less accommodative outlook and either raised policy rates (Australia, Norway), shifted to a tightening bias (Canada, Euro area, Japan) or remained more neutral but with interest rates close to neutral settings (the US and UK). If NZ interest rates remain low relative to both estimates of the neutral OCR and foreign comparators the RBNZ could invite further FX depreciation and a larger inflation headache.

These considerations point to a more finely balanced decision than market pricing suggests for the May meeting, but one in which the most likely outcome is still to hold the OCR steady while clearly signalling that increases are coming. An unchanged rate combined with a higher projected path would effectively communicate that policy is on a tightening trajectory, even if the starting point is deferred.

Alternative outcomes remain very plausible. A more dovish scenario would involve little change in the Bank’s language and only a modest adjustment to the OCR track, implicitly pushing out the timing of the first hike. A more hawkish outcome would see an immediate increase in the OCR and a stronger signal of follow-on moves, consistent with a desire to return to neutral more quickly.

The bottom line though is that the RBNZ’s output gap focused framework, the absence of hard data on second-round inflation impacts, and the likely reliance on assumptions that will imply a significant fall in energy prices over the next year means we expect the OCR to remain unchanged on Wednesday. Unless they change their minds! I would support a tightening in May as with the benefit of hindsight the OCR probably shouldn’t have been cut below 3% in the second half of 2025.

RBNZ GDP Nowcast

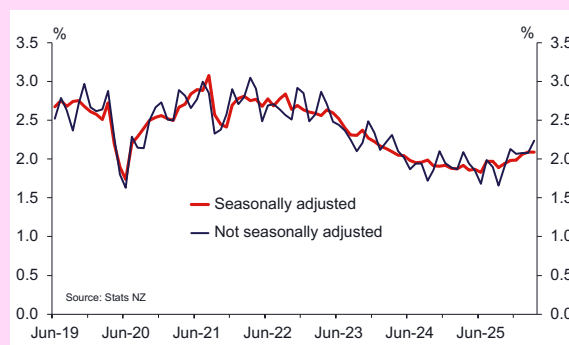


Kelly Eckhold, Chief Economist

Chart of the week.

The jobs market has been characterised in recent years as “no-fire, no-hire” – businesses have tried to hold on to their workers to the extent that they can, but haven’t been looking to hire, making it difficult for those out of work to break into the market. We’ve also seen low staff turnover as a result – by 2025 the number of people switching jobs was more like at Covid-lockdown levels. However, the detailed flows data from the Monthly Employment Indicator (MEI) show that job switching had started to pick up again in recent months. We’ll be getting the April update on Thursday, where we’ll be looking for any signs of employers or workers becoming more cautious in the face of the Iran conflict.

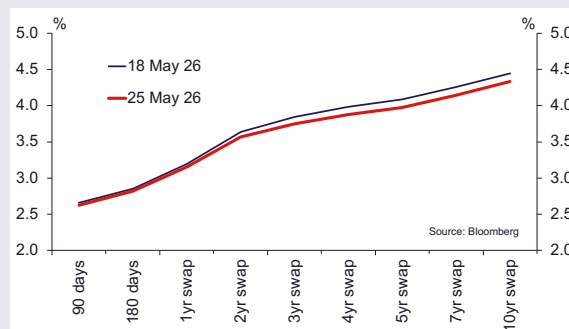
Job-to-job transition rates, monthly



Fixed versus floating for mortgages.

Recent weeks have seen a broadening in inflation pressures in the wake of the Middle East conflict and the RBNZ has revised its near-term inflation outlook sharply higher. In response to those developments, the RBNZ’s April policy statement noted related concerns about the longer-term inflation outlook. We’ve pulled forward our expectations for OCR hikes, which are now expected to begin in September (previously we expected the first hike in December). Once the tightening cycle does get under way we expect to see a series of rate hikes to return the OCR to more neutral levels. Fixed-term mortgage rates between two and five years now lie above 5%, but fixing for one of these longer periods still appears attractive as it would insulate borrowers from a trend higher in the OCR over the next couple of years.

NZ interest rates



Global wrap

Middle East.

Oil prices trended lower last week as markets grew hopeful that at least a temporary deal might be struck to open the Strait of Hormuz. Over the weekend reports have continued to suggest that a deal might be struck in coming days – albeit with key details of the deal that still being negotiated. Oil is likely to open lower today.

North America.

The flash composite PMI remained steady at an expansionary 51.7 in May, with a firmer reading in the manufacturing sector balanced by a softer reading in the services sector. In other news, the minutes from last month's FOMC meeting were viewed as moderately hawkish by the market, with meeting participants generally pointing to upside risks to the inflation outlook and the risk that elevated inflation could impact wage and price-setting decisions. The key data releases over the remainder of this week are the Conference Board's consumer survey for May and the consumer spending report for April (including the core PCE deflator).

Europe.

The market's assessment of the likelihood of near-term monetary policy tightening receded in the UK last week (now just a 10% chance of a June hike), with both headline and core inflation falling more than expected in April and the unemployment rate climbing unexpectedly to 5.0%. In addition, the flash composite PMI slumped 4.1pts to 48.5 in May, led by a sharp weakening in the services sector. In the euro area, the flash PMI fell 1.3pts to 47.5 – the weakest reading since December 2023. Pricing for near-term ECB tightening has fallen below 80%. The coming week will see preliminary May inflation data released across the major euro area economies.

Asia-Pacific.

Last week's dump of Chinese domestic indicators proved far weaker than expected, with growth in factory production and retail sales unexpectedly slowing and fixed asset investment unexpectedly declining. In Australia, the composite PMI fell in May whereas Westpac's consumer sentiment index improved modestly after slumping in April. Meanwhile, employment fell an unexpected 19k in April, lifting the unemployment rate to 4.5%. Easter-related seasonal adjustment oddities seem to have contributed to the outcome, so we await with keen interest to see how this data looks in May. The focus in Australia this week will be on inflation with the April CPI due for release on Wednesday.

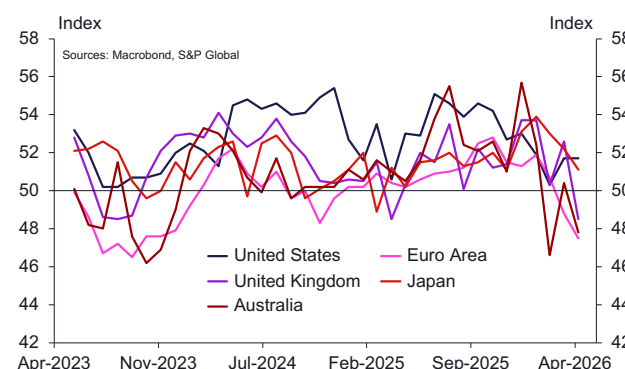
Trading partner real GDP (calendar years)

	Annual average % change			
	2024	2025	2026	2027
Australia	1.0	2.0	1.8	1.2
China	5.0	5.0	4.7	4.6
United States	2.8	2.1	2.0	1.8
Japan	-0.2	1.2	0.6	0.8
East Asia ex China	4.5	4.7	4.3	4.2
India	7.1	7.6	6.5	6.7
Euro Zone	0.9	1.5	0.7	1.1
United Kingdom	1.1	1.4	0.8	1.1
NZ trading partners	3.0	3.2	2.8	2.7
World	3.4	3.4	3.2	3.3

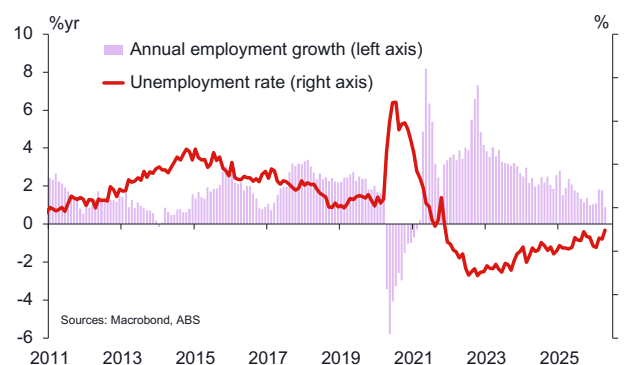
Australian & US interest rate outlook

	22 May	Jun-26	Dec-26	Dec-27
Australia				
Cash	4.35	4.35	4.85	4.85
90 Day BBSW	4.43	4.55	4.90	4.80
3 Year Swap	4.55	4.75	4.70	4.40
3 Year Bond	4.54	4.75	4.70	4.40
10 Year Bond	4.93	5.00	5.05	4.95
10 Year Spread to US (bps)	36	65	60	30
US				
Fed Funds	3.625	3.625	3.625	3.625
US 10 Year Bond	4.57	4.35	4.45	4.65

S&P Global composite PMI readings



Australian labour market



Financial markets wrap

Foreign exchange.

NZD/USD has stalled in the 0.58s but retains a hint of downside risk. If nearby support at 0.5815 (the late April and May lows) breaks, then we would target 0.5700 multi-week.

The US-Iran war remains the main driver. An agreement is being discussed via intermediaries, but a stalemate persists, and markets are reacting to hints in both directions (this morning, for example, to President Trump's comments that a peace deal has been negotiated). In addition, NZ economic data recently has mostly been consistent with a slowdown ahead. This week's local event highlight will be the RBNZ MPS on Wednesday, an on hold decision is expected but guidance via its OCR forecast and statement will probably indicate a hiking cycle will start in H2.

For the quarter ahead, we retain a neutral bias, pending resolution of the Iran war. An escalation would likely cause a break below 0.5700, towards 0.5500, while a positive resolution would likely ignite a rally towards the 0.6100 area.

NZD/AUD's trend decline extended slightly last week, making a fresh 13-year low at 0.8161. While further weakness is possible this week, the risk of an upward correction towards 0.84 during the month ahead is growing - it's technically oversold, and yield spreads have been rising in the NZD's favour (the RBA's hiking cycle is maturing, while the RBNZ's has yet to start). Further ahead, though, for H2 we retain a bearish bias, based on expected relative economic performance which should continue to favour the AUD. Australia is likely more resilient than NZ to a prolonged war and oil shock.

Interest rates.

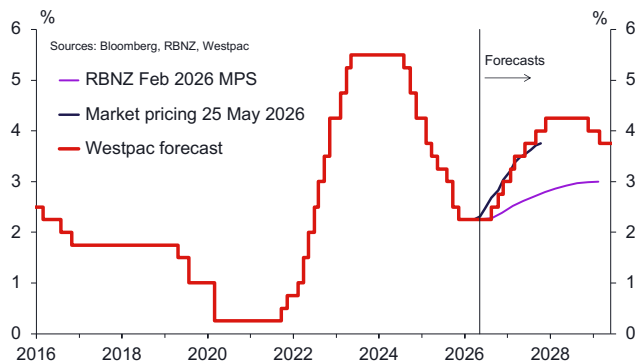
The NZ 2yr swap rate retains upward momentum, with potential for 3.70% during the next week or two.

The key driver is likely to be the outcome of the RBNZ's MPS relative to market expectations and pricing.

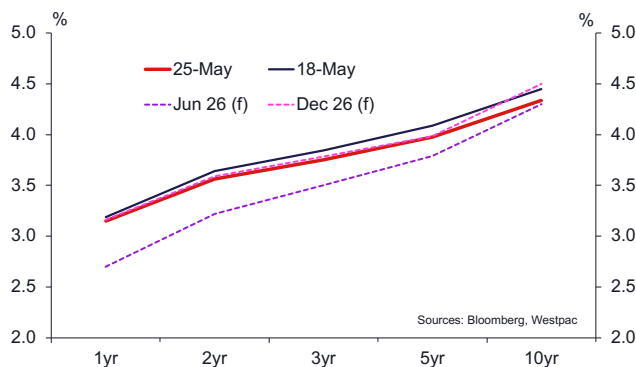
Market pricing for OCR hikes implies a 20% chance of a hike this week, and a 90% chance of one by July. There are three hikes in total priced by year end, similar to our forecast of hikes in September, October and December.

The yield curve's flattening trend since the peak in late December stalled this month after the 2-10yr swap reached 74bp, down from the cycle peak of 120bp in December. We expect further flattening during the year ahead as we approach the RBNZ's tightening cycle, the 2-10yr swap potentially to 50bp.

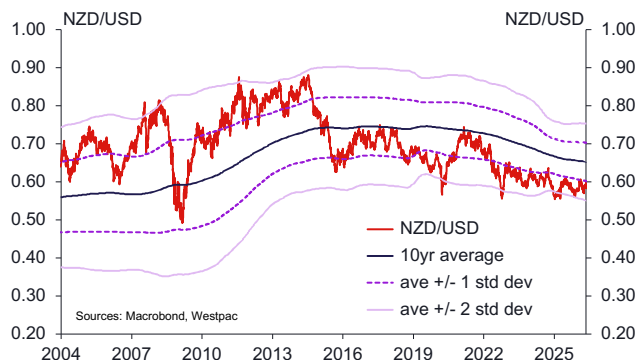
Official Cash Rate forecasts



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	0.587	0.569-0.600	0.553-0.728	0.619	0.62
AUD	0.823	0.817-0.845	0.817-0.971	0.913	0.85
EUR	0.506	0.493-0.511	0.484-0.637	0.562	0.52
GBP	0.438	0.430-0.444	0.426-0.531	0.481	0.45
JPY	93.5	91.0-94.1	74.7-98.6	86.4	95.5

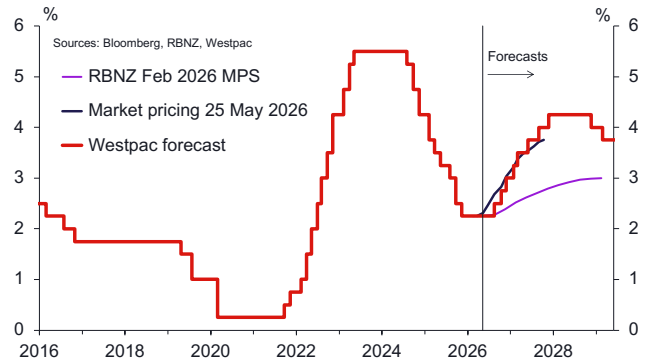
The week ahead

RBNZ May Monetary Policy Statement

May 27, Last: 2.25%, Westpac f/c: 2.25%, Market f/c: 2.25%

We expect the RBNZ to leave the OCR at 2.25% at their May review, amid a challenging economic environment marked by rising inflation and weakening growth. Despite the challenges presented by the Middle East conflict, the RBNZ will acknowledge that there is a looming need to start removing monetary stimulus, and indeed there is a strong case for starting that process as early as this month, which will likely require a vote to resolve. For more details see our [MPS preview bulletin](#).

Official Cash Rate forecasts

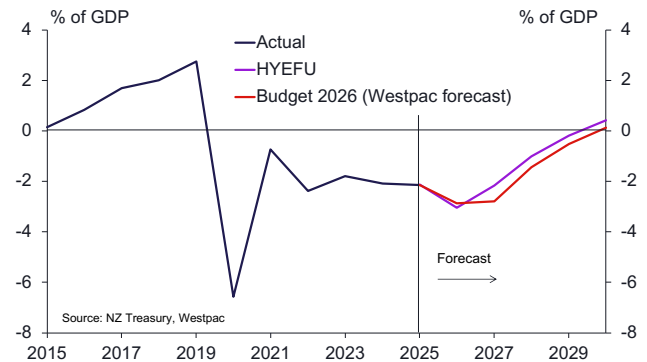


Budget 2026

May 28

Budget 2026 will be set against the background of the Middle East conflict. Whereas a favourable revision to the fiscal outlook had seemed likely prior to the conflict, the Government now faces the prospect of higher welfare spending and debt financing costs and a weaker near-term outlook for tax revenue. So while the Government has reduced the operating allowance for new discretionary spending at this Budget, we expect that the Treasury will forecast a \$7-9bn increase in the four-year borrowing requirement. We still expect the Treasury to forecast an OBEGALx surplus in 2029/30, with a rebound in the economy likely to be forecast once the conflict is assumed to end. For more details see our [Budget preview bulletin](#).

Operating balance (OBEGALx), % of GDP

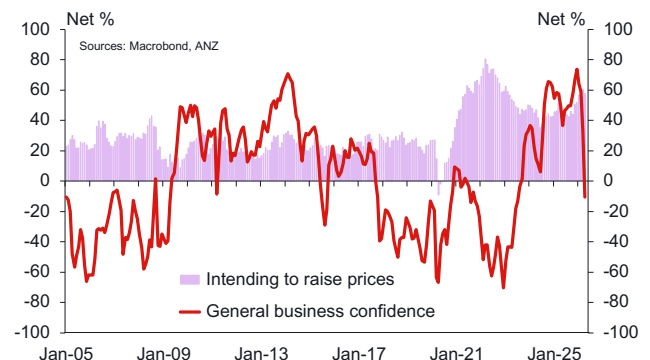


May ANZ Business Confidence

May 29, Last: -10.6

Business confidence took the full brunt of the Middle East conflict in the April survey, with general sentiment turning net negative for the first time since mid-2023. Measures of firms' own activity saw less dramatic moves, but were still down significantly from pre-war levels. We'd expect a modest rebound in confidence in the May survey, with hostilities cooling since the early April ceasefire and fuel prices having eased from their highs. The greater focus is likely to be on the inflation measures though, with the RBNZ watching for any second-round effects on pricing intentions and wage growth.

Business confidence and pricing intentions

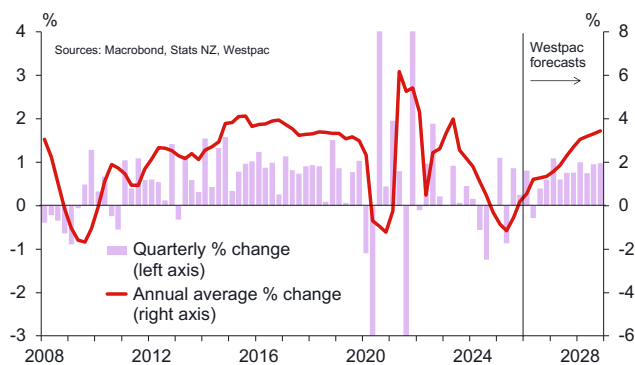


Economic and financial forecasts

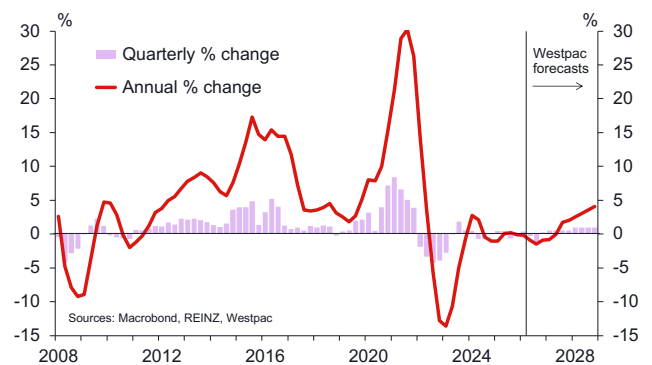
Economic indicators	Quarterly % change				Annual % change			
	Dec-25	Mar-26	Jun-26	Sep-26	2024	2025	2026	2027
GDP (production)	0.2	0.8	-0.3	0.4	-1.6	1.3	1.5	3.2
Consumer price index	0.6	0.9	1.8	1.2	2.2	3.1	4.4	1.6
Employment change	0.5	0.1	0.1	0.1	-1.3	0.2	0.6	2.9
Unemployment rate	5.4	5.3	5.4	5.5	5.1	5.4	5.6	4.9
Labour cost index (all sectors)	0.4	0.5	0.6	0.7	3.3	2.0	2.5	2.3
Current account balance (% of GDP)	-3.7	-3.8	-4.0	-4.1	-4.7	-3.7	-4.1	-4.2
Terms of trade	0.3	-1.9	0.6	2.6	8.9	3.5	1.0	3.3
House price index	-0.4	0.4	-0.3	-1.3	-1.0	-0.1	-0.9	2.0

Financial forecasts	End of quarter				End of year			
	Dec-25	Mar-26	Jun-26	Sep-26	2024	2025	2026	2027
OCR	2.25	2.25	2.25	2.50	4.25	2.25	3.00	4.25
90 day bank bill	2.52	2.51	2.50	2.95	4.45	2.52	3.40	4.45
2 year swap	2.71	3.12	3.75	4.05	3.64	2.71	4.30	4.35
5 year swap	3.27	3.71	4.10	4.30	3.73	3.27	4.35	4.45
10 year bond	4.27	4.54	4.85	4.95	4.50	4.27	5.00	5.10
TWI	66.4	67.2	66.5	66.2	69.5	66.4	69.1	72.7
NZD/USD	0.57	0.59	0.59	0.59	0.59	0.57	0.62	0.67
NZD/AUD	0.87	0.85	0.82	0.82	0.91	0.87	0.85	0.91
NZD/EUR	0.49	0.50	0.50	0.50	0.55	0.49	0.52	0.55
NZD/GBP	0.43	0.44	0.44	0.43	0.46	0.43	0.45	0.48

GDP growth



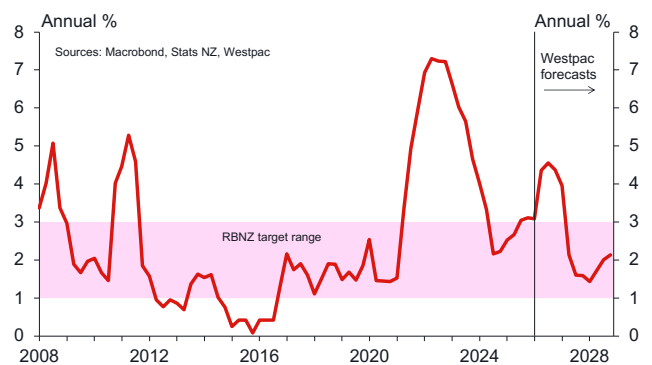
House prices



Unemployment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 25					
Tue 26					
US	Mar FHFA House Prices, %mth	0.0	0.1	-	Price momentum should keep cooling as affordability...
	Mar S&P/Cs Home Price Index, %mth	-0.1	0.1	-	... and listings improve slightly.
	Apr Chicago Fed Activity Index, %mth	-0.2	-	-	Tariff and energy shock add risk to the economy.
	May CB Consumer Confidence, index	92.8	91.5	-	Job security signals remain the key swing factor.
	May Dallas Fed Manufacturing Index, index	-2.3	-	-	Headwinds ahead with geopolitical shocks.
Wed 27					
NZ	RBNZ Policy Decision	2.25	2.25	2.25	Decision likely to be close-run – we expect a split vote.
Aus	RBA Speak	-	-	-	RBA MPB member Carolyn Hewson scheduled to speak.
	Apr Monthly CPI Indicator, %ann	4.6	4.4	4.8	Keenly watched for any signs of broader pass-through.
	Q1 Construction Work Done, %qtr	-0.1	0.8	1.0	Public construction to stabilise; data centre activity strong.
Chn	Apr Industrial Profits, %ann	15.8	-	-	Margin pressure from weak pricing power and excess capacity.
US	May Richmond Fed Manuf. Index, index	3.0	-	-	Orders may soften under trade uncertainty.
Thu 28					
NZ	Apr Monthly Employment Indicator, %mth	0.3	-	0.2	Jobs market was picking up prior to the Iran conflict.
	Budget 2026	-	-	-	Fiscal strategy unchanged, but more debt near term.
Aus	Q1 Private New Capital Expenditure, %qtr	0.4	1.0	4.0	Growth to pick-up from data centre construction and fit-outs.
	Apr Household Spending Indicator, %mth	1.6	-0.4	-1.0	Temporary halving in fuel excise will dent spending.
Eur	May Economic Confidence, index	93	92.3	-	Confidence is likely to hinge on energy costs and external...
	May Consumer Confidence, index	-19.0	-	-	... demand with consumers feeling the squeeze on real income.
US	Apr Personal Income, %mth	0.6	0.4	-	Income growth will be key for consumption resilience...
	Apr Personal Spending, %mth	0.9	0.5	-	... discretionary categories may fade first if confidence dips
	Apr PCE Deflator, %mth	0.7	0.5	-	On the look out for stickiness in goods and services amid...
	Apr Core PCE Deflator, %mth	0.3	0.3	-	... tariff-related cost pass-through.
	Initial Jobless Claims	209	213	-	Still consistent with a stable labour market.
	Q1 GDP, %ann'd	2.0	2.1	-	Second estimate.
	Apr New Home Sales, %mth	7.4	-3.9	-	Builder activity offsets resale supply constraints
Fri 29					
NZ	May ANZ Consumer Confidence, index	80.3	-	-	Confidence down sharply in April on Iran conflict, though...
	May ANZ Business Confidence, index	-10.6	-	-	... fuel prices have edged off their highs since the ceasefire.
Aus	Apr Private Sector Credit, %mth	0.7	0.6	0.6	So far resilient to changes in interest rates and expectations.
Jpn	May Tokyo CPI, %ann	1.5	1.6	-	Energy prices to take over from easing food prices.
	Apr Jobless Rate, %	2.7	2.7	-	Labour market remains structurally tight.
	Apr Industrial Production, %mth	-0.4	-0.6	-	Continued strength in AI-related tech will support growth.
US	Apr Wholesale Inventories, %mth	1.3	-	-	Inventory dynamics will signal whether demand is slowing.
	May Chicago PMI, index	49.2	51.2	-	Prices are a key watchpoint for cost pressures.

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

©2026 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, “Westpac”). References to the “Westpac Group” are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

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.

This information, unless specifically indicated otherwise, is under copyright of the Westpac Group. None of the material, nor its contents, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior written permission of the Westpac Group.

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.

