



WEEKLY ECONOMIC COMMENTARY



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A matter of balance

The conflict in the Middle East has cast a long shadow across the New Zealand economy, with a softening in demand, rising costs and winding back of plans for hiring. Inflation is already at elevated levels and it's set to take a large step higher over the next few months. All of this leaves the RBNZ with a particularly challenging balancing act. But while there are questions about how quickly the RBNZ will adjust the OCR, the direction of those movements will be upwards.

Curtain raiser.

The latest CPI report showed that, even before the full impact of the recent oil price shock has been felt, **New Zealand inflation** was running hotter than we or the RBNZ expected. Consumer prices rose 0.9% in the March quarter. That saw the annual inflation rate remaining unchanged at 3.1%, above both our forecast and the RBNZ's April expectations.

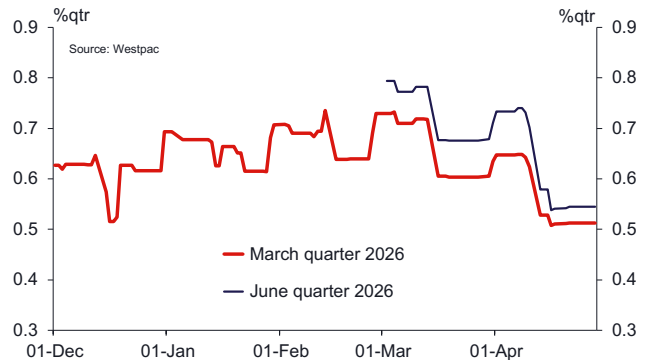
The March quarter did see a large seasonal increase in food prices (1.5%). More important, however, were the large increases in transport costs. The sharp rise in global oil prices since late February left petrol prices up 3.5% over the quarter, with diesel prices up 11%. Notably, we also saw the early stages of spillovers from those high fuel prices into other costs, with domestic airfares up 9% over the quarter.

Looking under the surface, the various measures of core inflation provided some mixed messages on how strong the underlying inflation pulse has been. Some closely-watched measures of core inflation remain elevated. For instance, CPI ex-fuel and food came in at 3.0%yr (vs 2.9% previously). Similarly, the RBNZ's sectoral measure of core inflation held firm at 2.7%yr in the March quarter. However, other measures of core inflation, such as

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



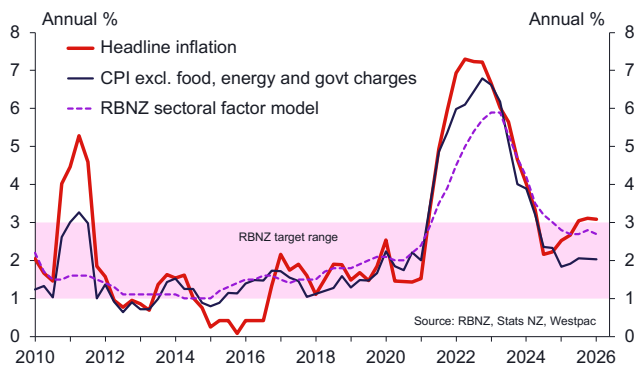
Key data and event outlook

Date	Event
29 Apr 26	FOMC meeting (30 Apr NZT)
5 May 26	RBA Monetary Policy Decision
6 May 26	Labour market surveys, March quarter
15 May 26	NZ Selected price indexes, April
27 May 26	RBNZ OCR Review & Monetary Policy Statement
28 May 26	NZ Government Budget
16 Jun 26	NZ Selected price indexes, May
18 Jun 26	NZ GDP, March quarter
8 Jul 26	RBNZ OCR Review
21 Jul 26	NZ CPI, June quarter

the trimmed mean and weighted median measures or those measures that exclude government charges, have been softer.

While not every measure of core inflation is running red hot, what stands out is that inflation in New Zealand hasn't fallen to 'low' levels over the past year. That's despite weak growth and a soft labour market. Part of the reason for that is because we have continued to see large increases in administered costs (like council rates and electricity charges) that aren't very responsive to changes in interest rates. But we are also seeing pressures in some other areas. This lingering firmness in overall inflation is significant for the RBNZ, highlighting the limited headroom they had even before the recent oil price shock.

Headline and core inflation



The worst is yet to come.

The March quarter inflation result was really just the curtain raiser. Inflation is set to rise sharply through the middle part of this year as the full impact of recent oil price rises ripples through the economy. We also expect to see continued firmness in administered prices, like council rates and electricity charges.

However, the outlook for inflation is much cloudier when we look at price pressures in more cyclical parts of the economy. That was highlighted in **the latest Quarterly Survey of Business Opinion**, and in our own **recent discussions with businesses across the country**.

Businesses have highlighted significant pressure on operating costs. And that pressure has not been limited to fuel and transport prices, with more widespread disruptions to supply chains. In some cases, like in the building sector, the reported increases in materials costs have been large.

At the same time, businesses have reported that much of the firming in economic momentum that we saw in the early part of the year has now been derailed. Economic confidence has dropped sharply over the past month, and the dampening impacts of the Middle East conflict on demand are becoming more visible. We've

already seen tourist operators reporting an increase in cancelled bookings, and businesses across the country are reporting softness in discretionary spending as households grapple with rising costs for essentials.

Looking ahead, businesses across the economy are bracing themselves for softer trading conditions over the next few months. That's seen them winding back their plans for capex and hiring.

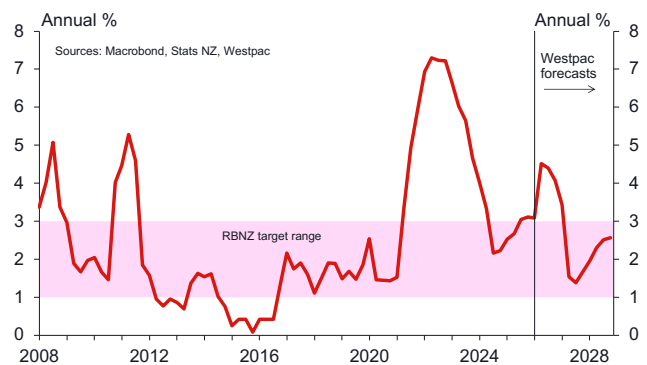
That softness in demand is raising questions about whether businesses can pass increases in operating costs through to output prices. At this stage, that passthrough has not been complete, with many businesses reporting increased pressure on margins. But that can't continue indefinitely. Many businesses have already seen their margins being squeezed for several years now, and they are now facing further (and in some cases very large) increases in operating costs. Against that backdrop, while softness in demand might limit the extent of output price rises over the coming months, inflation still looks set to take a sizeable step higher.

Putting that mix of soft demand and significant increases in operating costs together, we now expect that inflation will rise to 4.5% in mid-2026 (up from our previous forecast for 4.3%/yr). Further ahead, inflation is expected to ease only gradually, slowing to 4.1% by the end of this year.

Headline inflation is expected to slow materially over 2027 as the impact of earlier oil price increases dissipates. However, core inflation is expected to remain elevated this year, and is expected to ease back towards the midpoint of the RBNZ's target band only gradually over 2027, rather than falling to low levels.

The outlook for inflation remains murky, particularly beyond the current quarter. Crucially, the outlook will be highly dependent on the evolution of tensions in the Middle East and the related (potentially large) moves in oil prices. But even if tensions in the Middle East were to dissipate quickly, the associated disruptions to supply chains and pressure on operating costs would still take some time to ease.

Consumer price inflation



Balancing act.

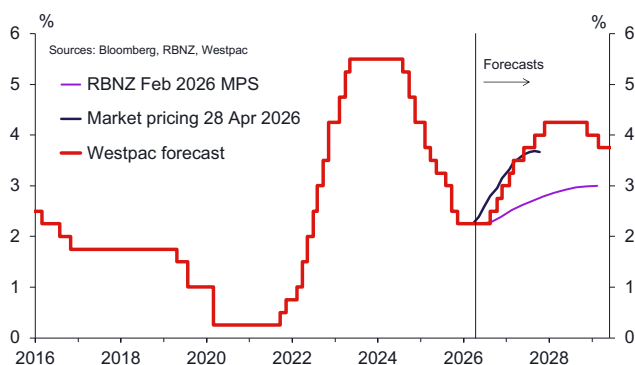
All of this leaves the RBNZ with a particularly challenging balancing act. The RBNZ can't offset the rise in oil prices that's already occurred by hiking the OCR now. However, business surveys are pointing to a broadening lift in price pressures, and the RBNZ can't ignore the risk that the current oil-related rise in operating costs evolves into a more widespread and protracted lift in inflation. The past few years have shown just how corrosive and long-lasting the effects of high inflation can be for the economy, and the RBNZ is loath to see those sorts of pressures taking hold again.

Earlier interest rate hikes might help limit the risk that we see a more sustained rise in inflation. However, the RBNZ is also very mindful that higher interest rates now would weigh on economic activity at a time when the labour market is already soft.

This isn't an easy trade-off for the RBNZ. Balancing those concerns, we expect that the RBNZ will begin a series of increases in the Official Cash Rate from September, earlier than they previously signalled in their last published forecasts from February (which pre-dated the Middle East conflict). We expect the OCR will rise from the current low of 2.25% to 3.50% in early 2027. While that would be a relatively fast rise in the OCR, it would only take the OCR back around 'neutral' levels from the RBNZ's perspective at a time when inflation has been persistently above 3%.

Further ahead, the outlook is less certain. As a result, we expect that interest rates will continue to rise, but at a more gradual pace.

Official Cash Rate forecasts



Market pricing for the OCR has been pulled forward in recent weeks and is now consistent with the first hike coming in July. We certainly wouldn't rule out an earlier start to the tightening cycle, given the significant rise in cost pressures. However, we think the RBNZ will prefer to wait to see how pricing behaviour in the economy is shaping up. While we will have a number of business surveys and monthly prices updates by the time of the July policy meeting, we won't have the full June quarter CPI report until after that meeting. (In contrast to the

monthly price updates from Stats NZ, the quarterly CPI report has broader coverage including a range of discretionary spending categories. That update will help to illustrate how the balance between higher costs and softer demand is evolving in terms of overall pricing pressures.) The RBNZ will also want to see how spending and the labour market are evolving, both of which will be important for determining how persistent the strength in inflation will be.

Fiscal pressures.

The other news of note last week was Moody's decision to attach a negative outlook to New Zealand's sovereign credit rating. The current top-tier "Aaa" rating – shared with just ten other countries – has been in place since October 2002 and is a notch higher than the rating currently assigned by both Standard and Poor's and Fitch (the latter also moved its rating to a negative outlook last month). It is worth noting that Moody's base model assigns a rating one notch lower, with the current Aaa rating reflecting a one-notch uplift based on an assessment that the recent weakening of fiscal metrics would improve over time. Last week's action clearly indicates that Moody's are considering removing that uplift. Specifically, Moody's stated: "The negative outlook reflects our assessment that risks to New Zealand's fiscal trajectory have increased..." due to "...the potential for a combination of tighter monetary policy, slower short-term growth and increased debt servicing costs".

Following this ratings action, the Minister of Finance, Nicola Willis, held a press briefing at which she also outlined some economic scenarios that the Treasury had produced during its preparations for the upcoming Budget on 28 May. Willis stated that the ratings action reinforced the Government's decision to resist the temptation to "splash the cash" in reaction to the current oil shock. Importantly, she reaffirmed that the operating allowance for new initiatives in the upcoming Budget will be held at a relatively frugal \$2.4bn. This will necessitate savings and reprioritisations to fund the targeted relief that the Government has already provided to lower income workers and some other groups, as well as the other pressures on operating spending that flow from higher fuel prices.

Unsurprisingly, the information presented by Willis showed that an upgrade to the outlook for growth and employment had been the base case prior to the Middle East conflict. More surprisingly, the least severe post-war scenario presented – one based on crude oil remaining around \$110/bbl in the near-term – was associated with a growth outlook that was similar to that presented in the Half-Year update in December. This scenario, which Willis seemed to indicate might be most representative of the current outlook, would likely still lead to a modest deterioration in the near-term fiscal outlook due to increases in spending that sit outside the spending

allowance, such as benefit costs (which are indexed to the CPI) and debt servicing. However, it would probably not generate a repeat of the very large upgrades to the borrowing programme that have been seen at various times in recent years.

We will publish our preview of Budget 2026 after we have seen the Government’s financial accounts for April

(released 12 May). Willis indicated that the Treasury had finalised its economic forecasts last week and that Cabinet would make final Budget decisions in around a fortnight.

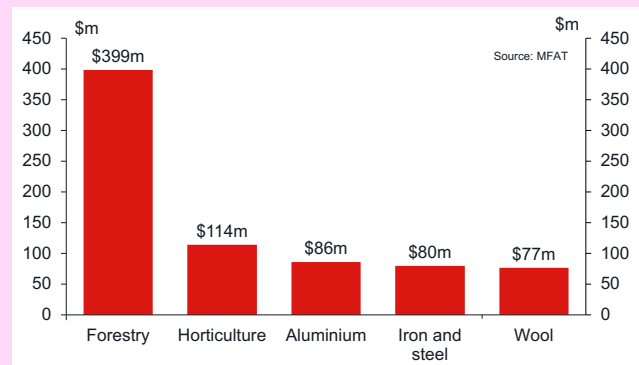
Darren Gibbs, Senior Economist
Satish Ranchhod, Senior Economist

Chart of the week.

This week New Zealand signed a free trade agreement with India. The agreement aims to provide improved access for New Zealand exporters to the India’s market of around 1.4b consumers. The agreement will see the removal of tariffs on 57% of our exports on day one, rising to 82% over time. There will also be a sharp reduction in tariffs on a further 13% of our exports. Key products that will see improved access include forestry products, sheep meat, wool, coal, seafood, horticultural products, wine and mānuka honey.

With regards to dairy, the agreement includes a commitment to implement a dedicated fast-track mechanism to facilitate the supply of New Zealand products duty-free to India for further manufacturing and export. Tariffs on some products, like bulk infant formula, will be phased out over seven years. Tariffs will also be removed on Indian goods imported into New Zealand, which should lower prices for Indian goods purchased by New Zealanders such as electrical goods, machinery, fabric and textiles. MFAT expects the benefits of the FTA to grow over time as India’s economy continues to expand.

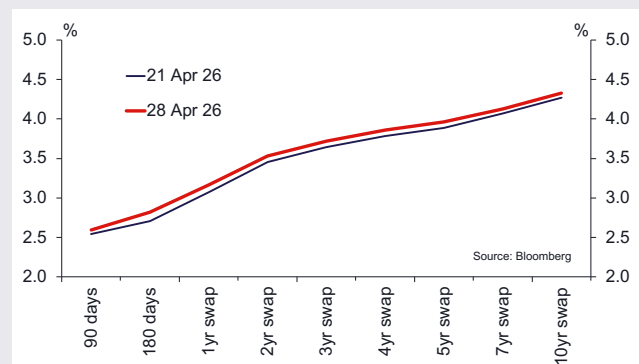
New Zealand exports to India (year to December 2025)



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 latest 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.

Renewed hostilities were averted early last week with President Trump agreeing to extend the ceasefire pending a new peace proposal from Iran. But with no signs of an agreeable proposal emerging, sentiment has since deteriorated. So, with global inventories of crude and refined product continuing to decline, Brent crude has ground higher to a 3-week high of \$108/bbl.

North America.

US consumers shrugged off the Middle East conflict in March, with retail sales rising a stronger-than-expected 1.7%*mo*. And while higher spending on fuel was the key driver, spending excluding food and fuel still increased a solid 0.6%*mo*. In addition, the preliminary PMIs pointed to a rebound in activity in April. This week a key focus will be Wednesday's FOMC meeting (Thursday morning NZ time). While the Fed's policy rate is expected to remain unchanged, investors will be interested in Chair Powell's update on how the Middle East crisis is impacting the economic outlook. This week's US data flow is highlighted by Friday's advance Q1 GDP report. Other releases include the Conference Board's consumer survey, the ISM manufacturing survey and personal spending, income and core inflation data for March. In Canada, a key focus will be Wednesday's BoC policy meeting. Market pricing implies that the policy rate will remain steady until late this year, with spare capacity expected to dampen the inflation shock from higher fuel prices.

Europe.

The preliminary PMI reports for April pointed to a further dip in euro area sentiment, with the composite PMI falling to a 17-month low of 48.3. Separately, Germany's ZEW expectations index slumped to a more than 3 year low. By contrast, the UK's composite PMI partially retraced its sharp March decline, rising to 52.0 in April. The BoE's MPC meets this week. No policy change is anticipated, but markets will be looking for guidance whether a rate hike might be in prospect at a future meeting.

Asia-Pacific.

The focus in Australia this week will be Wednesday's Q1 CPI report. Westpac expects a 1.5%*qtr*/4.2%*yr* lift in the headline CPI while the trimmed mean is expected to rise 0.9%*qtr*. In Japan, the BoJ is widely expected to leave policy steady at today's meeting, while the accompanying Outlook Report will cast light on the timing of future policy moves. On Thursday, the release of the official and private sector PMIs will reveal how the Chinese economy is navigating the Middle East conflict.

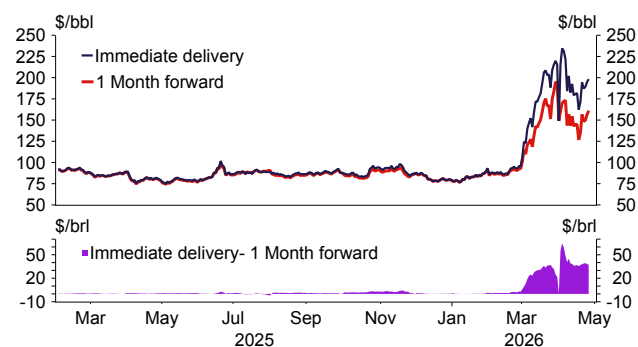
Trading partner real GDP (calendar years)

	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	1.5	1.6
Japan	-0.2	1.2	0.6	0.8
East Asia ex China	4.5	4.7	4.2	4.2
India	7.1	7.6	6.5	6.7
Euro Zone	0.9	1.5	0.8	1.3
United Kingdom	1.1	1.4	0.7	1.2
NZ trading partners	3.0	3.2	2.7	2.7
World	3.4	3.4	3.1	3.2

Australian & US interest rate outlook

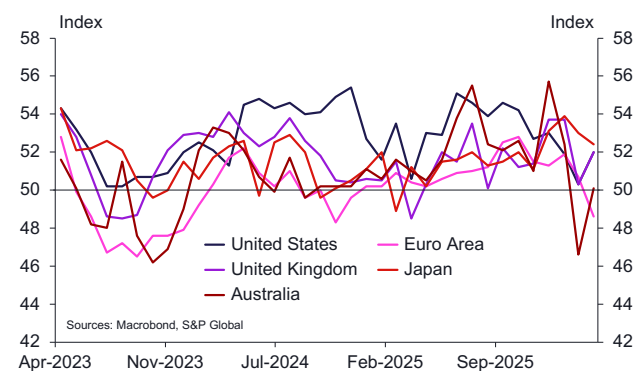
	24 Apr	Jun-26	Dec-26	Dec-27
Australia				
Cash	4.10	4.60	4.85	4.85
90 Day BBSW	4.36	4.80	4.90	4.80
3 Year Swap	4.69	4.80	4.70	4.40
3 Year Bond	4.71	4.80	4.70	4.40
10 Year Bond	5.00	5.00	5.05	4.95
10 Year Spread to US (bps)	67	65	60	30
US				
Fed Funds	3.625	3.625	3.625	3.625
US 10 Year Bond	4.33	4.35	4.45	4.65

Singapore gasoil



Sources: Macrobond, Westpac

S&P Global composite PMI readings



Sources: Macrobond, S&P Global

Financial markets wrap

Foreign exchange.

NZD/USD remains hostage to Iran war developments, which have tracked inconclusively. That said, the NZD has been fairly resilient over the past few weeks, helped by global market sentiment incorporating expectations of a positive conclusion to the war. For the week ahead, a break above recent resistance at 0.5930 is possible.

Data wise, there's little of market significance in the NZ calendar, with the monthly ANZ business and consumer sentiment surveys the highlight. But globally, the Fed decision (and, to a lesser extent, the ECB, BOE, and BoC decisions) will be watched.

For the quarter ahead, we retain a neutral bias pending resolution of the war. An escalation of tensions would likely cause a break below 0.5700, towards 0.5500, while a positive resolution would likely ignite a rally towards the 0.6000-0.6100 area.

NZD/AUD made a 13-year low at 0.8192 earlier this month, but has ranged above that level since, suggesting a fresh catalyst will be required for an extension of the downtrend. Multi-month, we retain a bearish bias, based on relative economic performance and NZ-AU yield spreads which should continue to support the AUD. In addition, Australia is likely to be more resilient to a prolonged war and oil shock than is NZ.

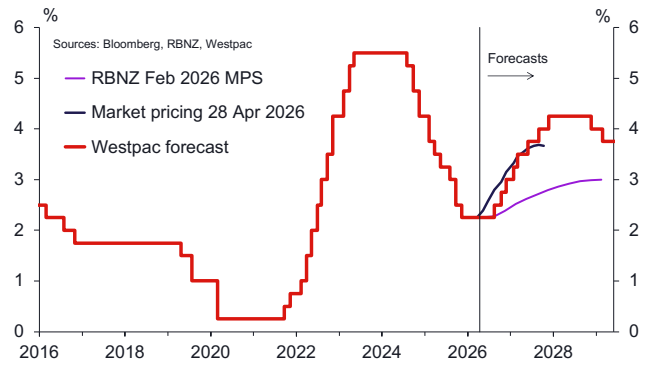
Interest rates.

The NZ 2yr swap rate continues to consolidate between 3.35% and 3.55%, with potential to test the upside. A break would then test March's war-related high of 3.68%. Risks remain skewed to the upside, war-related inflationary pressures likely to keep market pricing for OCR hikes elevated. Near term, opportunistic receivers will occasionally cap yields.

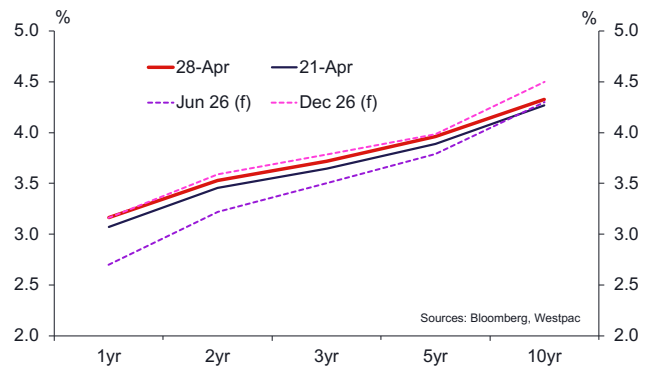
The OIS market is firmer than a week ago, now pricing a 55% chance of a May OCR hike, over a 100% chance by July, and almost four hikes in total by year end. That is more aggressive than our forecast of hikes in September, October and December (and beyond).

The yield curve's flattening trend since the peak in late December has resumed. The difference between 2yr and 10yr swap rates is currently 80bp, vs the December peak at 120bp. We expect further flattening during the year ahead as we approach the RBNZ's tightening cycle, the 2-10yr swap with potential to reach 50bp.

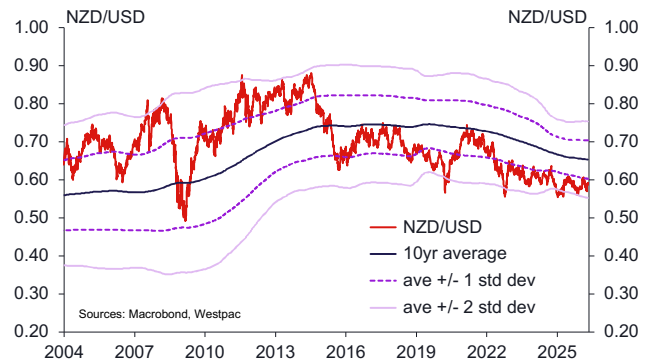
Official Cash Rate forecasts



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	0.591	0.569-0.605	0.553-0.728	0.621	0.62
AUD	0.823	0.821-0.865	0.821-0.971	0.914	0.85
EUR	0.504	0.493-0.511	0.484-0.637	0.563	0.52
GBP	0.436	0.430-0.444	0.426-0.531	0.482	0.45
JPY	94.2	91.0-94.4	74.7-98.6	86.2	95.5

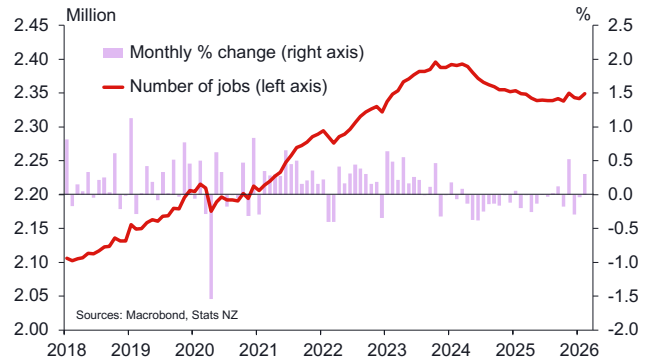
The week ahead

Mar Monthly Employment Indicator

Apr 28, Last: +0.3%, Westpac f/c: Flat

The February MEI added to the evidence that the New Zealand economy was regaining momentum prior to the Iran war. The number of filled jobs rose by 0.3%, although this is likely to be revised down a little in subsequent releases; the broader picture is one of a stabilisation in jobs in recent months after declining through 2024-25. The weekly snapshots provided by Stats NZ are now running about in line with a year ago, which suggests a flattish outcome for the March month. We'll be watching these figures closely for any signs that the uncertainty stemming from the Iran war is prompting businesses to put off hiring decisions.

Monthly Employment Indicator filled jobs

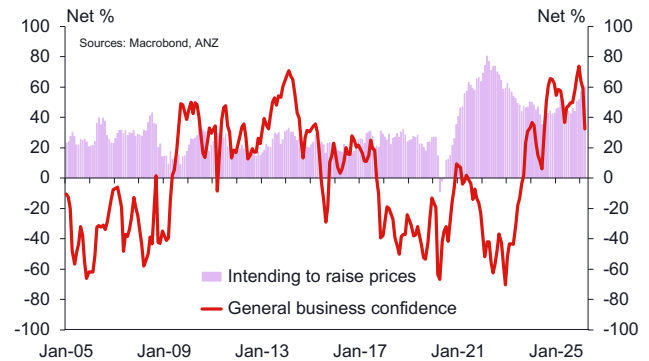


Apr ANZ Business Confidence

Apr 30, Last: 32.5

The first business survey since the beginning of the Iran war saw a sharp drop in confidence, with late-March responses turning significantly weaker than earlier ones as the gravity of the situation became clearer. That sets the stage for an April survey that's likely to look quite ugly on the whole, even if there is some improvement within the month as the 8 April ceasefire helped to bring fuel prices down from their highs. Firms' inflation expectations and pricing intentions are likely to take a further step up, but the measures of wage growth and hiring intentions will also be an important consideration as to whether we see a sustained rise in inflation beyond the initial spike.

Business confidence and pricing intentions

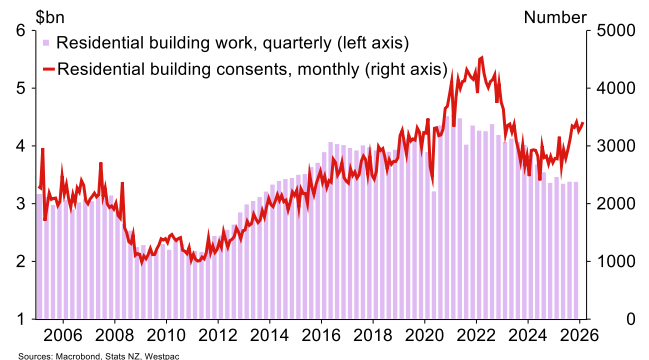


Mar Building Consents

May 1, Last: +2.7%, Westpac f/c: Flat

Since late 2025, dwelling consent numbers have taken a step higher, and we expect that issuance will remain firm in March. That would see annual consent numbers climbing to around 37,800 – its highest level since 2023. Developers have been bringing new projects to market, supported by last year's reductions in interest costs and the earlier easing in cost pressures. However, those gains pre-date the recent conflict in the Middle East. Builders are now reporting significant increases in materials costs and pressure on interest rates is mounting. That's likely to see fewer new projects coming to market over the coming months, and some planned work may not proceed.

Residential building and consent numbers

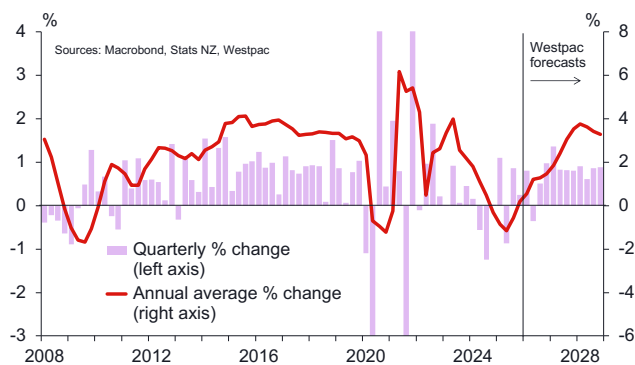


Economic and financial forecasts

Economic indicators	Quarterly % change				Annual % change			
	Sep-25	Dec-25	Mar-26	Jun-26	2024	2025	2026	2027
GDP (production)	0.9	0.2	0.8	-0.4	-1.6	1.3	1.9	3.9
Consumer price index	1.0	0.6	0.9	1.9	2.2	3.1	4.1	1.7
Employment change	0.0	0.5	0.2	0.0	-1.3	0.2	1.2	3.1
Unemployment rate	5.3	5.4	5.4	5.6	5.1	5.4	5.4	4.6
Labour cost index (all sectors)	0.4	0.4	0.5	0.6	3.3	2.0	2.3	2.2
Current account balance (% of GDP)	-3.5	-3.7	-3.9	-4.1	-4.7	-3.7	-4.1	-3.7
Terms of trade	-0.5	0.3	-3.0	-0.1	8.9	3.5	1.2	5.0
House price index	-0.6	-0.3	0.4	-0.3	-1.0	-0.1	-0.9	2.0

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	3.00	4.25
90 day bank bill	3.10	2.52	2.51	2.50	4.45	2.52	3.40	4.45
2 year swap	2.99	2.71	3.12	3.75	3.64	2.71	4.30	4.35
5 year swap	3.40	3.27	3.71	4.10	3.73	3.27	4.35	4.45
10 year bond	4.42	4.27	4.54	4.85	4.50	4.27	5.00	5.10
TWI	68.4	66.4	67.2	66.5	69.5	66.4	69.1	72.7
NZD/USD	0.59	0.57	0.59	0.59	0.59	0.57	0.62	0.67
NZD/AUD	0.91	0.87	0.85	0.82	0.91	0.87	0.85	0.91
NZD/EUR	0.51	0.49	0.50	0.50	0.55	0.49	0.52	0.55
NZD/GBP	0.44	0.43	0.44	0.44	0.46	0.43	0.45	0.48

GDP growth



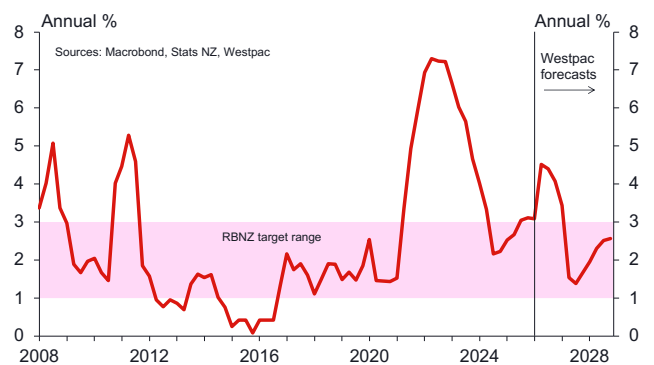
House prices



Unemployment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Tue 28					
NZ	Mar Employment Indicator, %mth	0.3	-	flat	Jobs market was stabilising prior to Iran conflict.
Jpn	Mar Jobless Rate, %	2.6	2.6	-	Labour market is softening marginally.
	Apr BoJ Policy Decision, %	0.75	0.75	0.75	Assessing outlook for now, but rate hike on the table in June.
US	Feb S&P/CS Home Price Index, %mth	0.16	-	-	Stabilising but on fragile footing as confidence falters.
	Apr Richmond Fed Manufacturing, index	0	-	-	Volatile, but pointed to neutral conditions before Iran impacts.
	Apr Conf. Board Cons. Confidence, index	91.8	89.3	-	To retest recent lows as consumers feel effects from conflict.
Wed 29					
Aus	Mar Monthly CPI, %ann	3.7	4.8	4.7	A 35% increase in auto fuel lifts the CPI 1.3% in the month...
	Q1 CPI, %qtr	0.6	1.4	1.5	... lifting the auto fuel contribution to 0.3ppt for the quarter...
	Q1 Trimmed Mean CPI, %qtr	0.9	0.9	0.9	... while underlying inflation momentum remains solid.
Eur	Apr Economic Confidence, index	96.6	95.8	-	At risk of slumping, after nudging sideways for three years.
US	Mar Durable Goods Orders, %mth	-1.3	0.5	-	Investment pulse was already slowing prior to US-Iran.
	Mar Housing Starts, %mth	7.2	-	-	Cost pressures will challenge homebuilding sector ...
	Mar Building Permits, %mth	-4.7	-	-	... and potentially make some projects less viable.
	Apr FOMC Policy Decision, %	3.625	3.625	3.625	On hold this year, absent a deterioration in the labour market.
Can	Apr BoC Policy Decision, %	2.25	-	-	Prolonged pause as downside risks to activity are assessed.
Thu 30					
NZ	Apr ANZ Business Confidence, index	32.5	-	-	The April survey will bear the full brunt of the Iran conflict.
Aus	Mar Private Sector Credit, %mth	0.6	0.6	0.5	Economic uncertainty to add downward pressure.
	Q1 Export Price Index, %qtr	3.2	-	-	Terms of trade set to deteriorate as commodity price lift ...
	Q1 Import Price Index, %qtr	0.9	-	-	... will be in the shadows of a fuel import price surge.
Jpn	Mar Industrial Production, %mth	-2.0	1.1	-	Factory output was on a more solid footing early this year.
Chn	Apr NBS Manufacturing PMI, index	50.4	50.1	-	Wash-up after Lunar New Year was more constructive ...
	Apr NBS Non-Manufacturing PMI, index	50.1	49.9	-	... mirroring activity data pointing to good health in early 2026.
	Apr RatingDog Manufacturing PMI, index	50.8	51	-	Opportunities for export-orientated firms in green technology.
Eur	Apr CPI, %ann	2.5	2.9	-	Preliminary read won't offer great detail on breadth.
	Q1 GDP, %qtr	0.2	0.2	-	Growth coming from a relatively soft starting point.
	Mar Unemployment Rate, %	6.2	6.2	-	Labour market still in relatively good health.
	Apr ECB Policy Decision (Deposit Rate), %	2	2	2	Some degree of tightening warranted, but later this year.
UK	Apr BoE Policy Decision, %	3.75	-	3.75	Abrupt shift from cutting to pausing, and hikes later on.
US	Mar PCE Deflator, %mth	0.4	0.7	-	Inflation pressures were already present in the US, which ...
	Mar Personal Income, %mth	-0.1	0.4	-	... with a softer labour market, weighs on real incomes ...
	Mar Personal Spending, %mth	0.5	0.9	-	... forcing consumers to dip into savings or pull-back spending.
	Initial Jobless Claims	214	-	-	No major signs of job losses, although job creation is weak ...
	Q1 Employment Cost Index, %qtr	0.7	0.8	-	... as evinced by the gradual easing in wages growth.
	Q1 GDP, %ann'd	0.5	2	-	Growth pulse entering 2026 on a weak footing.
Fri 01					
NZ	Apr ANZ Consumer Confidence, index	91.3	-	-	Cost of living pressures weighing on confidence.
	Mar Building Permits, %mth	2.7	-	flat	Monthly consent numbers firm ahead of Middle East conflict.
Aus	Apr Cotality Home Value Index, %mth	0.6	-	-	
	Q1 PPI, %qtr	0.8	-	-	Breadth of upstream price pressures in focus.
Jpn	Apr Tokyo CPI, %ann	1.4	1.6	-	Core measure will guide on pass-through of oil price shock.
US	Apr ISM Manufacturing, index	52.7	53.3	-	Long-awaited signs of growth at risk of being short-lived.
World	Apr S&P Global Manufacturing PMI, index	-	-	-	Final estimate for Japan, UK, US.

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