



WEEKLY ECONOMIC COMMENTARY



29 Sep 2025 | Westpac Economics Team | westpac.co.nz/economics | economics@westpac.co.nz

A new chapter for the RBNZ; fiscal challenges loom.

The key domestic news last week was the announcement of the next RBNZ Governor. Dr Anna Breman, currently the First Deputy Governor of the Riksbank, will begin her tenure on 1 December. Acting RBNZ Governor Christian Hawkesby will remain Governor until 30 November – overseeing the 8 October OCR review and 26 November Monetary Policy Statement (MPS) – and will then depart the RBNZ. This will leave a further vacancy on the Monetary Policy Committee (MPC), which will likely be filled prior to the February 2026 MPS meeting. In announcing the appointment, Minister of Finance Nicola Willis noted that she had no intention of changing the RBNZ's inflation target.

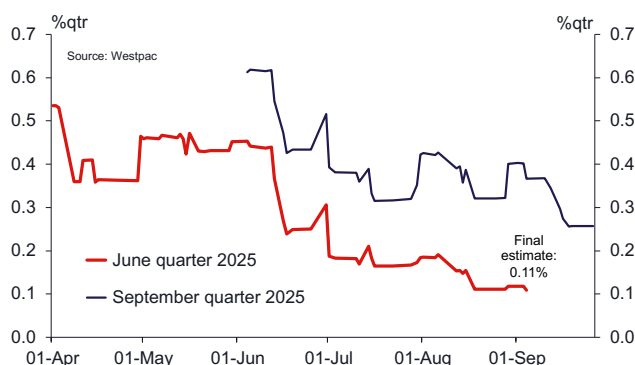
Dr Breman's credentials and experience make her look well suited to leading the RBNZ in the years ahead. In addition to her time at the Riksbank, she was Deputy Director of Economic Affairs at the Swedish Ministry of Finance and was group Chief Economist at Swedbank from 2015 to 2019. She has a PhD from the Stockholm School of Economics.

In a note published after her appointment, we have discussed some **preliminary thoughts** on the approach that Dr Breman will likely bring to the RBNZ, and what the impending changes of leadership imply for monetary policy over the remainder of this year and beyond. Her strong academic background and track record suggests she will take an analytical approach to monetary policy formulation. At the same time, speaking at the press conference announcing her appointment, she emphasised that she would go to some lengths to get around the country and meet with people and businesses. This suggests that she is also quite a pragmatic policymaker, willing to use information from industry experts and others to supplement formal data sources.

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

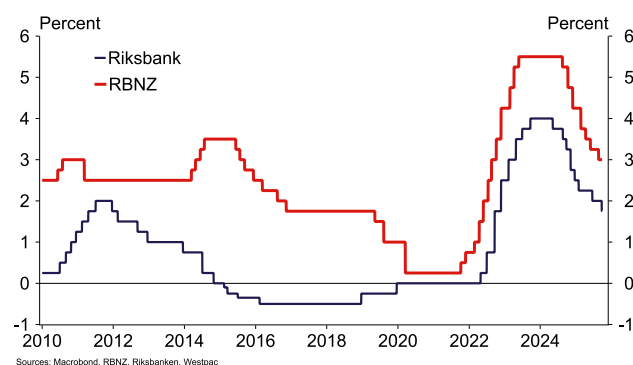


Key data and event outlook

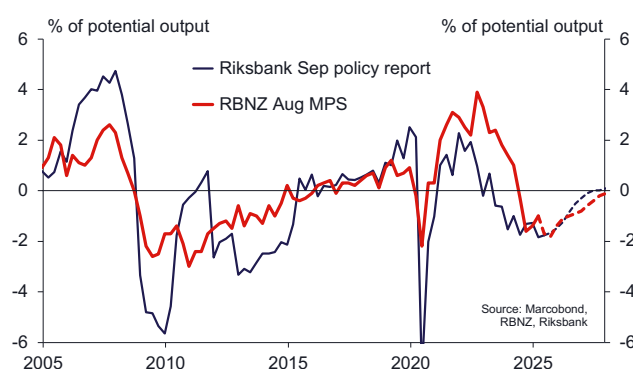
Date	Event
30 Sep 25	RBA Monetary Policy Decision
7 Oct 25	NZ QSBO Business Survey, September quarter
8 Oct 25	RBNZ OCR Review
9 Oct 25	Govt audited financial accounts, 2024/25
16 Oct 25	NZ Selected price indexes, September
20 Oct 25	NZ CPI, September quarter
29 Oct 25	FOMC meeting (30 Oct NZT)
4 Nov 25	RBA Monetary Policy Decision
5 Nov 25	NZ Labour Market Statistics, September quarter
17 Nov 25	NZ Selected price indexes, October

We think that Dr Breman will have little difficulty adapting to her new role. While there are differences between the New Zealand and Swedish economies, there are also many similarities. Both are small open economies, so Dr Breman's understanding of the global economic environment and the exchange rate as a key transmission channel will be well employed. The RBNZ's approach to monetary policy making will also be very familiar to her. Both the RBNZ and Riksbank employ flexible inflation targeting to achieve their goals, with developments in output and employment also considered when deciding how quickly to return inflation back to 2% following a shock. Moreover, in recent times, the Riksbank has faced similar economic conditions to those faced by the RBNZ. In both economies activity has been weak and sizeable negative output gaps have opened, leading to monetary policy easing cycles (indeed, Dr Breman voted for a rate cut at last week's Riksbank meeting). Had she been in the role, we suspect that Dr Breman would have been comfortable with the RBNZ's dovish pivot at the August MPS.

RBNZ and Riksbank policy rates



Central bank output gap estimates



In terms of her general approach to policy, we are reluctant to label the new Governor before she arrives in the role. When we look at her public comments and voting record while at the Riksbank we do see evidence that she was in the dovish range of the Riksbank Executive Board. In the 35 Executive Board meetings that she has participated in, on 33 occasions she voted with the consensus. Her two dissents were dovish: in December

2019 she voted against a 25bp hike, while in April 2023 she preferred a 25bp hike to the consensus call for a 50bp hike. However, it's important to recognise that this does not necessarily mean she would be dovish relative to the RBNZ MPC in place in recent years. We also see some evidence that Dr Breman has activist tendencies relative to the other members of the Executive Board i.e., that she is relatively quick to shift her view. Note though, it's by no means clear that Dr Breman is as activist as the previous RBNZ Governor Orr, who tended to be relatively aggressive in that regard.

One thing that is very clear is that Dr Breman strongly supports a high degree of transparency and frequent communication as good tenets of monetary policymaking – areas where we think the RBNZ can improve. Indeed, in her press conference, while praising the RBNZ, Dr Breman did say that she thought that there was more work for the RBNZ to do in this area. We think that she, and the Minister of Finance, will both be receptive to the ideas to improve transparency and accountability that we set out in a report earlier this month. In particular, we note that in a recent speech, Dr Breman argued in favour of the Riksbank's 2007 decision to begin recording the names of who had said what in its published minutes, which she said had led members to take greater pains to explain their positions in detail. She also argued that it had led to Board members referring more often to their own previous contributions and judgements and could possibly be seen as an expression of Board members feeling greater responsibility for their stances over time. We think that it is likely that Dr Breman will seek to bring this approach to the RBNZ.

More generally, in her speeches – including her remarks during her press conference – Dr Breman emphasised that she believes that transparency builds trust among both financial market participants and the public. A further aspect of that is her support for the use of alternative scenarios to better communicate the uncertainty that surrounds the monetary policy outlook, so that people are less surprised when monetary conditions deviate from what might have been forecast and seen as sensible earlier. This was also a theme in a conference that the RBNZ hosted earlier this year. So, we expect to see more use of scenario analysis in Monetary Policy Statements written under her watch.

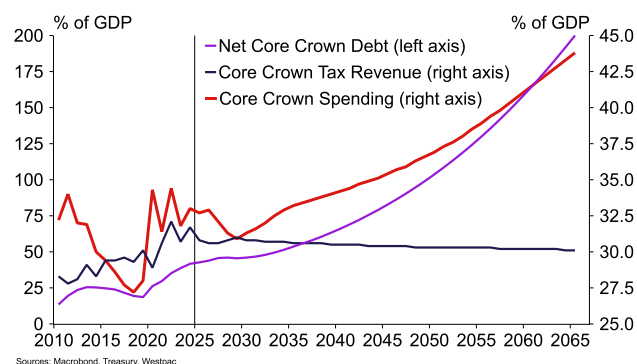
Given that Dr Breman does not formally start until 1 December, in principle her appointment has no obvious implications for the upcoming meetings on 8 October and 26 November. That said, we cannot rule out the possibility that she is invited to participate in the final stages of the November meeting as an observer. And if so, while she would not have a vote, it is not unreasonable to think that MPC members would be interested in her viewpoint.

Perhaps of greater interest is the implications of the impending departure of current Governor Christian Hawkesby on 30 November. We thought that Hawkesby

was probably not one of the two MPC members that urged a 50bps “circuit breaker” cut at the August MPS meeting. The weak Q2 GDP data might have changed his perspective. But nevertheless, it seems less likely that Hawkesby will try to drive the MPC consensus view one way or the other since he will not be on the MPC to deal with whatever transpires after November. At the margin, we think that this might increase the likelihood of a 50bp cut on 8 October.

Turning to last week’s other news, the Treasury released its latest Long-term Fiscal Statement. This report – issued every four years – looks beyond the usual period covered in the Budget, using modelling and analysis to drive an outlook for the fiscal position over a 40-year horizon. The report highlights the choices governments will need to take to balance revenue and expenditure, particularly in the face of pressures arising from long-term trends such as an ageing population (impacting superannuation and healthcare costs) and climate change.

Treasury long-term projections, assuming unchanged policy



Unsurprisingly, the broad conclusions of the report were very similar to those reached in the previous report, published in 2021. Assuming unchanged policy settings, New Zealand’s current expenditure and revenue settings are judged to be unsustainable. Spending on superannuation is projected to rise from 5.1% of GDP now to around 8% of GDP by 2065, while health expenditure is projected to rise from 7.1% of GDP now to around 10% in 2065 if policies are left unchanged. Given broadly stable revenue as a share of GDP, widening primary deficits and increasing debt would cause spending on debt servicing to more than quadruple from around 2.0% of GDP to 8.8% of GDP. As a result, core Crown expenditure would rise from around 32% of GDP at present to almost 44% of GDP. Given the baseline assumption for interest rates (assumed to stabilise at around 4.3% of GDP), net core Crown debt would more than quadruple to 200% of GDP. If interest rates were to stabilise at around 6%, net debt would approach 290% of GDP.

These projections highlight that New Zealand is likely to face some difficult fiscal choices over coming years. The Treasury’s report gives a sense of the sorts of policy options that might be available. For example, the

Treasury’s modelling suggests the cost of superannuation could be kept stable as a percentage of GDP by increasing payment rates in line with inflation, rather than wages. Achieving the same by steadily increasing the age of eligibility would require it to rise to 72 by 2065. Controlling health costs through health prevention, increasing efficiency, and increases to user pays could help slow government expenditure at the margin. To fully offset the projected rise in the cost of superannuation and health spend, other core expenditure would need to fall from about 13% of GDP to only 5% of GDP by 2065 – an unlikely scenario. Meeting expenditure pressures through tax increases alone would require the average tax rate on labour income to gradually increase from 21% at present to 32% in 2065. Alternatively, goods and services tax (GST) would need to increase from 15% at present to 32% by 2065.

The reality is that dealing with these fiscal pressures is likely to require a movement across several policy fronts. The sooner that these choices are made, the less disruptive and painful the adjustment will be. And we suspect that consensus amongst the major political parties will be required to successfully deal with these fiscal pressures.

Finally, the past week has seen a noticeable movement in the New Zealand dollar. The Trade Weighted Index is currently around 2% lower than the level assumed by the RBNZ in its August forecasts reflecting a weak currency against most cross rates. We signalled last week the risks of a lower exchange rate given the weak growth impulse and the decline in interest rate differentials that seem set to feature in coming months. This week’s move has come quicker than expected and highlights the clear downside risks while growth momentum remains weak. We doubt this will concern the RBNZ. Rather, they will respond to the factors driving the currency weakness and so look through any short-term inflation impact.

Darren Gibbs, Senior Economist
Kelly Eckhold, Chief Economist

Chart of the week.

Our latest Westpac-McDermott Miller employment confidence survey showed that New Zealanders remain downbeat about the state of the labour market. In fact, despite nudging higher in the September quarter, confidence about labour market conditions is languishing close to the lows seen after the first Covid lockdown in 2020.

In large part, that downbeat assessment reflects a perceived lack of job opportunities. Around two-thirds of those we spoke to told us that it's hard to get a job. That's a further deterioration from our last survey in June, and households aren't optimistic that the picture for the jobs market will turn around quickly either. This measure has tended to be a good leading indicator of the unemployment rate, and reinforces our expectations that unemployment will push higher from 5.2% currently to around 5.3% through the latter part of the year.

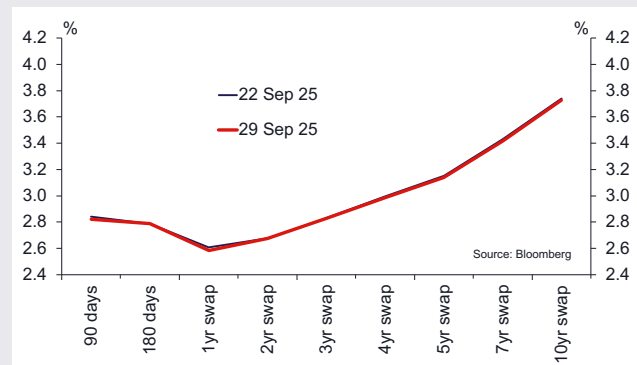
Current job opportunities vs unemployment rate



Fixed versus floating for mortgages.

The RBNZ has signalled the likelihood of further rate cuts and we're now forecasting the cash rate to bottom at 2.25% later this year. Most fixed-term special mortgage rates are now under 5%, reflecting the recent falls in wholesale rates. Very short-term mortgage rates will likely fall slightly if the RBNZ cuts the OCR as deeply as we now expect, but they remain above current longer term fixed rates. At current rates, fixing for longer periods of two to three years looks attractive.

NZ interest rates



Global wrap

North America.

It was another week of mixed data in the US. Even so, the market has slightly reduced its pricing of Fed rate cuts, with around 42bps of easing priced by year end, down from 45bps a week earlier. On a positive note, Q2 GDP growth was revised up to 3.8%AR, led by an upward revision to consumer spending. In addition, durable goods orders and new home sales were perkier than expected in August and weekly jobless claims fell to a two-month low. However, the flash manufacturing PMI fell 1.0pts to 52.0 in September and the services PMI fell 0.6pts to 53.9. On the inflation front, the core PCE deflator rose 0.2% in August as expected, leaving annual inflation steady at 2.9%. Over the coming week the focus will turn to the jobs market, with Tuesday's JOLTS and Wednesday's ADP survey providing an entrée ahead of Friday's all-important non-farm payrolls report (assuming it is not delayed by a US government shutdown). The market expects a modest 50k lift in non-farm payrolls and the unemployment rate to remain at 4.3%. The ISM manufacturing and services readings for September, released late in the week, will also be of interest. There are also several Fed speaking engagements scattered through the week.

Europe.

The latest round of PMI data was a mixed bag. In the euro area the manufacturing PMI fell 1.2pts to 49.5 in September, but the services PMI rose 0.9pts to 51.4. Consumer confidence remained downbeat, although the flash reading for September inched up to -14.9. The ECB reported a lift in 1-year ahead inflation expectations, while 3-year ahead expectations were steady at 2.5%. In the UK, the manufacturing PMI fell a further 0.8pts to 46.2 and the services PMI slumped 2.3pts to 51.9. The CBI Industrial Trends survey also continued to point to weak conditions in the manufacturing sector.

Asia-Pacific.

The focus in Australia this week will be Tuesday's RBA Board meeting. Last week Governor Bullock noted that, if anything, domestic data has been slightly better than expected in recent weeks. These comments support the market's pricing that another rate cut is unlikely before the November meeting. **Westpac continues to anticipate further easing over time**, although our base case of a 25bp rate cut in November is now less certain. In China, interest this week will centre on Tuesday's release of both the official and private sector PMI reports for September, especially after disappointing economic data in August. Meanwhile, a busy week in Japan includes Wednesday's BoJ Tankan survey, which may strengthen the case for a monetary policy tightening.

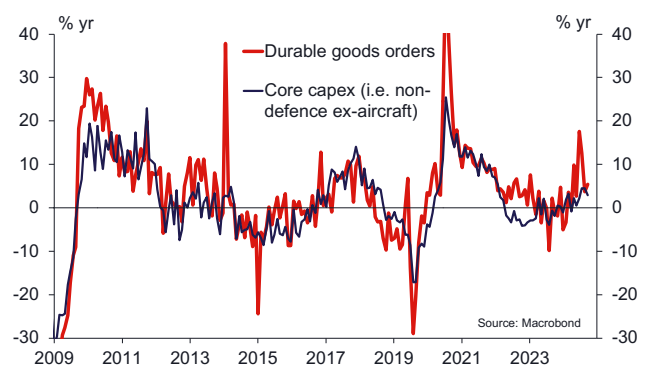
Trading partner real GDP (calendar years)

	Annual average % change			
	2024	2025	2026	2027
Australia	1.0	1.7	2.3	2.5
China	5.0	5.0	4.6	4.5
United States	2.8	1.9	1.3	1.6
Japan	0.1	0.9	0.8	0.8
East Asia ex China	4.3	3.7	3.8	4.0
India	6.5	6.7	6.4	6.3
Euro Zone	0.9	1.2	1.1	1.5
United Kingdom	1.1	1.3	1.3	1.5
NZ trading partners	2.9	2.8	2.7	2.8
World	3.3	3.2	3.1	3.2

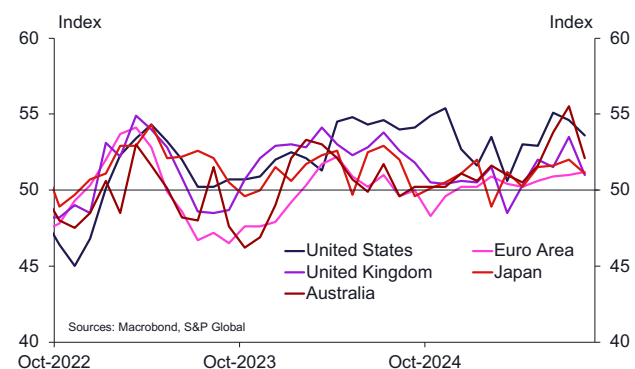
Australian & US interest rate outlook

	26 Sep	Dec-25	Dec-26	Dec-27
Australia				
Cash	3.60	3.35	2.85	2.85
90 Day BBSW	3.60	3.30	2.95	2.95
3 Year Swap	3.54	3.40	3.70	4.00
3 Year Bond	3.59	3.45	3.75	4.00
10 Year Bond	4.38	4.35	4.65	4.85
10 Year Spread to US (bps)	21	15	5	-5
US				
Fed Funds	4.125	4.125	3.875	3.875
US 10 Year Bond	4.17	4.20	4.60	4.90

US durable goods orders



S&P Global composite PMI readings



Financial markets wrap

Foreign exchange.

NZD/USD declined further last week, to 0.5754 – lowest since April. It retains downside potential for the weeks ahead, such that 0.5700 could be seen.

NZ economic momentum has been weak, while the US has been more resilient. US GDP data last week surprised markets on the upside and gave the US dollar a moderate boost. Relative economic performance has caused NZ-US yield spreads to fall sharply this month, and these are likely to remain negative for some time, weighing on NZD/USD.

There's no major event risk from NZ this week, but in the US, markets will await the monthly payrolls data on Friday.

NZD/AUD fell further last week to 0.8810 – the lowest level since 2022. Further downside is possible this week, but after a 6% decline since April it does look technically stretched, warning of a reversal soon. The decline has largely been due to contrasting economic performances, causing NZ-AU yield spreads to fall sharply to decade lows. Whether that theme extends this week will largely depend on the outcome of the RBA decision tomorrow, where markets expect no change in the cash rate.

Interest rates.

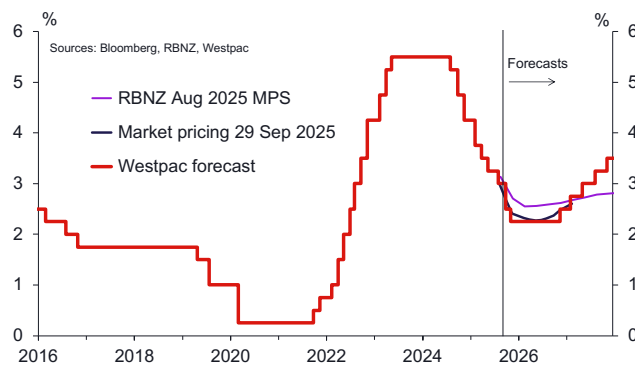
The downward trend in the NZ 2yr swap rate, which started in 2023, stalled last week at a 2.65% cycle low. That level may hold during the week ahead, but multi-month, a cycle low closer to 2.50% is plausible.

Following the weak NZ GDP data two weeks ago, markets rushed to price some chance of a 50bp cut at the October meeting (Westpac's economists and some others also forecast this). OIS pricing assigns a 30% chance to a 50bp cut (a 100% chance of a 25bp cut though), and a 100% chance of a final cut in November. If the RBNZ does deliver a 50bp cut on 8 October, then swap rates will fall sharply in response.

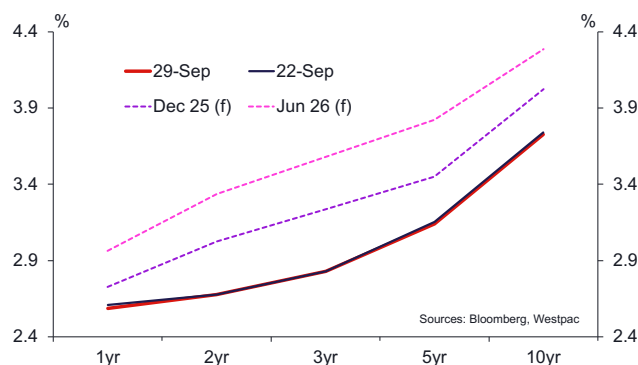
The only major data ahead of the 8 October decision will be the NZIER business confidence survey on 7 October.

The NZ yield curve, which steepened sharply following the NZ GDP data, steadied but remained elevated last week, and is vulnerable to further steepening during the weeks ahead. The 2-10yr swap curve could retest the cycle high of 106bp if the RBNZ cuts by 50bp next week. That said, we retain a long-held view that a prolonged flattening cycle is likely in 2026 but now don't expect it to start until after the November RBNZ meeting.

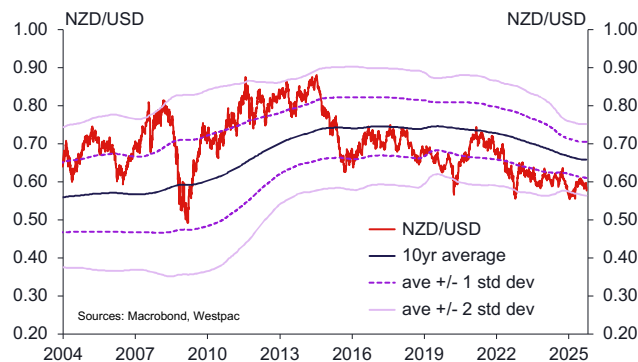
Official Cash Rate forecasts



Swap rates



NZD/USD vs rolling 10yr average



FX recent developments

	Historical data				F'cast
	Spot	3mth range	5yr range	5yr avg	Dec-25
USD	0.578	0.576-0.609	0.553-0.743	0.635	0.59
AUD	0.882	0.882-0.928	0.873-0.971	0.923	0.87
EUR	0.494	0.493-0.518	0.493-0.637	0.573	0.50
GBP	0.431	0.431-0.447	0.431-0.535	0.492	0.44
JPY	86.4	85.9-88.9	68.9-98.6	84.3	85.9

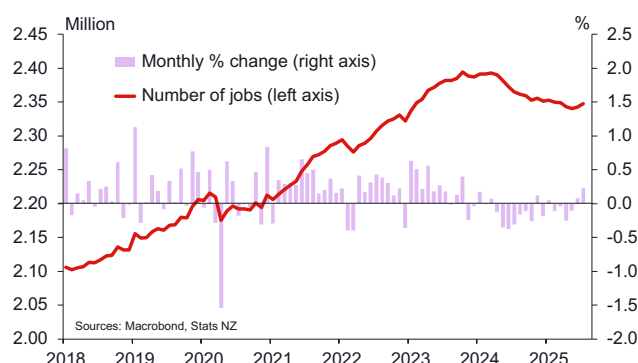
The week ahead

Aug Monthly Employment Indicator

Sep 29, Last: +0.2%, Westpac f/c: 0.0%

The Monthly Employment Indicator (MEI) is drawn from income tax data, making it a comprehensive record of the number of people in work. However, it tends to be overstated on the first release due to incomplete information at the end of the month. As a result, we suspect the reported 0.2% rise in filled jobs for July will be revised down. In general, the weekly snapshots provided by Stats NZ suggest broadly stable levels of employment following a further decline in the first half of this year.

Monthly Employment Indicator filled jobs

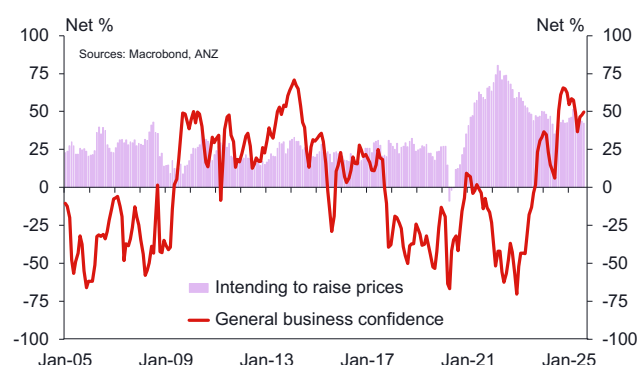


Sep ANZBO business confidence

Sep 30, Last: 49.7

The September Business Outlook survey will be the first since the recent weaker than expected GDP result, and we'll be watching to see if that softness is continuing or if conditions are starting to turn. While businesses continued to express confidence about the future (buoyed by interest rate reductions), surveys have continued to highlight tough current trading conditions. We'll also be keeping an eye on the inflation gauges in the survey: firms continue to report significant cost pressures and a greater than average proportion of respondents are reporting an intention to raise their selling prices.

Business confidence and pricing intentions

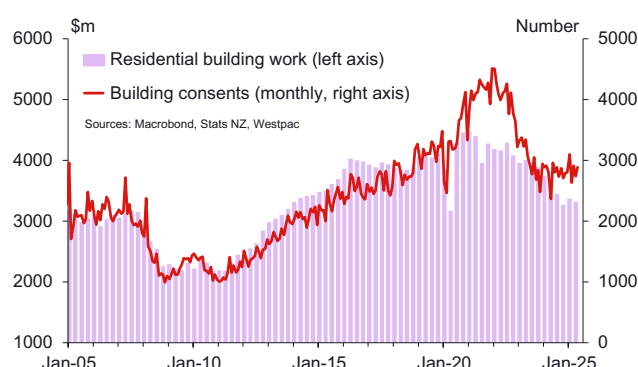


Aug Building Consents

Oct 1, last +5.4%, Westpac f/c: -5.0%

We're forecasting a 5% fall in consents in August. That follows a similar sized increase in July that was driven by a sharp rise in the volatile multi-unit categories. Smoothing through the normal month-to-month volatility in consents, the annual total is expected to remain around 34,000, where it has sat for a year now. That's consistent with a stabilisation in home building activity after it trended down over the past year. On the non-residential front, softness in public sector projects is continuing, while planned private sector work is holding up, mainly due to office and industrial projects.

Residential building and consent numbers

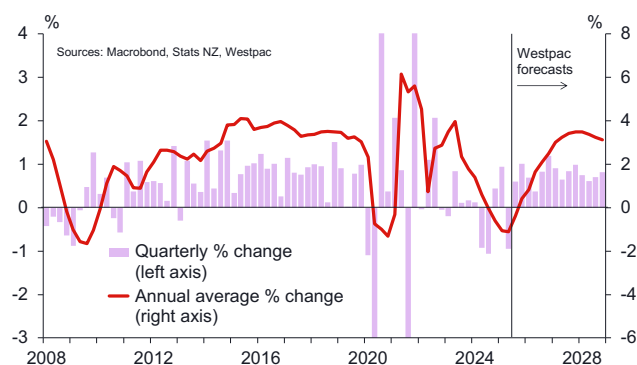


Economic and financial forecasts

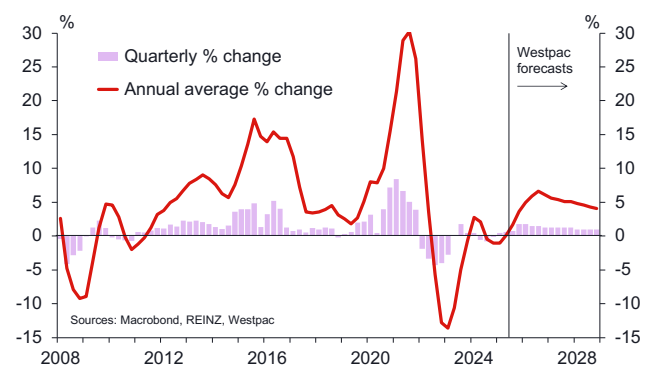
Economic indicators	Quarterly % change				Annual % change			
	Mar-25	Jun-25	Sep-25	Dec-25	2024	2025	2026	2027
GDP (production)	0.9	-0.9	0.6	1.0	-1.4	1.6	3.1	3.4
Consumer price index	0.9	0.5	1.1	0.5	2.2	3.0	2.0	2.1
Employment change	0.0	-0.1	0.0	0.2	-1.2	0.2	2.5	2.0
Unemployment rate	5.1	5.2	5.3	5.3	5.1	5.3	4.6	4.2
Labour cost index (all sectors)	0.5	0.6	0.6	0.5	3.3	2.2	2.2	2.2
Current account balance (% of GDP)	-4.2	-3.7	-3.5	-3.6	-4.7	-3.6	-4.1	-4.1
Terms of trade	2.0	4.1	0.5	-0.2	13.7	6.4	1.4	1.0
House price index	0.4	0.5	-0.6	0.6	-1.0	1.0	5.4	5.1

Financial forecasts	End of quarter				End of year			
	Mar-25	Jun-25	Sep-25	Dec-25	2024	2025	2026	2027
OCR	3.75	3.25	3.00	2.25	4.25	2.25	2.50	3.50
90 day bank bill	3.86	3.38	2.55	2.35	4.45	2.35	2.70	3.70
2 year swap	3.46	3.18	2.60	2.70	3.64	2.70	3.55	4.00
5 year swap	3.71	3.56	3.10	3.15	3.73	3.15	3.90	4.25
10 year bond	4.62	4.57	4.20	4.20	4.50	4.20	4.70	4.95
TWI	67.8	69.1	68.3	67.4	69.5	67.4	69.1	70.1
NZD/USD	0.57	0.59	0.60	0.59	0.59	0.59	0.62	0.65
NZD/AUD	0.90	0.93	0.90	0.87	0.91	0.87	0.88	0.89
NZD/EUR	0.54	0.52	0.51	0.50	0.55	0.50	0.52	0.54
NZD/GBP	0.45	0.44	0.44	0.44	0.46	0.44	0.46	0.47

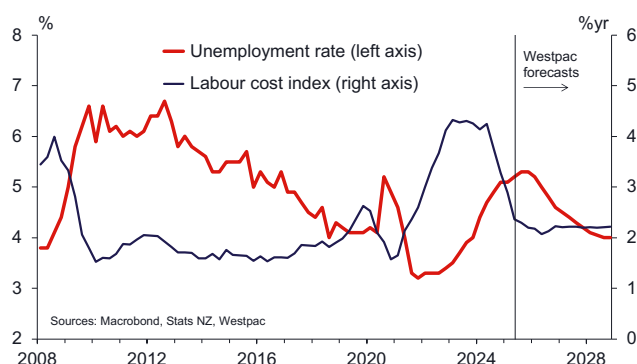
GDP growth



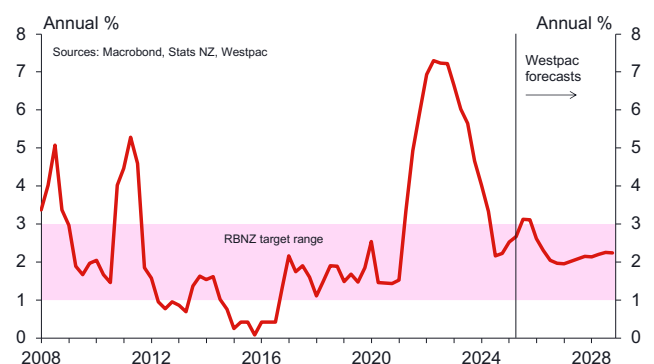
House prices



Unemployment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 29					
NZ	Aug Monthly Employment Indicator, %mth	0.2	–	0	Weekly snapshots point to flat month; July likely revised down.
Eur	Sep Consumer Confidence, index	–14.9	–	–	Final estimate.
	Sep EC Economic Confidence Survey, index	95.2	–	–	Confidence fragile as manuf. sector shows signs of strain.
US	Aug Pending Home Sales, %mth	–0.4	0.1	–	Leading indicator for existing home sales.
	Sep Dallas Fed Manufacturing Survey, index	–1.8	–	–	Regional conditions are varied, Texas improving.
Tue 30					
NZ	Sep ANZ Business Confidence, index	49.7	–	–	Current conditions still soft, confidence firmer.
Aus	Aug Dwelling Approvals, %mth	–8.2	2.8	0.5	A soft month on the cards.
	Aug Private Sector Credit, %mth	0.7	0.6	0.6	Pick-up in the housing market to flow through gradually.
	RBA Policy Decision	3.6	3.6	3.6	Sep on hold, base case remains for cuts in Nov, Feb and May.
Jpn	Aug Industrial Production, %mth	–0.4	–0.8	–	Softer demand likely to see production ease.
Chn	Sep Manufacturing PMI, index	49.4	49.6	–	While stimulus and front-running of US tariffs have...
	Sep Non-Manufacturing PMI, index	50.3	50.2	–	...supported production and growth, further stimulus...
	Sep RatingDog PMI Services, index	53	–	–	...will be needed to ensure growth remains strong...
	Sep RatingDog Manufacturing PMI, index	50.5	–	–	...over the medium-term.
UK	Q2 GDP, %qtr	0.3	–	–	Final estimate.
US	Sep Chicago PMI, index	41.5	–	–	Indicator continues its year long run of moving sideways.
	Aug JOLTS Job Openings, 000s	7181	7100	–	Vacancy-to-unemp. ratio <1 for the first time since Apr-2021.
	Sep CB Consumer Confidence, index	97.4	95.8	–	Has stalled after regaining half of its tariff induced decline.
	Fedspeak	–	–	–	Bostic, Jefferson, Goolsbee.
Wed 01					
NZ	Aug Building Permits, %mth	5.4	–	–5.0	Annual consent issuance continue to track around 34k.
Aus	Sep CoreLogic Home Value Index, %mth	0.8	–	0.9	Daily measures show a further acceleration in price growth.
Jpn	Q3 Tankan Large Manufacturers, index	13	15	–	Manufacturing conditions key to assessing demand.
Eur	Sep HICP, %ann	2	–	–	Base effects expected to push headline rate higher.
US	Sep ADP Employment Change, 000s	54	50	–	Pace of hiring has been relatively subdued in recent months.
	Sep ISM Manufacturing PMI, index	48.7	49.2	–	Regional surveys have largely signalled weaker conditions.
	Aug Construction Spending, %mth	–0.1	–0.1	–	Has declined for 5mths in a row, with another fall expected.
	Fedspeak	–	–	–	Logan.
World	Sep Manufacturing PMIs, index	–	–	–	Final estimates for Japan, UK, Eurozone and US.
Thu 02					
Aus	Aug Trade Balance, \$bn	7.3	6.1	5.9	Surplus to narrow but remain near the top end of 2025.
	Aug Household Spending Indicator, %mth	0.5	0.3	0	Support from hospitality spending likely faded in August.
	RBA Financial Stability Review	–	–	–	Assessment of risks to financial stability.
Eur	Aug Unemployment Rate, %	6.2	–	–	Not budging from historically low levels.
US	Initial Jobless Claims	218	–	–	To remain low for now.
	Aug Factory Orders, %mth	–1.3	0.1	–	A small rise expected following two straight declines.
	Fedspeak	–	–	–	Logan.
Fri 03					
NZ	Sep ANZ Commodity Prices, %mth	0.7	–	–	Weaker exchange rate makes commodities more expensive.
Jpn	Aug Jobless Rate, %	2.3	2.4	–	Demographics and services boost to keep unemployment low.
US	Sep ISM Non-Manufacturing, index	52	52	–	Labour market risks at the forefront.
	Sep Nonfarm Payrolls, 000s	22	50	55	Downside risks to the labour market are beginning to...
	Sep Average Hourly Earnings, %mth	0.3	0.3	–	...materialise resulting in a sombre outlook for the...
	Sep Unemployment Rate, %	4.3	4.3	4.3	...US labour market.
	Fedspeak	–	–	–	Williams.
World	Sep Services PMIs, index	–	–	–	Final estimates for Japan, UK, Eurozone and US.

CONTACT

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

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.

Westpac Institutional Bank is a division of Westpac Banking Corporation ABN 33 007 457 141 ("Westpac").

Disclaimer.

This material contains general commentary, and market colour. The material does not constitute investment 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 has been prepared without taking account of your objectives, financial situation or needs. This material 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 the information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of the information, or otherwise endorses it in any way. Except where contrary to law, Westpac and its related entities intend by this notice to exclude liability for the information. The information is subject to change without notice and none of Westpac or its related entities is under any obligation to update the information or correct any inaccuracy which may become apparent at a later date. The information contained in this material 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 a legally binding contract. Past performance is not a reliable indicator of future performance. 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.

Country disclosures.

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). This material is provided to you solely for your own use and in your capacity as a wholesale client of Westpac.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac or Westpac New Zealand Limited ("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. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

China, Hong Kong, Singapore and India: 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 in Singapore of this material 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. Westpac Hong Kong Branch holds a banking licence and is subject to supervision by the Hong Kong Monetary Authority. Westpac Hong Kong branch also holds a license issued by the Hong Kong Securities and Futures Commission (SFC) for Type 1 and Type 4 regulated activities. This material is intended only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. Westpac Shanghai and Beijing Branches hold banking licenses and are subject to supervision by the China Banking and Insurance Regulatory Commission (CBIRC). Westpac Mumbai Branch holds a banking license from Reserve Bank of India (RBI) and subject to regulation and supervision by the RBI.

UK: The contents of this communication, which have been prepared by and are the sole responsibility of Westpac Banking Corporation London and Westpac Europe Limited. Westpac (a) has its principal place of business in the United Kingdom at Camomile Court, 23 Camomile Street, London EC3A 7LL, and is registered at Cardiff in the UK (as Branch No. BR00106), and (b) authorised and regulated by the Australian Prudential Regulation Authority in Australia. Westpac is authorised in the United Kingdom by the Prudential Regulation Authority. Westpac is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. Westpac Europe Limited is a company registered in England (number 05660023) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

This communication is being made only to and is directed at (a) persons who have professional experience in matters relating to investments who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (b) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (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. The investments to which this communication relates are only available to and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely upon 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". With this in mind, Westpac expressly prohibits you from passing on the information in this communication to any third party. In particular this communication and, in each case, any copies thereof may not be taken, transmitted or distributed, directly or indirectly into any restricted jurisdiction. This communication is made in compliance with the Market Abuse Regulation (Regulation(EU) 596/2014).

Investment recommendations disclosure.

The material may contain investment recommendations, including information recommending an investment strategy. Reasonable steps have been taken to ensure that the material is presented in a clear, accurate and objective manner. Investment Recommendations for Financial Instruments covered by MAR are made in compliance with Article 20 MAR. Westpac does not apply MAR Investment Recommendation requirements to Spot Foreign Exchange which is out of scope for MAR.

Unless otherwise indicated, there are no planned updates to this Investment Recommendation at the time of publication. Westpac has no obligation to update, modify or amend this Investment Recommendation or to notify the recipients of this Investment Recommendation should any information, including opinion, forecast or estimate set out in this Investment Recommendation change or subsequently become inaccurate.

Westpac will from time to time dispose of and acquire financial instruments of companies covered in this Investment Recommendation as principal and act as a market maker or liquidity provider in such financial instruments.

Westpac does not have any proprietary positions in equity shares of issuers that are the subject of an investment recommendation.

Westpac may have provided investment banking services to the issuer in the course of the past 12 months.

Westpac does not permit any issuer to see or comment on any investment recommendation prior to its completion and distribution.

Individuals who produce investment recommendations are not permitted to undertake any transactions in any financial instruments or derivatives in relation to the issuers covered by the investment recommendations they produce.

Westpac has implemented policies and procedures, which are designed to ensure conflicts of interests are managed consistently and appropriately, and to treat clients fairly.

The following arrangements have been adopted for the avoidance and prevention of conflicts in interests associated with the provision of investment recommendations.

- (i) Chinese Wall/Cell arrangements;
- (ii) physical separation of various Business/Support Units;
- (iii) and well defined wall/cell crossing procedures;
- (iv) a "need to know" policy;
- (v) documented and well defined procedures for dealing with conflicts of interest;
- (vi) steps by Compliance to ensure that the Chinese Wall/Cell arrangements remain effective and that such arrangements are adequately monitored.

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. 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"). 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. 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. All disclaimers set out with respect to Westpac apply equally to WCM.

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 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.

