WEEKLY ECONOMIC COMMENTARY

4 Nov 2024 | **Westpac Economics Team** | **westpac.co.nz/economics** | economics@westpac.co.nz

Labour market in focus

In what was a relatively quiet week for domestic data, most interest last week centred on the Monthly Employment Indicator (MEI) – a measure of paid employment taken from tax data. This survey suggested that the number of filled jobs was unchanged in the month of September. But the survey has tended to overstate the number of jobs when first released – a tendency that was again on display last week, with an initially reported 0.2% rise in August now revised away. Given the declines reported in earlier months, the number of filled jobs declined 0.7% in the September quarter and was 0.9% lower than a year earlier. The industry data points to ongoing job losses in construction (-5.0% y/y), professional services (-2.0% y/y) and administrative and support services (-6.8% y/y). Healthcare is the only sector that has shown consistent growth over the past year, reflecting the significant staff shortages that had accumulated during the border closure.

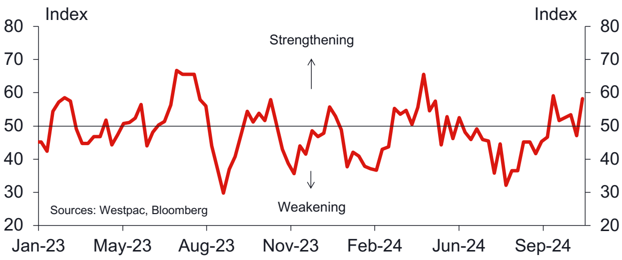
Quarterly employment change

Armed with this information my colleague Michael Gordon released his **preview of this Wednesday's tier one labour market surveys**, which will describe employment and labour cost conditions in the September quarter. In short, the surveys should point to growing

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 New Zealand Data Pulse Index



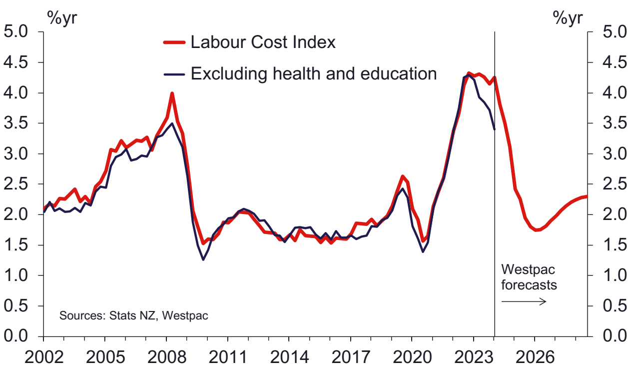
Key data and event outlook

Date	Event
5 Nov 24	RBA Monetary Policy Decision
5 Nov 24	US elections (Results from 6 Nov NZT)
5 Nov 24	RBNZ Financial Stability Report
6 Nov 24	Labour market statistics, September quarter
7 Nov 24	FOMC Meeting (Announced 8 Nov NZT)
7 Nov 24	Govt financial statement, 3 months to September
11 Nov 24	RBNZ Survey of Expectations, September quarter
14 Nov 24	NZ Selected price indexes, October
27 Nov 24	RBNZ OCR Review & Monetary Policy Statement
5 Dec 24 (tbc)	Govt financial statement, 4 months to October
10 Dec 24	RBA Monetary Policy Decision
16 Dec 24	NZ Selected price indexes, November
17 Dec 24	Half-Year Economic and Fiscal Update
18 Dec 24	FOMC Meeting (Announced 19 Dec NZT)

slack in the labour market and easing pressure on labour costs – developments that should give the RBNZ confidence that most pockets of remaining domestic inflation pressures will soon be eliminated. We have pencilled in a 0.6% q/q decline in the Household Labour Force Survey (HLFS) measure of employment – close to that implied by the MEI – which would leave employment unchanged from a year earlier. It is worth noting that there are conceptual differences between the MEI and HLFS measures of employment – for example, the former counts jobs not people and the latter includes unpaid work. That said, the sampling error associated with the HLFS likely explains much of the occasional divergence between the two indicators, such as that seen in the June quarter.

With migrant inflows having slowed significantly this year, the working age population has grown just 0.3% in the September quarter – the least in two years. Moreover, the expected fall in employment is likely to have been accompanied by a fall in the labour force participation rate, as some people drop out of the labour force rather than actively seeking work (perhaps even more than usual this cycle, with the MEI suggesting that job losses have been concentrated amongst younger age groups, who may return to schooling or other training). As a result, we expect the unemployment rate to rise by 0.4ppts to 5.0% – a smaller increase than would otherwise have occurred. Aside from the brief spike to 5.2% following the 2020 Covid lockdown, this would nonetheless be the highest rate since 2016. We expect the unemployment rate to keep rising to a peak of 5.6% in the year ahead, even as lower interest rates provide the spark for a pickup in economic growth.

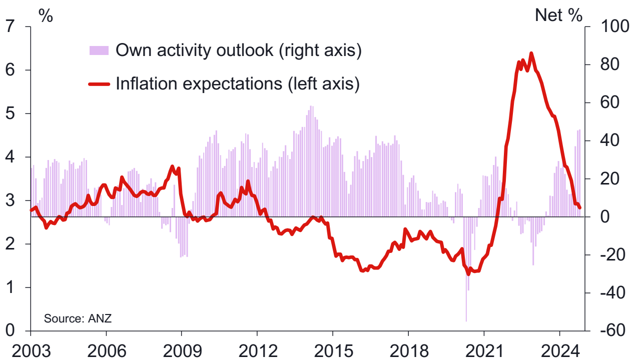
Wage growth forecasts



Perhaps most importantly for the RBNZ, Wednesday's surveys should provide further evidence that increasing labour market slack is taking the heat out of labour costs – a key driver of inflation pressures in the services sector. We expect a 0.7% rise in the Labour Cost Index (LCI) for the September quarter, which would see annual growth slow from 4.3% to 3.8%. And for the private sector – less impacted by the large public sector wage agreements made under the previous government – growth is expected to slow to from 3.6% to 3.4%. Looking ahead, we expect to see a further marked slowing in wage growth, reflecting the cyclical high in unemployment and because cost-of-living pay increases will be smaller than in previous years. Indeed, the latest ANZ business survey – also released this week – suggested that firms expect wages and salaries to grow 2.6% over the coming year, down from 4.0% a year earlier.

Staying with the ANZ survey, business confidence rose to a fresh 10-year high in October, in contrast to last week's modest pullback in consumer confidence. Both investment and hiring intentions improved during the month, while year-ahead activity expectations held last month's gains. Backward-looking measures continued to suggest that activity and employment remained below year-earlier levels, but by slightly less so than in recent months. Meanwhile, the pricing indicators were mixed. Firms' expectations for inflation in the year ahead ticked down from 2.9% to 2.8%. The September quarter CPI was released mid-October, so likely pre-dated many of the responses to this survey – we may see a more decisive move lower in this measure next month. In contrast, the net proportion of firms reporting an intention to lift prices ticked up in October, as it they have done for the last four months. This measure continues to sit above its long-run average, in contrast to the equivalent series in the longer-running QSBO survey (the latter also boasting a larger sample).

Business activity outlook and inflation expectations



The other domestic news of note last week was **an interview given by RBNZ Governor Adrian Orr** while in Washington DC for the IMF and World Bank meetings. Orr noted that the RBNZ's decision to reduce the OCR by 50bp in October was not influenced by the Fed's earlier move, but rather "Price setting behaviour, wage setting behaviour, inflation expectations and now actual inflation are all consistent with being back in our 1-3% target band. So, you know, we don't have to be as restrictive." As for what lies ahead, Orr said that the OCR would be heading down to "3.5% or thereabouts" in the coming calendar year, and that the RBNZ would be "very pleased" if the unemployment rate were not to rise far beyond 5%. And while he noted that there was still some work to do to get core inflation back to the centre of the target band, he was confident that "everything's going in the right direction" given the degree of slack now evident in the economy. All up, the interview reinforced the messages from Orr's previous speaking engagements and leaves us comfortable with our forecast of another 50bp cut in the OCR at the RBNZ's 27 November meeting (the last meeting until mid-February).

Locally, the highlight will be Wednesday's aforementioned labour market surveys. But there will also be some interest in Thursday's release of the first tax and spending data for the new fiscal year – covering the three months to September – and the outcome of the latest Global Dairy Trade auction. The former will cast light on whether a further adjustment to the Government's forecast borrowing programme might be required alongside the release of the Half-Year Economic and Fiscal Update on 17 December. Finally, the RBNZ will release its six-monthly Financial Stability Report on Tuesday. Last week the RBNZ pre-released a special topic outlining conditions in the housing market. Perhaps of most interest was the RBNZ's comment that its metrics place house price sustainability at around the top of the indicator range (based on interest rates returning to neutral levels). At face value, this suggests that the RBNZ might be relatively quick to retighten loan-to-value restriction (LVR) settings should house price inflation significantly outpace growth in incomes. That said, a strong cyclical upswing in house prices would also increase the likelihood that recently implemented debt-to-income (DTI) restrictions will also become binding.

US Election.

Offshore events – notably, the US Presidential election on Wednesday (NZ time) and Friday morning's FOMC policy announcement – will likely be a key influence on local markets this week. The US election looks to be a tight race based on polling averages and betting markets. However, the polls have struggled to accurately gauge the effective level of support for President Trump in the past. Hence the national polling averages that vary between a small margin in favour of Kamala Harris and a small lead to Trump are hard to take at face value.

The reality is that the next US president will not be determined based on the popular vote. Rather the successful candidate needs to attain 270 votes in the Electoral College which up-weights smaller population states. In practice this means that the outcome will depend on the outcome of seven so-called "battleground" states (Arizona, Georgia, Nevada, North Carolina, Michigan, Pennsylvania and Wisconsin) where voters fluctuate between Democratic and Republican support over time. These swing states command 103 of the 270 votes required. Relatively modest swings in support can lead to outsized changes in Electoral College votes even though the popular vote may not change that much.

While many paths to the White House exist in theory, the most likely path to the presidency for Harris is to win the three "Blue Wall" battleground states of Wisconsin, Michigan and especially Pennsylvania. Trump is unlikely to win if he loses all three of these states. Pennsylvania is especially key as it commands 19 electoral votes (the largest of the battleground states). If Harris loses Pennsylvania, then the Democrats path to victory narrows considerably and becomes reliant on winning one of the western battleground states (Nevada and Arizona – where Democrat support seems weaker) and North Carolina (often a red state but finely balanced according to the polls).

It's unlikely a clear result will be available on election night. We will see results begin to be posted from around 1 PM NZ time but in some key states (Pennsylvania especially) it will take time to process advance votes and the outcome in the larger cities. All the swing states have recount provisions (in the event of a close race which means it could be at least a few days before a close election result is known). Financial market volatility seems likely as these processes unfold.

As discussed in our recent Economic Overview, there are key economic, trade and foreign policy differences of relevance to New Zealand. A Harris presidency represents continuity of current policies and would be less disruptive for New Zealand. A Trump presidency raises the potential for increased tariffs and trade tensions with China which would be damaging to New Zealand's trade relationships. Trump would likely also follow a more aggressive approach to Middle East issues which could have implications for energy prices. Trump is also likely to follow a more expansionary fiscal policy that, combined with the inflationary impact of tariffs, could have implications for US and hence global interest rates. The USD would likely be stronger and the NZD correspondingly weaker.

US FOMC meeting.

Friday morning will see the Fed announce the results of the FOMC meeting. The data flow has generally been stronger in the wake of the FOMC's large 50bp cut in September, and so we expect a smaller 25bp cut at this meeting. The messages in the post-meeting statement and press conference will be scrutinized, especially given the policy uncertainties that lie ahead depending on the outcome of the election. Markets have priced out a significant amount of the policy easing expected through 2025 and will be looking for clues on the appropriateness of this (or otherwise). However, the market will need to wait until next month for an updated set of economic projections, including updated forecasts for the Fed's policy rate.

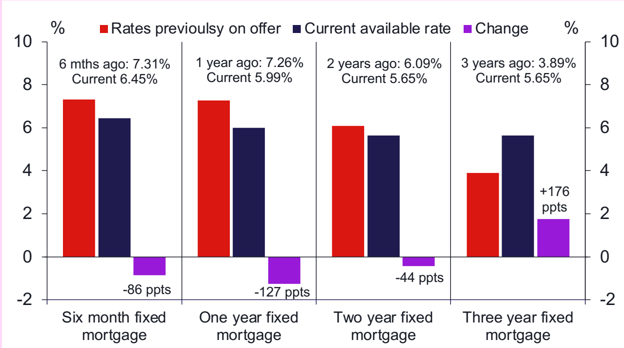
Darren Gibbs, Senior Economist

Chart of the week.

The RBNZ has already cut the Official Cash Rate by 75bps, and further cuts are expected over the months ahead. That's seen mortgage rates dropping and borrowers have been migrating to shorter fixed terms in anticipation of further rate reductions. In fact, 50% of mortgages are now on floating rates or will come up for repricing over the next six months (based on RBNZ data across all lenders). So how much relief might borrowers see?

If you had fixed your mortgage for six months back in April and refixed for six months again today, the rate you would be paying would be nearly 90bps lower. Similarly, if you had fixed one year ago, the rate would be around 130bps lower, and if you fixed two years ago your rate would now be around 40bps lower (assuming you refix for the same term). However, if you fixed three or more years ago, when rates were at their post-pandemic lows, you'll actually be rolling on to a rate that's about 180bps higher. But even at those long terms, the rates currently on offer are down from the highs we saw last year.

How much relief could borrowers see?



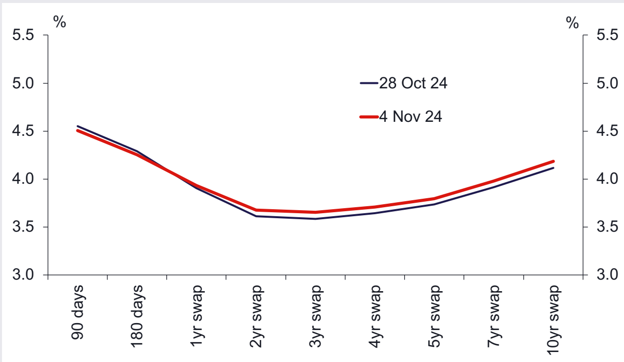
Source: RBNZ data for borrowers with over 20% equity. Current rates on offer from Westpac as at 1 Nov 2024.

Fixed versus floating for mortgages.

The RBNZ followed up August's 25bp cut in the OCR with a supersized 50bp cut at its October policy review. We expect another 50bp cut at the November review, with further, but more gradual, cuts in 2025.

A significant amount of OCR easing is already factored into longer-term mortgage rates. This suggests that it's now more attractive to fix for longer periods than it has been for a while – perhaps even for terms as long as two to three years. Mortgage rates for shorter terms of up to a year are substantially higher now but are likely to fall in the coming months towards current longer term fixed rates.

NZ interest rates



Global wrap

North America.

Last week's very busy diary confirmed that the US economy remains in good shape. GDP grew 2.8%AR in Q3, led by a 3.7%AR lift in consumer spending. Weather distortions and strike activity contributed to a weak 12k increase in non-farm payrolls in October (although growth over the previous two months was also revised down 112k), while the number of job openings fell to a near 4-year low in September. On the inflation front, the core PCE deflator rose 0.3%m/m in September, leaving annual inflation at 2.7%y/y. Meanwhile, the Employment Cost Index rose 0.8%q/q in Q3 – the smallest increase in three years. The focus this week will be on the US election (first results due Wednesday afternoon NZT) and the Fed's policy meeting (Friday morning NZT). Polls suggest that the former might yet be a close contest, so the outcome could be subject to final counts, recounts and legal challenges. Given the recent tone of data, the Fed is expected to dial back its policy easing to a 25bp move at this meeting.

Europe.

Despite a recent softening in PMI data, the euro area economy grew 0.4%q/q in Q3 – the strongest growth in two years – with the German economy unexpectedly avoiding recession. Euro area inflation data also surprised to the high side, with the core CPI rising 2.7%y/y. In the UK, the new Government's first Budget saw forecast borrowing raised by an average of GBP28bn per year despite GBP40bn in tax increases (largely levied on businesses), pressuring bond rates higher. This week most interest will centre on Thursday's BoE meeting, with the Bank expected to lower its policy rate by 25bps.

Asia-Pacific.

In China, positive reaction to recent stimulus news was seen in the official PMIs, with the manufacturing index rising to 50.1 in October – the first expansionary reading since April. In Japan, the BoJ left policy unchanged as expected, but Governor Ueda's comments were slightly more upbeat and left open the possibility of further policy tightening over coming months. In Australia, CPI inflation fell to 2.8%y/y in Q3 – helped by energy rebates – while the volume of retail spending rose 0.5%m/m in Q3. This week the focus in China will be on any announcements to come from the week-long meeting of the standing committee of the National People's Congress. October trade and inflation reports will also be released this week. In Australia, with disinflation remaining on track, the RBA is expected to leave its policy rate steady on Tuesday. The focus for markets will be on any change in forward guidance that might emerge in the Statement of Monetary Policy and post-meeting press conference.

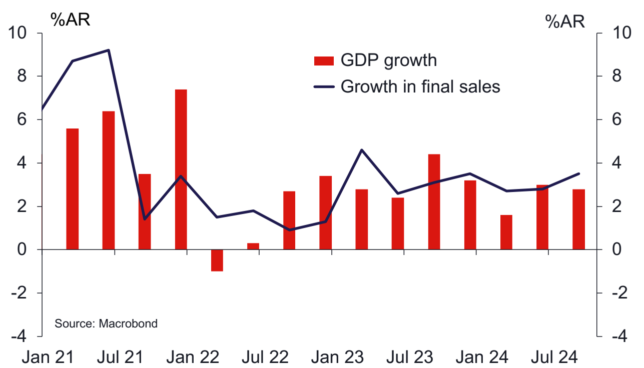
Trading partner real GDP (calendar years)

	Annual average % change			
	2023	**2024**	**2025**	**2026**
Australia	2.0	1.3	2.2	2.4
China	5.2	5.0	4.8	4.5
United States	2.9	2.7	1.8	1.7
Japan	1.9	0.1	1.1	0.9
East Asia ex China	3.3	4.2	4.1	4.1
India	7.8	7.0	6.8	6.5
Euro Zone	0.4	0.6	1.5	1.5
United Kingdom	0.1	1.0	1.3	1.4
NZ trading partners	3.3	3.2	3.3	3.2
World	3.2	3.3	3.3	3.2

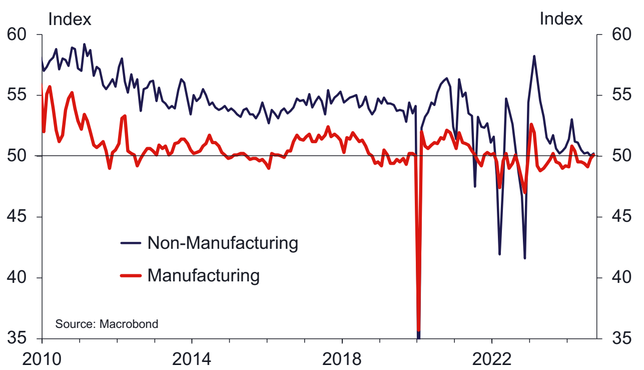
Australian & US interest rate outlook

	1 Nov	**Dec-24**	**Mar-25**	**Dec-25**
Australia				
Cash	4.35	4.35	4.10	3.35
90 Day BBSW	4.41	4.42	4.19	3.50
3 Year Swap	4.04	3.60	3.60	3.50
3 Year Bond	4.07	3.55	3.50	3.35
10 Year Bond	4.54	3.90	3.90	4.05
10 Year Spread to US (bps)	27	15	15	5
US				
Fed Funds	4.875	4.375	3.875	3.375
US 10 Year Bond	4.27	3.75	3.75	4.00

US GDP growth



Chinese PMIs



Financial markets wrap

Interest rates.

NZ swap rates have hardly moved over the past week, remaining in consolidation mode. The 2yr swap formed a base at 3.50% in October – the lowest level since 2022. Our suggested range for the week ahead is 3.50%-3.80%, although there is significant event risk.

NZ has labour market data on 6 November. The RBA decision is on 5 November. And the US election results will start appearing on 6 November (NZT). On Friday we have the Fed's rate decision.

There is plenty priced in for this RBNZ easing cycle, with a 50bp cut at the next meeting in November fully priced, and a 75bp cut 30% priced. It will take a significant negative data surprise for pricing to extend further.

We expect the RBNZ to deliver a 50bps cut at the November meeting. If that proves correct, then markets could push swap rates higher in response.

Foreign exchange.

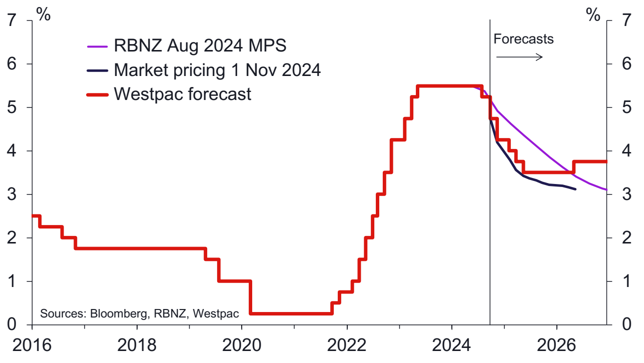
NZD/USD fell 5c in October, and there's potential for a move even lower to 0.5850 during the next week or two. If seen, that area would provide an opportunity for NZ exporters to consider hedging receipts.

The US events described in the interest rate section above will be critical this week, with the election of most importance. Simply, a Trump win would likely be USD-positive.

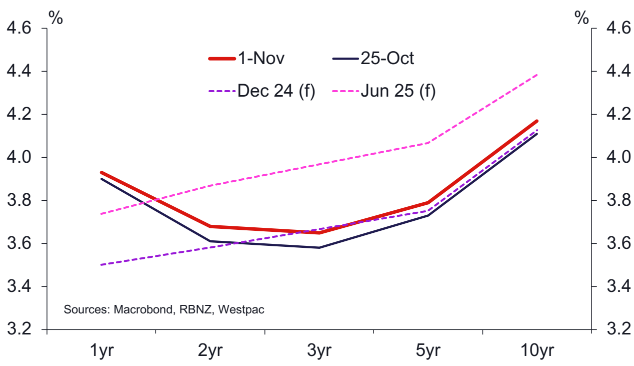
NZ-US yield spreads continue to decline. They are now negative for short maturities and are at their lowest levels since 2020. Negative yield spreads have been uncommon since the NZD floated in 1985 and are a disincentive to hold NZD vs USD.

NZ-AU yield spreads have also become negative for the first time since 2012, and have helped depress NZD/AUD. The cross fell over 2c from mid-September, but has recently become rangebound in the 0.90s. It will be sensitive to any perceived shift in RBA stance at Tuesday's meeting (an on-hold decision is expected). Longer term, we remain bearish, targeting 0.89, given negative yield spreads as well as NZ's fiscal and current account deficits.

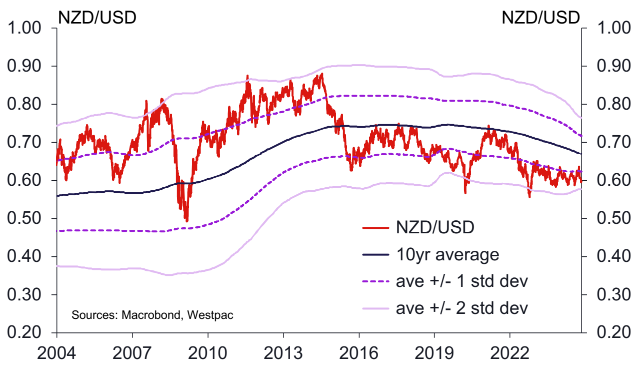
Official Cash Rate forecasts



Swap rates



NZD/USD vs rolling 10yr average



FX recent developments

	Historical data				F'cast
	Spot	3mth range	5yr range	5yr avg	Dec-24
USD	0.596	0.594-0.636	0.555-0.743	0.645	0.62
AUD	0.903	0.903-0.925	0.873-0.992	0.929	0.90
EUR	0.549	0.543-0.569	0.517-0.637	0.581	0.56
GBP	0.462	0.458-0.476	0.456-0.535	0.502	0.47
JPY	91.0	86.1-91.8	61.3-98.6	81.0	88.0

The week ahead

Q3 labour market surveys

Nov 6, Unemployment rate, Last: 4.6%, Westpac f/c: 5.0%
Labour Cost Index (private), Last: 0.9%, Westpac f/c: 0.7%

We expect the unemployment rate to rise from 4.6% to 5.0% for the September quarter. Aside from the brief spike to 5.2% following the 2020 Covid lockdown, this would be the highest rate since 2016. The economy's prolonged downturn is now clearly weighing on the labour market, with the Monthly Employment Indicator marking a turn to outright job losses in recent months.

Wage growth remains elevated but is slowing from its highs. The June quarter result was boosted by collective pay agreements in health and education, but this quarter should provide a relatively clean read.

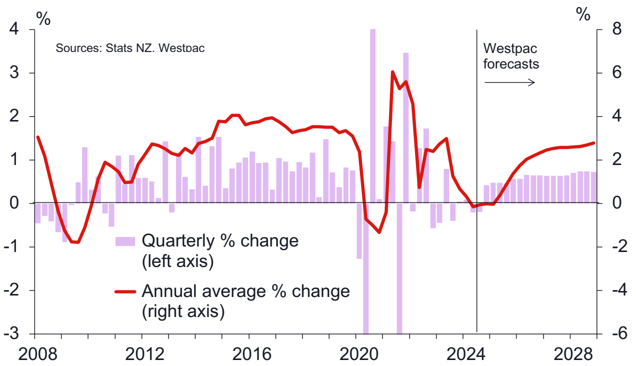
Labour market indicators (incl. Westpac forecasts)

Economic and financial forecasts

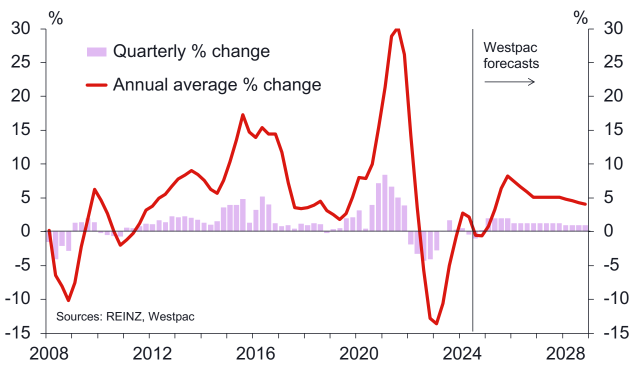
Economic indicators	Quarterly % change				Annual % change			
	Jun-24	Sep-24	Dec-24	Mar-25	2023	2024	2025	2026
GDP (production)	-0.2	-0.2	0.3	0.4	0.7	0.0	1.5	2.8
Consumer price index	0.4	0.6	0.4	0.5	4.7	2.1	2.0	2.1
Employment change	0.4	-0.6	-0.3	-0.2	2.9	-0.7	0.1	2.1
Unemployment rate	4.6	5.0	5.3	5.5	4.0	5.3	5.5	4.6
Labour cost index (all sectors)	1.2	0.7	0.7	0.5	4.3	3.5	2.0	1.8
Current account balance (% of GDP)	-6.7	-6.3	-5.7	-5.0	-7.1	-5.7	-3.9	-4.5
Terms of trade	2.0	2.0	4.9	1.4	-10.7	14.8	0.8	1.1
House price index	-0.4	-1.0	0.2	2.0	-0.6	-0.6	8.2	5.1

Financial forecasts	End of quarter				End of year			
	Jun-24	Sep-24	Dec-24	Mar-25	2023	2024	2025	2026
OCR	5.50	5.25	4.25	4.00	5.50	4.25	3.50	3.75
90 day bank bill	5.63	5.31	4.25	3.80	5.65	4.25	3.60	3.85
2 year swap	5.01	4.06	3.50	3.60	5.28	3.50	3.95	4.00
5 year swap	4.53	3.81	3.70	3.75	4.85	3.70	4.15	4.25
10 year bond	4.74	4.31	4.20	4.20	5.09	4.20	4.40	4.35
TWI	71.4	70.9	70.3	70.7	70.8	70.3	69.8	69.1
NZD/USD	0.61	0.61	0.62	0.63	0.60	0.62	0.64	0.64
NZD/AUD	0.92	0.91	0.90	0.90	0.93	0.90	0.87	0.86
NZD/EUR	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56
NZD/GBP	0.48	0.47	0.47	0.47	0.49	0.47	0.47	0.47

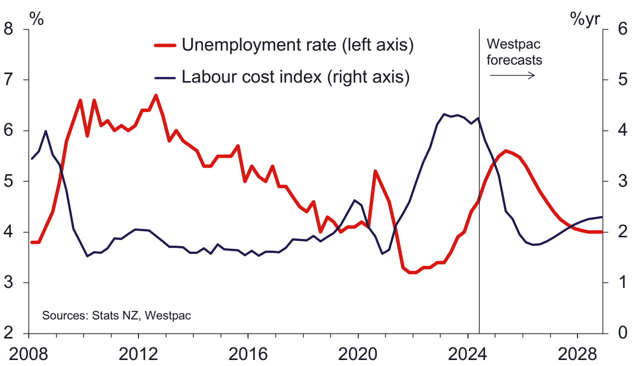
GDP growth



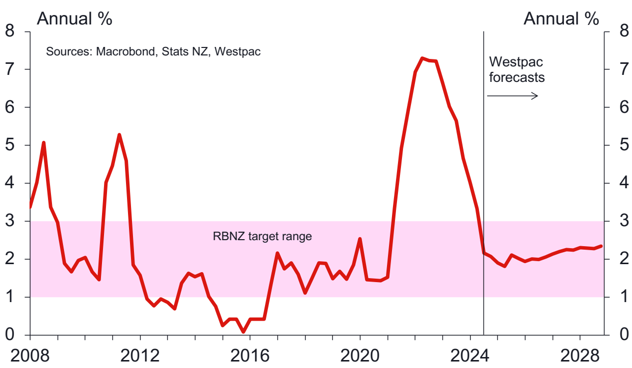
House prices



Unemployment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 04					
Aus	Oct MI Inflation Gauge, %yr	2.6	–	–	Easing, broadly in line with other official measures.
	Oct ANZ-Indeed Job Ads, %mth	1.6	–	–	Tightness in labour market fading gradually.
Eur	Nov Sentix Investor Confidence, index	–13.8	–12.6	–	6m outlook improving despite pessimism in current situation.
US	Sep Factory Orders, %mth	–0.2	–0.4	–	Factory orders to fall further in September.
Tue 05					
NZ	Oct ANZ Commodity Prices, %mth	1.8	–	–	Gains in diary and lamb to lift the index to a two-year high.
	RBNZ Financial Stability Report	–	–	–	Six-monthly review of financial stability indicators.
Aus	Nov RBA Policy Decision, %	4.35	4.35	4.35	Q3 CPI affirms our call for a February 2025 start to rate cuts...
	Statement On Monetary Policy	–	–	–	... updated forecasts and perceived balance of risks will be key.
	Melbourne Cup	–	–	–	Public holiday (Vic); Buckaroo currently favoured by bookies.
Chn	Oct Caixin Services PMI, index	50.3	50.5	–	Seasonality may mask the boost from recent stimulus measures.
US	Sep Trade Balance, US$bn	–70.4	–74.5	–	The resilience of the US consumer is driving a larger deficit...
	Oct ISM Non-Manufacturing, index	54.9	53.5	–	... and keeping services activity firmly in expansionary territory.
	US Presidential Election	–	–	–	Opinions polls pointing to a neck-and-neck race.
Wed 06					
NZ	Q3 Unemployment Rate, %	4.6	5.0	5.0	Unemployment expected to reach a four-year high...
	Q3 Employment Change, %qtr	0.4	–0.5	–0.6	... with slow growth in jobs now turning to outright losses.
	Q3 Labour Cost Index (Private), %qtr	0.9	0.7	0.7	Wage growth slowing as labour market slack increases.
Eur	Sep PPI, %yr	–2.3	–3.4	–	Falls led by declining prices for energy and intermediate goods.
World	Oct S&P Global Services PMI, index	–	–	–	Final estimate for Japan, Europe and US.
Thu 07					
Aus	Sep Goods Trade Balance, $bn	5.6	5.4	5.8	Export growth set to drive a modest improvement.
NZ	Jul-Sep Government Financial Statements	–	–	–	First tax and spending data for '24/25 fiscal year.
Chn	Oct Trade Balance, US$bn	81.7	–	–	Headwinds from soft global demand and geopoltical risks.
	Oct Foreign Reserves, US$bn	3316	–	–	Improving economic fundamentals to keep reserves stable.
Eur	Sep Retail Sales, %mth	0.2	0.8	–	Recovering household finances should support retail spending.
	ECB Speak	–	–	–	ECB's Stournaras, Schnabel and Lane to speak.
Swe	Nov Riksbank Policy Decision, %	3.25	2.75	–	Weakness in domestic activity to drive a 50bp rate cut.
UK	Nov BoE Policy Decision, %	5	4.75	4.75	Rate cut expected, pressures from UK budget and uncertainty.
US	Nov Initial Jobless Claims, 000s	216	–	–	Impacts from weather and strikes should start to subside.
	Sep Wholesale Inventories, %mth	–0.1	–	–	Volatility exhibited in recent months.
	Nov FOMC Policy Decision, %	4.875	4.625	4.625	Moderate easing cycle back to near-neutral rate appropriate.
Fri 08					
Aus	RBA Assist' Gov. (Fin. Sys.)	–	–	–	Panel participation by Jones at FINSIA event.
Chn	Q3 Current Account Balance, US$bn	54.5	–	–	Ongoing recovery in outbound travel to offset trade near-term.
Jpn	Sep Household Spending, %yr	–1.9	–1.8	–	Recent wage gains are not translating to higher spending.
UK	BoE Speak	–	–	–	BoE Chief Economist Pill due to speak.
US	Sep Consumer Credit, US$bn	8.9	14.5	–	An increase anticipated following a subdued August print.
	Nov Uni. Of Michigan Sentiment, index	70.5	70.6	–	Consumer mood lifting as optimism on the economy rises.
Sat 09					
Chn	Oct CPI, %yr	0.4	–	–	Consumer prices no longer falling on an annual basis.
	Oct PPI, %yr	–2.8	–	–	Producer prices have declined for 24 consecutive months.

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

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