# WEEKLY ECONOMIC COMMENTARY

20 Jan 2025 | **Westpac Economics Team** | **westpac.co.nz/economics** | economics@westpac.co.nz

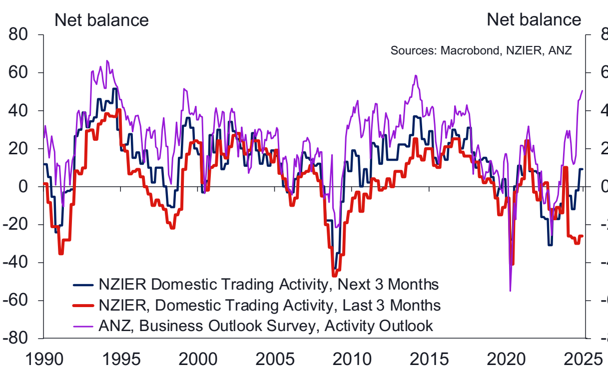
## Happier New Year?

After some astonishingly weak updates on the New Zealand economy at the end of last year, we're hopeful of some better results over 2025, spurred on by lower interest rates in particular. Yet, as the new year's first batch of data shows, this recovery is likely to be a drawn-out process.

The key release last week was the NZIER's Quarterly Survey of Business Opinion, which often provides a strong early lead on quarterly GDP, along with a wealth of information about business activity and cost pressures. On the face of it, the December survey was encouraging, with a net 9% of firms expecting a pickup in their own activity in the months ahead. There were also modest improvements in their hiring and investment plans.

However, the backward-looking measures of the survey told a much weaker story. A net 26% of firms reported a drop in activity in the December quarter – not far from the net 30% in the previous quarter, and well short of what they were anticipating three months ago. (Indeed, this was one of the larger shortfalls in the history of the survey). So while businesses are very hopeful about the impact of lower interest rates, very few are seeing any benefit from them yet.

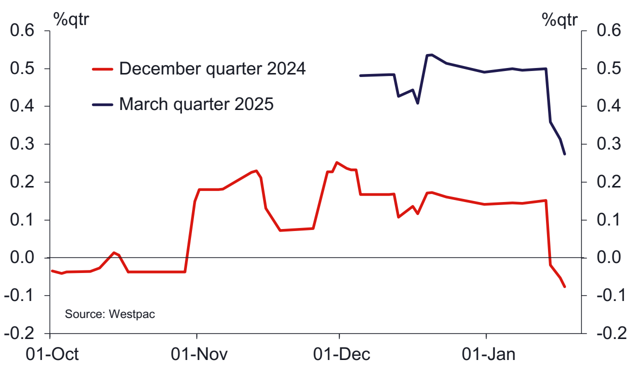
**Business confidence indicators**




**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**

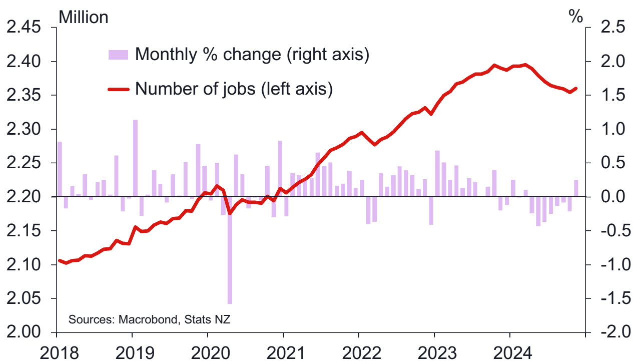
| Date | Event |
|---|---|
| **22 Jan 25** | NZ CPI, December quarter |
| **23 Jan 25** | Govt Financial Statements, 5 mths to November |
| **29 Jan 25** | FOMC Meeting (Announced 30 Jan NZT) |
| **5 Feb 25** | Labour market statistics, December quarter |
| **13 Feb 25** | RBNZ Survey of Expectations, December quarter |
| **13 Feb 25** | Govt Financial Statements, 6 mths to December |
| **14 Feb 25** | NZ Selected price indexes, January |
| **18 Feb 25** | RBA Monetary Policy Decision |
| **19 Feb 25** | RBNZ OCR Review & Monetary Policy Statement |
| **6 Mar 25** | Govt Financial Statements, 7 mths to January |
| **14 Mar 25** | NZ Selected price indexes, February |

The backward-looking measure of the QSBO has a much closer correspondence with quarterly GDP, and the latest result presents a clear downside risk to our forecast of a return to growth in the December quarter. That was reinforced by the manufacturing PMI survey for the December month which rose just slightly to 45.9. **Our GDP nowcast tool**, which we launched late last year, has now tipped into slightly negative territory as a result of these releases.

That said, there are plenty of quirks in the quarterly GDP data that are not well captured in things like business surveys. For example, a significant negative in the September quarter result was a sharp drop in renewable electricity generation due to low hydro lake levels; this situation has since been resolved, and is likely to make a sizeable positive contribution to Q4. We also have some questions about the current seasonal adjustment of the GDP data, which appears to be detracting from growth in June quarters and boosting it in December quarters in particular. So for now we're sticking with our forecast of a 0.3% rise in the official GDP figures for Q4, even though the underlying picture was still weak on many fronts over that time.

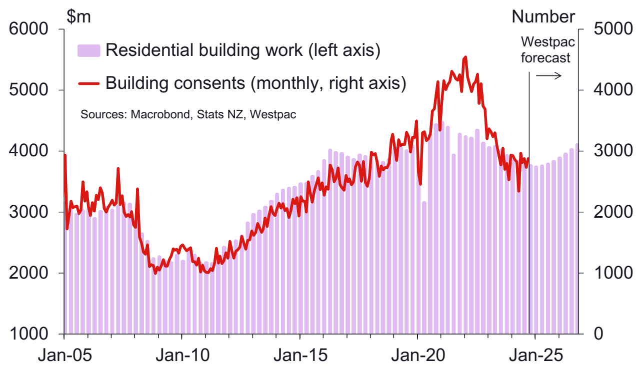
It hasn't all been bad news to start the year though. We also had some emerging signs of stabilisation in the labour market towards the end of last year. There was a 0.3% lift in the number of filled jobs in November, the first monthly increase since March. (While this measure has tended to be revised down from its initial release, it's unlikely to turn into a minus.) We also saw a small lift in the Westpac-McDermott Miller Employment Confidence Index to 91.6 in December, led by an improvement in people's perceptions about the availability of jobs.

**Monthly Employment Indicator filled jobs**




Finally, homebuilding consents rose by 5% in November, leaving them up slightly on the same time last year. Consents are down sharply from their 2022 highs, but they appear to have flattened out over the last year – and lower interest rates and easing regulatory requirements bode well for a pickup in the year ahead. The shrinking pipeline of already-consented work suggests that actual building activity will continue to shrink in the near term, but the outlook is starting to improve.

**Residential building and consent numbers**




## The continuing squeeze on households is also restraining inflation

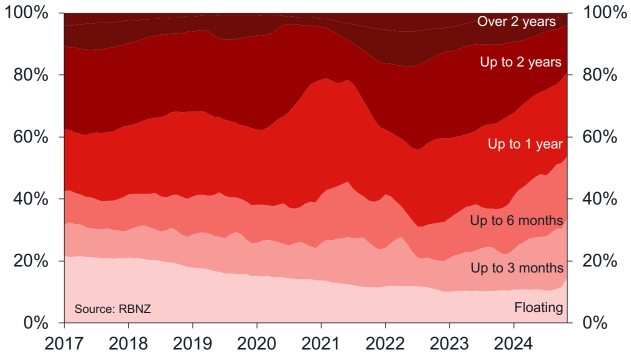
The latter part of 2024 saw a continued squeeze on household finances. Stats NZ's recent update has shown that there was essentially no growth in New Zealand households' before-tax incomes between the March and September quarters. Over that same period, we saw unemployment rise to 4.8% and the level of economic activity shrank by around 2%. Against that backdrop, it's no surprise that wage and salary earnings, as well as returns to business owners, stalled.

While incomes flatlined, living costs have continued to climb, rising by 1.7% just in the six months to September, with many lower income families facing even larger increases. As a result, many households will have seen their purchasing power going backwards.

A particular strain on households' purchasing power has been increases in housing costs. In addition to continued increases in rents, household spending on debt servicing has continued to climb. We estimate that for households with mortgages, their spending on interest costs now risen to around 20% of their disposable incomes. In comparison, prior to the pandemic, households with mortgages were spending around 16% of their incomes on interest costs. And in recent years, that ratio got as low as 10%.

The increase in debt servicing costs has been despite the fall in the mortgage interest rates over the past year. That's because many borrowers fixed their mortgages for a period at very low rates in the wake of the pandemic, and they have now rolled on to the higher rates currently on offer. We've also seen many borrowers opting for shorter fixed terms or going on to floating rates for a time in anticipation of further interest rate reductions. However, floating and shorter-term mortgage rates are currently higher than those that are fixed for longer periods.

**Share of mortgages by time to refixing**




The good news for borrowers is that they are nearing the end of the re-fixing cycle when they were rolling on to higher rates. Over the coming six months, around half of all mortgages will come up for repricing, and many borrowers will be rolling on to lower rates. However, interest rates look like they are trending back towards average levels, rather than the very low ones that we saw in the wake of the pandemic. And while those reductions will help to support both economic growth and house prices, we expect the recovery to be gradual and simply lead to a return to trend rates of growth (rather than very elevated levels).

With slowing income growth and further increases in debt servicing costs, it's no surprise that per capita household spending fell around 1% over the past year. And while it's started to push higher again (as we discuss in our latest **Westpac Retail Spending Pulse**), retail spending is still looking soggy for now.

With weak demand, price and cost pressures have also been dropping back. Annual consumer price inflation slowed to 2.2% in the year to September, well down from the rates of over 7% that we saw in recent years. And as **discussed in our preview note**, we expect that the Q4 CPI report (out on Wednesday) will show that inflation has dipped further to 2.1%. That would be the lowest level since 2021, and would also be in line with the RBNZ's last published projection from November.

Although there are still some pockets of 'sticky' inflation pressures, those are mainly in areas like insurance premiums and local council rates, which tend to be less sensitive to the level of interest rates. More generally, the trend in inflation has been down, with high interest rates and subdued demand weighing on prices in other parts of the economy. Those conditions have seen core inflation trending down towards levels consistent with the RBNZ's target band in recent months, and we think that trend will have continued in the December quarter. Importantly, although there could be some surprises in the quarterly figures due to normal volatility, if the underlying trend in prices continues to ease, then the RBNZ is likely to cut rates by another 50bp when it next meets in February.

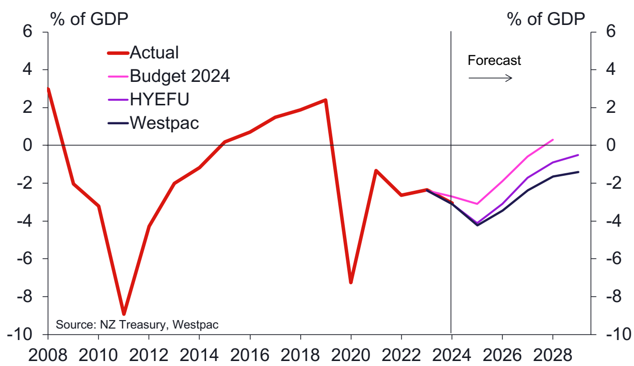
## The fiscal outlook remains weak.

Ongoing sluggishness in the economy was responsible for a portion of the deterioration in the fiscal outlook that was revealed in the Half-Year Economic and Fiscal Update (HYEFU), released just ahead of the holiday break. But the degree of deterioration was much larger than we and the market had expected, in large part reflecting a downward revision to the Treasury's assessment of the expected average effective tax rate (i.e. the tax-to-GDP ratio).

Taking onboard the information from the HYEFU, last week we published **an interim update to our fiscal forecasts** (a complete update will be released next month when we publish our first *Economic Overview* for 2025). Unless the Government can control spending as tightly as predicted in the HYEFU, further increases to the Government's borrowing programme seem likely over time. This will be especially so if interest rates follow the higher track that we have in our forecasts compared with that underpinning the HYEFU.

We expect that the operating balance (both the OBEGAL and OBEGALx measures) will remain in deficit in 2028/29. And while a primary surplus (i.e. cash balance excluding financing costs) will likely be achieved from 2027/28, it will likely be insufficient to begin reducing net core Crown debt as a share of GDP until 2028/29.

**Operating balance (OBEGAL), % of GDP**




**Michael Gordon**, Senior Economist
**Satish Ranchhod**, Senior Economist
**Darren Gibbs**, Senior Economist

## Chart of the week.

Over the past year, borrowers continued to roll off the low mortgage interest rates that were on offer in the wake of the pandemic and on to higher rates. In addition, many borrowers have shifted to shorter fixed terms or have gone on to floating rates in anticipation of rate cuts from the RBNZ. Those developments have meant that, even though carded interest rates have been dropping, the average rate that borrowers are paying hasn't really fallen. Consequently, high debt servicing costs have continued to squeeze household spending.

In the next six months, close to half of all fixed-rate mortgages will come up for repricing. For those borrowers who fixed up to two years ago, they could see their interest rate dropping by more than 100bp when they next refix their rate (depending on when they took out their mortgage and how long they fix for). On a $500,000 mortgage, that would shave about $300 off your monthly interest payments. However, if you had fixed for three or more years, you'll actually be rolling on to a higher rate, though you'll still avoid the very high interest rates that we saw last year.

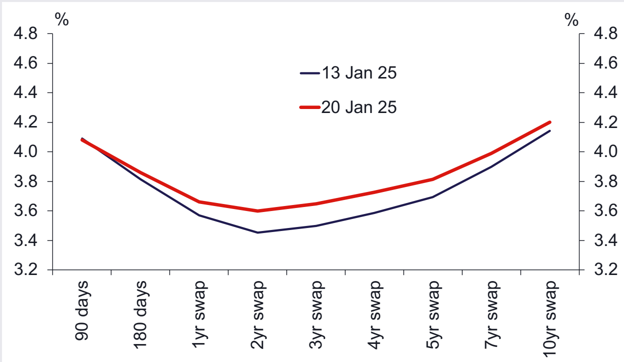
**How much relief could borrowers see?**


Source: RBNZ data for borrowers with over 20% equity. Current rates on offer from Westpac as at 17 Jan 2025.

## Fixed versus floating for mortgages.

We're forecasting another 50bp cut in February and expect the cash rate will bottom at 3.25% in mid-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

## US.

US consumer prices rose 0.4% in December (as expected), leaving them up 2.9% for the year. However, core inflation was cooler than expected, rising 0.2% (vs expectations for a 0.3% rise), including notable softness in shelter prices. Business costs were also softer than expected in December. Those developments helped to soothe concerns about the inflation outlook, with yields retracing much of the spike higher that we saw in previous weeks and markets pulling expectations for a rate cut forward to June. Other economic data over the past week included a 0.4% rise in retail sales through the Christmas shopping period, a 0.9% increase in industrial production, and firm housing starts. There's limited economic data out in the US this week. However, markets will be watching the incoming President's inauguration speech closely for signals around the direction of policy.

## Europe.

UK inflation eased to 2.5% in December, down from 2.6% previously and lower than market forecasts. That saw expectations for BOE rate cuts brought forward. Yields on UK gilts also dropped back after they spiked in recent weeks, helping to quell some of the recent concerns about the pressure on UK public finances. Even so, the UK still faces a challenging fiscal outlook, with concerns that further tax hikes or spending cuts will be needed to meet the government's targets. In the EU, recent speakers have signalled that monetary conditions will continue to ease over the coming months, with inflation cooling and the growth outlook weakening. The ECB is still likely to stick with measured 25bp moves, with concerns that rapid cuts could boost service sector inflation.

## Asia Pacific.

Australia's December labour market update was stronger than expected, with employment levels rising by a robust 56k and measures of labour market slack remaining tight. But despite the healthy labour market, consumer sentiment dipped in January and remains weak, highlighting the ongoing impact of cost-of-living pressures. Across in China, Q4 GDP growth met the authorities' target of 5%, with firmness in exports, as well as solid gains in industrial production and retail sales, though there continues to be softness in the property sector. The economy will likely need continued policy support to sustain its recent pace, especially given the risks of a tougher external environment under the incoming Trump administration. Further monetary easing and increases in public spending are expected. Looking to the week ahead, the Bank of Japan meets Wednesday, with Governor Ueda signalling that a rate hike will be considered.

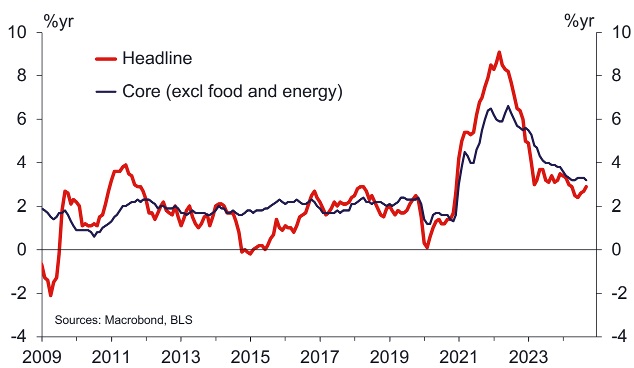
**Trading partner real GDP (calendar years)**

| | 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 | 2.8 | 2.4 | 2.0 |
| **Japan** | 1.9 | -0.1 | 1.2 | 1.0 |
| **East Asia ex China** | 3.3 | 4.3 | 4.1 | 4.1 |
| **India** | 7.8 | 6.8 | 6.8 | 6.5 |
| **Euro Zone** | 0.4 | 0.8 | 1.3 | 1.5 |
| **United Kingdom** | 0.1 | 1.0 | 1.4 | 1.5 |
| **NZ trading partners** | 3.3 | 3.3 | 3.4 | 3.3 |
| **World** | 3.2 | 3.3 | 3.3 | 3.3 |

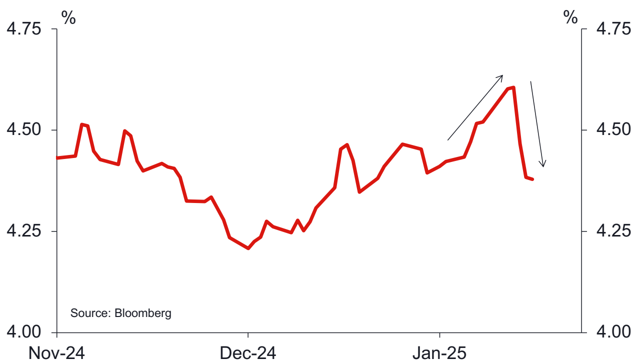
**Australian & US interest rate outlook**

| | 17 Jan | Mar-25 | Dec-25 | Dec-26 |
|---|---|---|---|---|
| **Australia** | | | | |
| **Cash** | 4.35 | 4.35 | 3.35 | 3.35 |
| **90 Day BBSW** | 4.33 | 4.43 | 3.50 | 3.55 |
| **3 Year Swap** | 3.93 | 3.75 | 3.80 | 4.00 |
| **3 Year Bond** | 3.96 | 3.70 | 3.70 | 3.80 |
| **10 Year Bond** | 4.50 | 4.35 | 4.55 | 3.85 |
| **10 Year Spread to US (bps)** | -11 | 5 | 5 | 5 |
| **US** | | | | |
| **Fed Funds** | 4.375 | 4.125 | 3.375 | 3.875 |
| **US 10 Year Bond** | 4.61 | 4.30 | 4.50 | 4.80 |

**US CPI inflation**




**UK 2 year gilt yields**



# Financial markets wrap

## Interest rates.

The NZ 2yr swap rate should rise further today in response to US and AU rates rising on Friday night. Near term yield resistance (Oct. high) is around 3.78%. The 2-10yr swap curve could flatten further to around 55bp. We see potential for the curve to flatten during 2025, particularly after the RBNZ easing cycle has ended. In addition, markets are aware a wave of mortgage fixing could ensue during the first half of 2025.

OIS pricing continues to imply around a 90% chance of a 50bp cut at the next RBNZ meeting on 19 February (down from 100%). Terminal is seen to be around 3.15%. Key NZ data events which could ruffle that pricing ahead of the MPS are Q4 CPI (22 Jan) and the Q4 labour market update (5 Feb).

The NZGB-UST 10yr spread has risen by over 20bp from what is possibly the cycle low, -21bp on 10 Jan. The NZGB-ACGB 10yr spread (5/35 vs 6/35) has similarly bounced from +5bp to +21bp. There's potential for further widening this year, driven partly by relative fiscal positions.

There are tentative signs of a near term top forming in NZGB i-spreads. The 2035 is currently at 49bp, from the 30 Dec peak of 65bp. That said, the medium-term outlook is for further increases in supply. The NZ Government releases its financials for the first five months on Thursday.

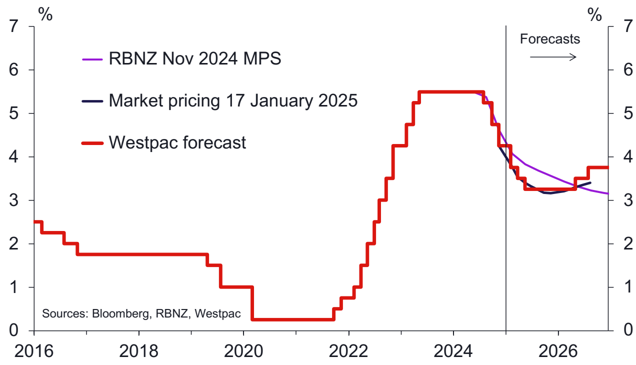
## Foreign exchange.

NZD/USD support at 0.5540 held last week, but looks more vulnerable this week. The first week of the Trump administration is biased to be USD-positive. That said, NZD positioning and technicals are very stretched to the downside, warning of a bullish reversal soon. This week we get NZ Q4 CPI data, with a 0.5%q/q and 2.1%y/y (prior 2.2%y/y) outturn the median (and Westpac's) expectation.

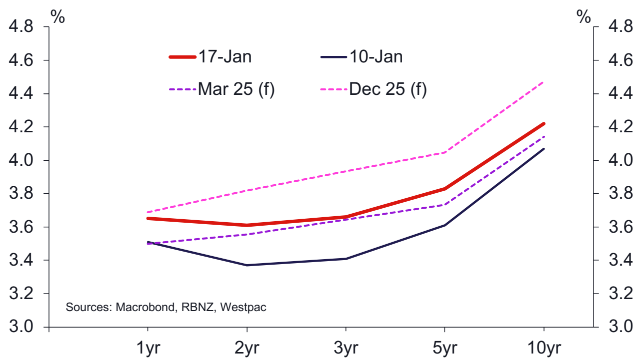
Beyond the next few weeks, our outlook remains bearish, expecting the strong US dollar trend since September to eventually resume, in part due to US economic growth exceptionalism. A break below the 0.5470 low formed in March 2020 would signal a move towards 0.5000.

NZD/AUD retains a downward bias, as it did in December, and we continue to expect a break below 0.9000, and then a test of 0.8900 during the next few months. NZ-AU yield spreads remain negative and near decade lows, while medium term drivers such as current and fiscal accounts will continue to favour the AUD.

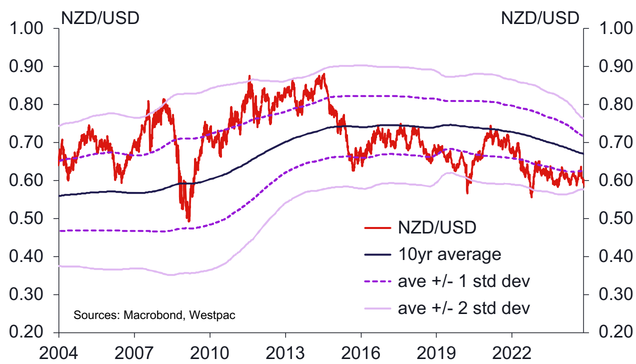
**Official Cash Rate forecasts**




**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 | 0.558 | 0.556-0.607 | 0.555-0.743 | 0.642 | 0.57 |
| AUD | 0.900 | 0.895-0.912 | 0.873-0.992 | 0.927 | 0.86 |
| EUR | 0.541 | 0.539-0.560 | 0.517-0.637 | 0.579 | 0.52 |
| GBP | 0.458 | 0.447-0.466 | 0.447-0.535 | 0.500 | 0.44 |
| JPY | 87.3 | 87.0-92.1 | 61.3-98.6 | 81.8 | 84.4 |

# The week ahead

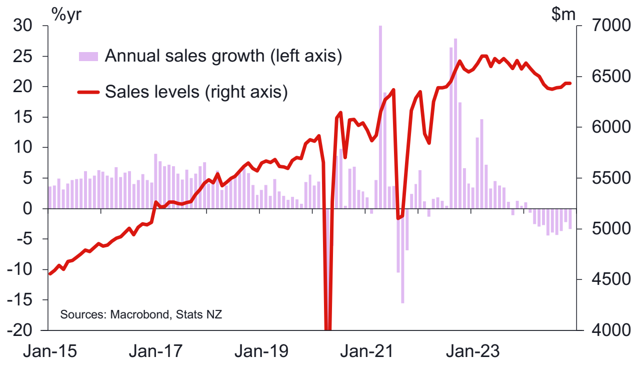
## Dec retail card spending

**Jan 21, Last: flat, Westpac f/c: +0.3%**

Retail spending levels were flat in November. However, that followed gains in previous months that were maintained. It's also notable that petrol prices were up about 2% over that month. Despite the drag from higher fuel prices, core spending (which excludes fuel purchases) managed to nudge 0.1% higher over the month.

We expect the recovery in spending levels will resume in December but is likely to remain gradual. We're forecasting a 0.3% rise in retail sales, underpinned by a 0.2% rise in the core categories.

**Monthly retail card spending**



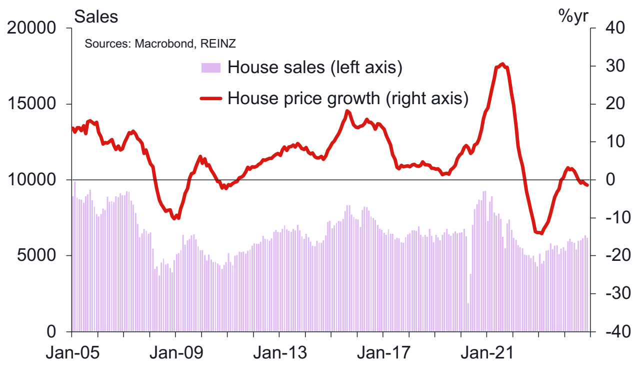

## Dec REINZ house prices and sales

**Jan 22, Prices Last: –1.4%yr; Sales Last: +10.8%yr**

As mortgage rates have fallen, we've seen clear signs of a revival in interest among potential buyers, with home loan applications well up on last year. However, that has yet to translate into a lift in activity – house sales have risen only modestly in recent months, and sale prices have remained subdued.

The large number of listings on the market suggests that buyers are not under pressure to act. As this backlog is worked through, we would expect to see a more meaningful lift in prices this year.

**REINZ house prices and sales**

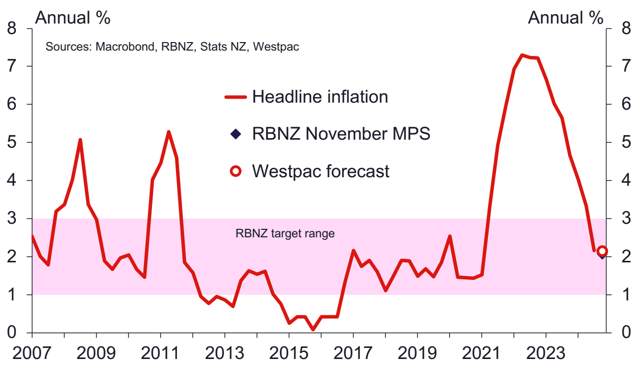



## Q4 CPI

**Jan 22, Quarterly Last: +0.6%, Westpac f/c: +0.5%, Mkt f/c: +0.5%**
**Annual Last: +2.2%, Westpac f/c: +2.1%**

We estimate that New Zealand consumer prices rose by 0.5% in the December quarter. That would see the annual inflation rate slipping to 2.1% (down from 2.2% in the year to September). Our forecast for annual inflation is in line with the RBNZ's last published forecast, as is our forecast for non-tradables inflation. Importantly, the underlying trend in inflation is looking much better contained than it has in a long time, with measures of core inflation drifting back towards the 2% midpoint of the RBNZ's target band.

**Annual headline inflation**

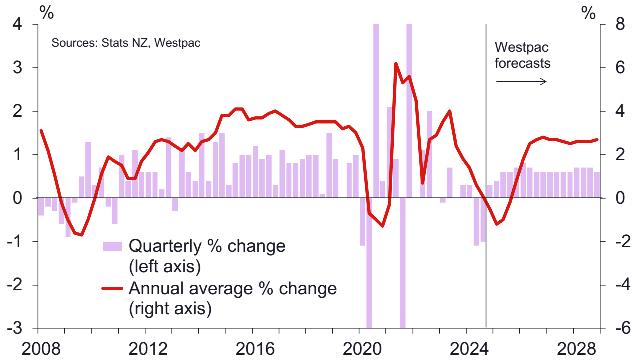


# Economic and financial forecasts

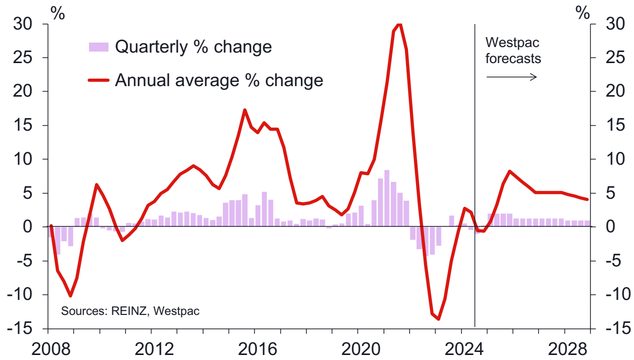
| Economic indicators | Quarterly % change | | | | Annual % change | | | |
|---|---|---|---|---|---|---|---|---|
| | Jun-24 | Sep-24 | Dec-24 | Mar-25 | 2023 | 2024 | 2025 | 2026 |
| GDP (production) | -1.1 | -1.0 | 0.3 | 0.4 | 1.8 | -0.5 | 0.8 | 2.8 |
| Consumer price index | 0.4 | 0.6 | 0.5 | 0.5 | 4.7 | 2.1 | 2.1 | 2.1 |
| Employment change | 0.2 | -0.5 | -0.3 | -0.1 | 2.8 | -1.0 | 0.2 | 2.1 |
| Unemployment rate | 4.6 | 4.8 | 5.1 | 5.3 | 4.0 | 5.1 | 5.4 | 4.6 |
| Labour cost index (all sectors) | 1.2 | 0.6 | 0.7 | 0.5 | 4.3 | 3.5 | 2.0 | 1.8 |
| Current account balance (% of GDP) | -6.6 | -6.4 | -5.9 | -5.1 | -6.9 | -5.9 | -3.7 | -4.5 |
| Terms of trade | 2.1 | 2.5 | 6.7 | 3.4 | -10.7 | 17.4 | 2.8 | 0.7 |
| 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 | 5.25 | 4.25 | 3.75 | 3.25 | 5.50 | 4.25 | 3.25 | 3.75 |
| 90 day bank bill | 5.31 | 4.45 | 3.55 | 3.35 | 5.65 | 4.45 | 3.35 | 3.85 |
| 2 year swap | 4.06 | 3.64 | 3.55 | 3.60 | 5.28 | 3.64 | 3.80 | 4.00 |
| 5 year swap | 3.81 | 3.73 | 3.75 | 3.85 | 4.85 | 3.73 | 4.05 | 4.25 |
| 10 year bond | 4.31 | 4.51 | 4.40 | 4.50 | 5.09 | 4.51 | 4.65 | 4.85 |
| TWI | 70.9 | 69.5 | 68.1 | 67.3 | 70.8 | 69.5 | 65.7 | 66.6 |
| NZD/USD | 0.61 | 0.59 | 0.58 | 0.58 | 0.60 | 0.59 | 0.57 | 0.60 |
| NZD/AUD | 0.91 | 0.91 | 0.89 | 0.88 | 0.93 | 0.91 | 0.86 | 0.86 |
| NZD/EUR | 0.56 | 0.55 | 0.54 | 0.54 | 0.56 | 0.55 | 0.52 | 0.54 |
| NZD/GBP | 0.47 | 0.46 | 0.45 | 0.44 | 0.49 | 0.46 | 0.44 | 0.45 |

GDP growth

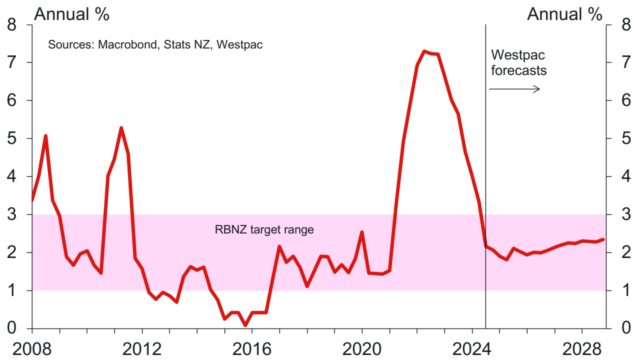



House prices




Unemployment and wage growth


Consumer price inflation



# Data calendar

| | | Last | Market median | Westpac forecast | Risk/Comment |
|---|---|---|---|---|---|
| **Mon 20** | | | | | |
| **Jpn** | Nov Core Machinery Orders, %mth | 2.1 | –0.7 | – | A pull-back anticipated following its first rise in three months. |
| | Nov Industrial Production, %mth | –2.3 | – | – | Final estimate. |
| **UK** | Jan Rightmove House Prices, %mth | –1.7 | – | – | UK house prices rose 1.4% in 2024. |
| **US** | Martin Luther King Jr. Day | – | – | – | Markets closed. |
| **Tue 21** | | | | | |
| **NZ** | Dec BusinessNZ PSI, index | 49.5 | – | – | Improved in Nov but remains subdued. |
| | Dec Retail Card Spending, %mth | flat | – | 0.3 | Spending levels continuing to rise, but gradually. |
| **Eur** | Jan ZEW Survey Of Expectations, index | 17 | – | – | Sentiment remains weak amid a depressed industrials sector. |
| **UK** | Nov ILO Unemployment Rate, % | 4.3 | – | – | Cooling labour demand should help to soften... |
| | Nov Average Weekly Earnings, %yr | 5.2 | – | – | ... wage growth towards 3%, consistent w/ the BoE target. |
| **Wed 22** | | | | | |
| **NZ** | Dec REINZ House Sales, %yr | 10.8 | – | – | Expected date. Signs of increased buyer interest... |
| | Dec REINZ House Prices, %yr | –1.4 | – | – | ... but not yet putting upward pressure on prices. |
| | Q4 CPI, %qtr | 0.6 | 0.5 | 0.5 | Seasonal lift in transport prices... |
| | Q4 CPI, %ann | 2.2 | 2.1 | 2.1 | ... but the underlying trend is softening. |
| **Aus** | Dec Westpac-MI Leading Index, index | 0.32 | – | – | Consistent with a gradual lift in activity over 2025. |
| **UK** | Dec Public Sector Borrowing, £bn | 11.2 | – | – | Lowest November borrowing in 3 years. |
| **US** | Dec Leading Index , % | 0.3 | –0.1 | – | A fall expected following the first rise in 8 months in Nov. |
| **Thu 23** | | | | | |
| **NZ** | Nov Net Migration, no. | 2790 | – | – | Net inflows stabilising at a low but positive level. |
| **Jpn** | Dec Trade Balance, ¥bn | –110.3 | –43.4 | – | A weak yen has helped exports but overall demand is weak. |
| **Eur** | Jan Consumer Confidence, index | –14.5 | –14.3 | – | Confidence falling since October. |
| **US** | Jan Kansas City Fed Manufacturing, index | –4.0 | – | – | Remained in negative territory over 2024. |
| | Initial Jobless Claims | – | – | – | May point to further post-holiday layoffs. |
| **Fri 24** | | | | | |
| **Jpn** | Dec CPI, %yr | 2.9 | 3.4 | – | Anticipated to rise to highest level since April 2023. |
| | Jan BoJ Policy Decision, % | 0.25 | 0.5 | – | Optimism around prices and wages is growing. |
| | Jan Jibun Bank Manufacturing PMI, index | 49.6 | – | – | Manufacturing activity in contraction since last August... |
| | Jan Jibun Bank Services PMI, index | 50.9 | – | – | ... while services back in expansion. |
| **Eur** | Jan HCOB Manufacturing PMI, index | 45.1 | 46 | – | Manufacturing activity has been contracting since mid-2022... |
| | Jan HCOB Services PMI, index | 51.6 | 51.5 | – | ... and a delayed recovery in services is stalling progress. |
| **UK** | Jan Gfk Consumer Sentiment, index | –17.0 | – | – | Fragile consumer confidence is seeing... |
| | Jan S&P Global Services PMI, index | 51.1 | – | – | ... the services sector PMI ease towards neutral. |
| | Jan S&P Global Manufacturing PMI, index | 47 | – | – | Manufacturing PMI has fallen 4.5pts since September. |
| **US** | Jan S&P Global Manufacturing PMI, index | 49.4 | – | – | A similar story of weakness for the US manufacturing sector... |
| | Jan S&P Global Services PMI, index | 56.8 | – | – | ... but services activity continues to gather momentum. |
| | Jan Uni. Of Michigan Sentiment, index | 73.2 | – | – | Final estimate. |
| | Dec Existing Home Sales, %mth | 4.8 | 1.2 | – | Sales to lift despite a rise in mortgage rates in Dec back half. |

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