16 April 2025

Tariffs and Trade

- **Primary sector a standout performer; prices firm**
- **US-driven trade tensions raise risk and uncertainty**
- **Indirect effects on NZ likely larger than direct**
- **Downside risks to global growth forecasts**
- **Suggests caution on primary product prices ahead**
- **Supply side, currency movements important too**

The primary sector has been a standout performer over the past year. Significant improvement in key primary product prices and good volumes have combined to drive export receipts materially higher. This has put many in a better position than a year ago. And it is very helpful to face into whatever the world has in store ahead.

A rapidly changing international trade environment is in sharp focus for a small-open economy trying to sell its goods to the world. Major, and many, US-led tariff announcements have sent shock waves through global financial markets.

There are many factors to consider. Things like the role of the US in the world, the value of the US dollar (of which a lot of internationally traded primary products are priced in), rules-based international trade, and the outlook for global economic growth and commodity prices. One thing is for sure, it all equates to a ton of uncertainty.

While the implications of the US Government's tariff approach are staggering, perhaps what is more bothersome is that President Trump's actions are forcing us all to reevaluate the role of the United States in the world. The US has for many decades been seen as an anchor when global shocks have hit. Even when the US has been at the centre of those shocks, the world has turned to it, and its Federal Reserve, to provide guidance and stability. That's a key reason why the US dollar typically appreciates in times of global shock and uncertainty no matter its source. The fact that the US dollar has weakened this time around, notwithstanding volatility, is a clear sign it has lost some of its mana.

There exists as much concern in financial markets about the process driving current decisions as the decisions themselves. In short, the US now as a credibility issue.

This credibility issue was intensified when details as to how the US 'reciprocal' tariffs were calculated was made public. In short, the bigger your trade surplus with the US, as a ratio of the exports you send there, the bigger the effective tariff you are accused of placing on the US.

In New Zealand's case, the US suggested our effective tariff on their exports to New Zealand was 20%. No matter how you measure our actual tariffs and non-tariff barriers this seems nonsense. Fortunately, the US then halved the estimated amount before settling on a 10% tariff rate for New Zealand.

Incidentally, if you happen to run a trade deficit with the US, they do not compensate you in a symmetrical fashion but, rather, they simply impose a 10% tariff on you for good measure.

Major NZ export markets

Importantly, this additional tariff imposed on NZ exports into the US is no more than new additional tariffs imposed on any other country. As it currently stands, most countries face an additional 10% tariff selling into the US, with previously announced bigger US tariffs on many other countries recently paused for 90 days. The situation is fluid.

Financial markets bounced on the pause news. But it was short-lived as the realisation dawned that (a) even what remains is awful for global growth and (b) uncertainty about what might actually happen reigns supreme.

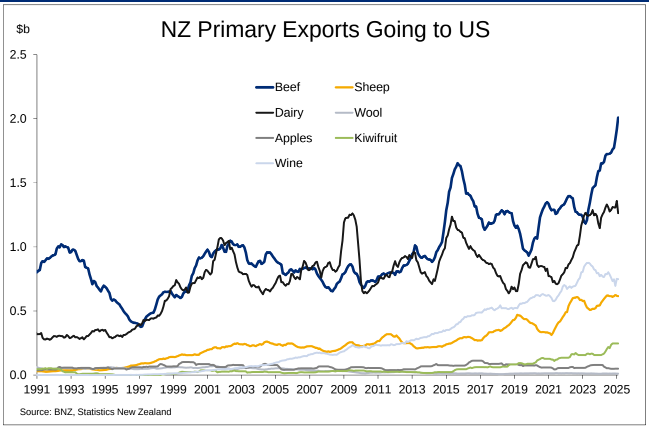
NZ exports to the US

NZ sold around $9 billion worth of goods to the US in 2024, accounting for around 13% of NZ's total goods exports. There is an unsurprising heavy weighting towards primary products including beef ($1.8b), dairy products ($1.0b), beverages (mainly wine $0.7b), and sheepmeat ($0.6b).

NZ exports to US: top 5 major categories

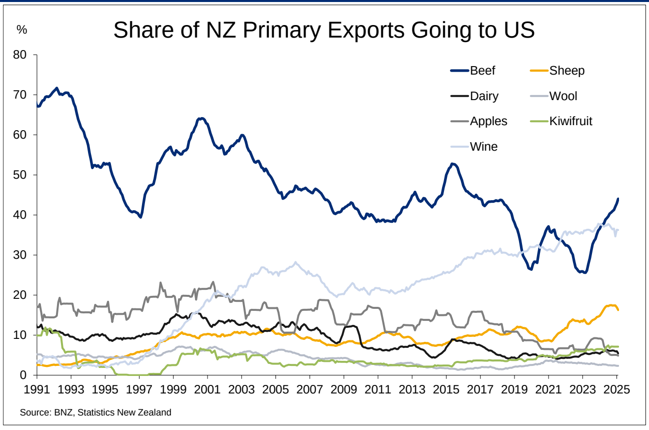
	Dec 24 year. EXPORTS, $b		
	NZ exports to US	NZ exports to all markets	US share of NZ exports
Meat	2.6	8.58	30.3
Dairy	0.98	20.52	4.8
Beverages	0.74	2.48	29.8
Mechancial machinery	0.68	2.48	27.4
Albuminoids, starches, and glues	0.45	1.95	23.1
Subtotal	5.45	36.01	15.1
Total	**8.99**	**70.8**	**12.7**

NZ primary exports to the US



Looking at how much NZ sells to the US as a share of total NZ exports across some major categories shows the US took around 42% of NZ beef exports, 35% of NZ wine exports, 17% of NZ lamb exports, and 17% of NZ seafood exports. While dairy product exports to the US are relatively big in value, they only account for around 5% of NZ's total dairy exports. These are mainly whey, milk constituents, and butter. For other major NZ dairy export products, like wholemilk and skimmilk powder, very little (<1%) is sold to the US.

Share of NZ exports to US, by major primary products



The influence of the changing trade landscape will vary by product. The extent to which NZ's major export products into the US could be redirected elsewhere would add to resilience. However, even if trade redirection is possible, it would not be costless as alternative markets would likely achieve lower prices.

From a macroeconomic perspective, we continue to argue that for New Zealand the biggest risks around tariffs were not the direct effects – even though they are clearly unhelpful – but the indirect effects.

In the first instance, the impact of US tariffs will fall most heavily on the US consumer. The prices of imported goods will rise and be passed onto consumers. Some global suppliers may absorb some of these costs through lower margins but, ultimately, there will be a significant number of goods for which there is no immediate substitute so cost increases will be a direct impost on US citizens. In the longer run the US hopes its producers may substitute for what is currently imported but this will take time, and such production is still likely to come at a higher price than is the case for imported goods now.

So, initially, at least, higher inflation for the US and lower growth is likely. Slower US growth is bad news for all, particularly suppliers to the US.

This is especially the case for China, which, on current settings, face a particularly high tariff of 145% on goods exported to the US. That is tantamount to banning the importation of Chinese goods into the US. China's reciprocation does likewise to US exports to China. While exceptions on some products have occurred, a trade war between the US and China is negative for growth in both countries and beyond. We have already seen global growth forecasts being cut.

Clearly, the global growth environment is now fragile. The sense of this fragility can become self-reinforcing when financial market pricing starts to reflect the concerns. Take for example the recent huge declines and massive volatility in equity markets around the planet. Not only does this add to uncertainty but it creates wealth effects that further diminish consumer spending. Ironically, US consumer spending is significantly influenced by its equity market performance because a decent chunk of household wealth in the US is held in that form. US consumer confidence has fallen heavily.

But it doesn't end here. Uncertainty in and of itself is a major constraint on business investment and employment around the world.

The uncertainty takes many forms:

- Whatever the US administration says it will do today may not be what it says it will do tomorrow. Are the imposed tariff measures, especially the very large ones on China, sustainable?
- What will be the response of other countries as and when trade conditions change and where will negotiations get to?

- What will be the reaction of fiscal policy and currency markets?
- How much will the trade changes really affect prices and volumes?
- Will there be positive substitution effects for some countries that end up delivering benefits?
- Is this the end of the US as the economic cornerstone of the world's economy?
- Will China take up that mantle?

Nothing is a given including the extent and the duration of the tariffs currently imposed. The 90-day suspension of the imposition of increased tariffs may offer a glimmer of light at the end of the tunnel but if you are an exporter or an importer what do you do now? How do you plan for the future? And would you continue investing in your business? One thing's for certain, you'd probably be trying to get product into the US market as fast as possible. This will impose the added uncertainty that economic data for this period will be very hard to interpret.

For specific products substitution effects on both exports and imports will be important to understand. For example, some had initial thoughts that higher tariffs on competing exporters of NZ meat and wine into the US might aid these sectors. However, most of those higher tariffs have been paused for 90 days. And because exporters, including those from Asia, now have less access to the US, it raises the prospect of redirecting product elsewhere. Trade disruption and diversion seems a given. That, in turn, begs the question how others will respond in terms of pricing and/or desire to protect their own markets.

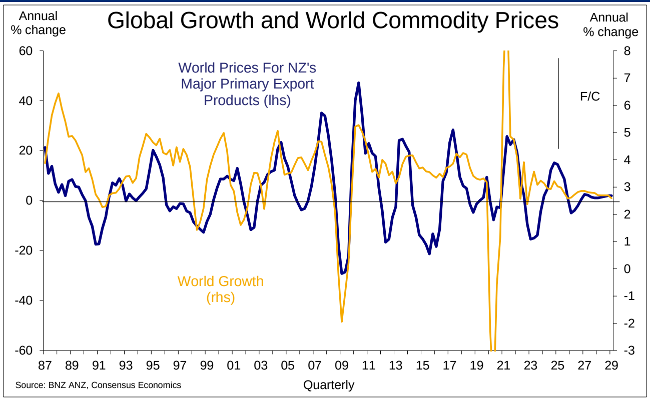
Probably the best we can say is that there is a clear risk we need to downgrade our NZ growth expectations but there is two-way risk for inflation.

Commodity price thoughts

Disrupted global trade and fragile global growth is typically not a good environment for commodity prices. Commodity prices are sensitive to the global growth outlook. Downside risk must be acknowledged.

We have already been a bit cautious on the commodity outlook partly as we have been very aware of the clear risks that have been circulating around the globe for some time. However, at the recent height of what the US proposed, tariffs looked much more negative for global growth than would be consistent with our forecasts. The risk diminished, but did not disappear, with the 90-day pause of extra additional US tariffs on other countries. A downward correction to global commodity prices cannot be ruled out. Were larger tariffs (and retaliation) to return and cause more damage to the global growth outlook, it would raise the risk of a larger decline.

Slower global growth a headwind for commodity prices



At the same time, we are wary of other factors pushing offshore primary product prices the other way. One is the US dollar. It has trended lower over recent weeks as the various tariff announcements have been made. A lower US dollar can lift prices denominated in USD which a significant amount of internationally traded primary products are priced in. From an NZ producer point of view, any lift in price offshore due to such a denomination effect would need to be balanced against NZ dollar movements.

We may have already seen some signs of this effect playing out. The mid-April GDT dairy auction saw the USD price index lift 1.6% compared to the previous event two weeks ago. Prices often fall at this time of year. But they would have received implicit support from a 4% drop in the broad value of the US dollar over the period. The flipside of that is an increase in the NZD/USD such that GDT prices expressed in NZ dollars fell 2.5%.

Currency markets have been extremely volatile with the likes of the NZD/USD rate briefly dipping below 0.55 before surging back to around 0.59 within a few days, as the USD has pushed lower.

Supply developments are another factor to watch. General supply tightness has been a feature across several markets, adding firm support to prices. However, higher prices in the likes of dairy, beef, and lamb tends to encourage more global supply into markets over time. A supply response to recent price strength may put downward pressure on prices ahead, although the risk of supply chain challenges as trade tensions flare threaten to increase the cost of doing so. Moreover, elevated uncertainty may well limit the required investment and typical supply response. This is an important upside risk to prices ahead.

The timing of influence of the various growth, currency, and supply side factors on prices will vary. Currency influences tend to be very quick and a spike in uncertainty can rapidly alter behaviour. Slower global economic growth and associated influence on consumers' ability to pay can take longer to affect demand/export prices but that driver can be more persistent.

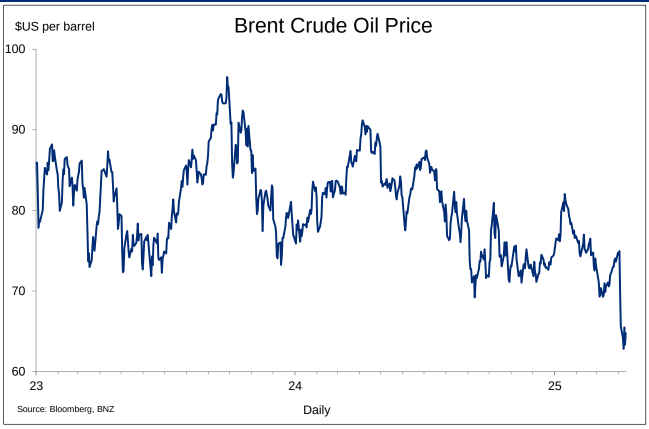
Even if some US dollar denominated commodity prices are supported in nominal terms, they are still at risk of easing in real (inflation adjusted) terms.

Pulling it all together, we forecast NZ dollar prices for our major primary export products overall to remain above year earlier levels for much of 2025. This is mainly a function of a strong starting point. We expect prices to drop below prior year levels in 2026. The latter reflects expected slower global growth weighing on demand and some supply response to recent price strength.

Forecasting in this environment is fraught with difficulty. It must be said that in the current international environment error bounds around any forecast are necessarily very wide. Uncertainty is rife and there are a wide range of scenarios ahead.

One thing's for sure, unintended consequences and unexpected reactions will come thick and fast. Take for example, OPEC+'s decision to increase oil supply. Oil prices have slumped, which adds a clear disinflationary pulse to the world, generally, and New Zealand specifically. But what was the motivation here? Some say it was to appease Donald Trump who was demanding lower oil prices. Others have a more conspiratorial view in suggesting that OPEC+ is lowering prices to a level that will make US drilling costs seem prohibitively high. Meanwhile, downside global growth risks is a headwind to oil demand.

Step Lower



Whatever the driver, lower oil prices are another positive for New Zealand's terms of trade. And adds support to our view that the terms of trade will hit a record high over coming quarters as recent strength in primary export prices come through the official statistics.

For all the uncertainty and risk ahead, the positive is that NZ's primary sector enters the uncertain period ahead following a strong season. That is reflected in NZ goods exports in the first two months of the year being up about 21% on a year ago. It has allowed some rebuilding of buffers in case of possible turbulence ahead. It has also been a key support to the broader NZ economy.

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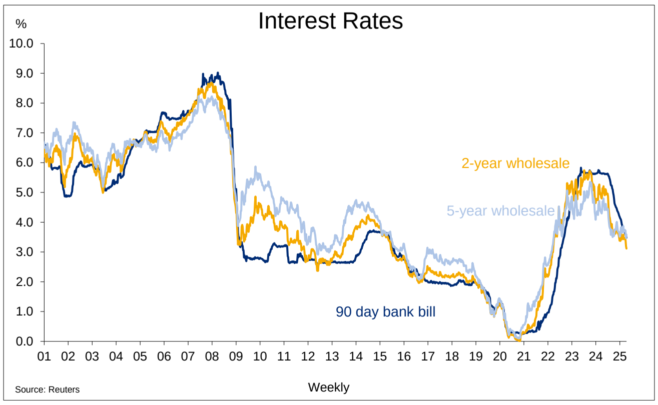
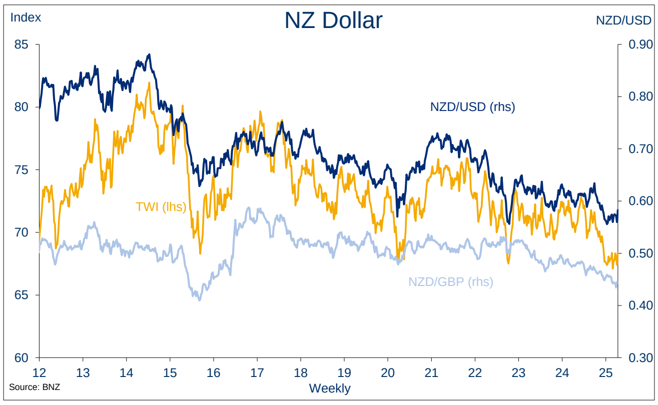
Key Macro Drivers for Commodity Producers

Interest Rates



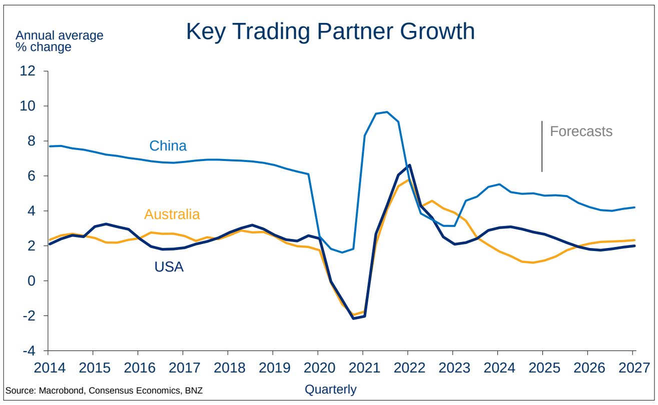
As widely expected, the Reserve Bank of New Zealand (RBNZ) cut the Official Cash Rate (OCR) by 25 basis points to 3.50% at its April review. The short accompanying record of meeting implied more cuts to come noting downside risks to inflation and growth from recent global developments. We stick with our long-held view that the RBNZ will continue to reduce the OCR to below 3%. This will put downward pressure on floating rates. The market has recently lowered its cash rate expectations to now be closely aligned to our view likely limiting the downside for fixed rates after a recent push down. But macroeconomic uncertainty is high, with many possible scenarios ahead. Most global central banks have slowed their pace of policy easing, including the Bank of England, Reserve Bank of Australia and US Federal Reserve who recently held rates unchanged.

Foreign Exchange



The foreign exchange market has been turbulent in April. The New Zealand dollar (NZD) is sensitive to the global growth outlook, and major downturns are usually NZD-negative. President Trump's "Liberation Day" announcement on 2 April initially proposed far more punitive tariffs than the market expected. This saw the NZD fall to a fresh 2025 low against the US dollar (USD) just below 0.55. On 9 April, Trump announced a 90-day pause on reciprocal tariffs, where most countries now face "only" the 10% baseline tariff rate, with China the exception at 145%. This saw a recovery in the NZD, which has since risen to a fresh 2025 high around 0.59. A period of market turmoil is not a good time to change our FX forecasts. Uncertainty is elevated and there are opposing forces on the NZD at this juncture.

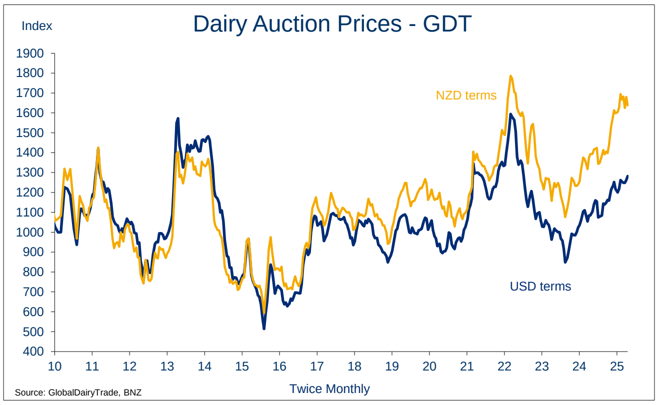
Global Growth



Global economic growth forecasts are being downgraded as US tariff actions are weighing heavily on the outlook. For example, Minister of Finance Willis noted the NZ Treasury has revised down its forecasts for trading partner growth for 2026 from 2.5% to 2.0%. Apart from the trade barriers themselves, heightened global uncertainty is also dampening business and consumer sentiment. In the US, consensus economic forecasts are for growth to slow to 1.9% in 2025, from a peak of 3.1% in the year ended June 2024. It wouldn't be a surprise to see these forecast fall further over coming months. US consumer sentiment fell sharply in April. In China, authorities have reiterated their 5% economic growth target for 2025. Consensus forecasts are for slower growth in 2026. This will slow growth in Asia and will be a headwind for primary product prices.

Key Commodities

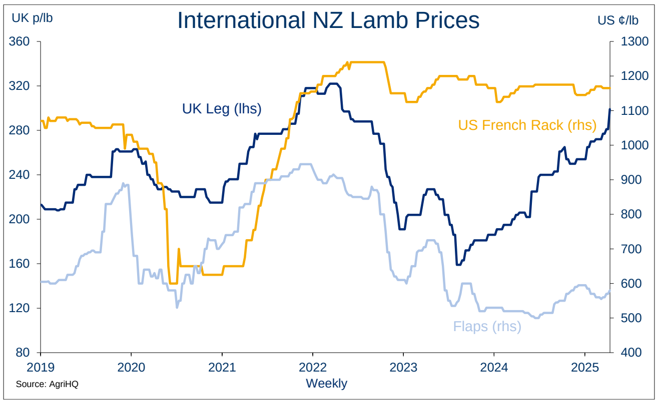
Dairy



Dairy prices remain at a buoyant level. Our 2024/25 Fonterra farmgate milk price forecast sits at $10/kgMS, well above last season's $7.83. Tight supply remains price supportive with milk production declines reported in China and Australia, while output is close to static in the EU and US. NZ is the outlier with a decent lift in production this season, albeit tightening a bit late season. Our forecast for the 2025/26 season remains at $9.50, which builds in firm GDT prices near term before softening thereafter. If GDT prices don't soften, a milk price well above $10 next season is possible. Forecast error bounds at present are very wide.

	Current	Month ago	Year ago	Next 12 months
Whole milk powder (US $/t)	4170	4020	3320	↓

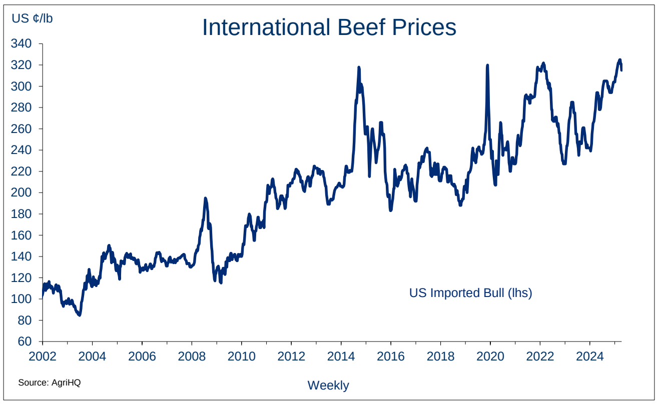
Lamb



International lamb prices have continued to improve on firm demand out of the UK and Europe. UK lamb leg prices are now 45% above year earlier levels. US trade policy announcements are changing the outlook for the global economy by the day. Slower growth in our key export markets will limit demand expansion. In NZ, prices remain buoyant, bucking the trend of their usual fall for this time of year. Following a shocker last season, we expect lamb prices on average this season to be up around 31% and nudge above their long-run average inflation-adjusted level.

	Current	Month ago	Year ago	Next 12 months
Lamb leg (UK p/lb)	299	277	206	↓

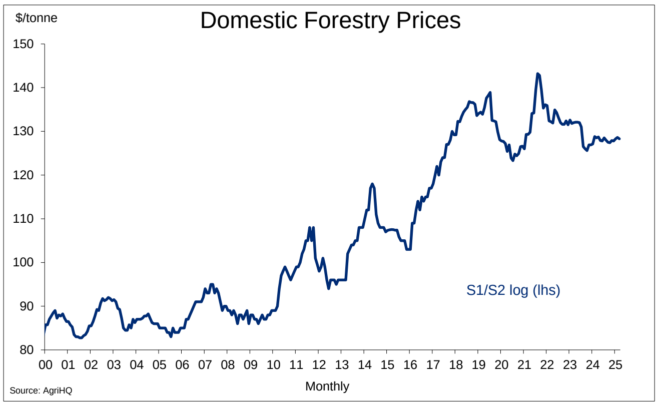
Beef



International beef prices are around 7% higher than a year ago. The US accounts for a significant share of NZ beef exports so eyes are on the market's response to the imposition of tariffs by President Trump. Less NZ exports to the US and more to China is one possibility, with US beef exports to China likely to reduce with China putting significant retaliation tariffs on US exports to China. Much is in flux. US demand ahead is in question as confidence drops, but a lack of US herd rebuilding means that supply will remain on the tight side over the year ahead. Prices in NZ have been robust. This season's average beef price is shaping up to be around 24% higher than last season.

	Current	Month ago	Year ago	Next 12 months
Imported bull (US ¢/lb)	315	325	294	↓

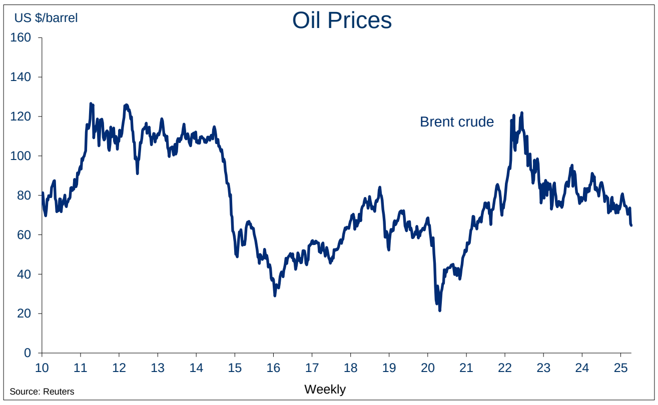
Forestry



The forestry market has been quiet, with export and domestic prices subdued. This has been the case for well over a year now. In early March, China permanently suspended imports of US logs. Log and timber demand from China remains weak, where new house prices have been declining for 22 consecutive months. Some activity indicators have pick up of late, but a US-driven trade war with China poses downside risks ahead. In NZ, the construction sector is still struggling. Building consents have stabilised, albeit at a weak level. Any recovery in activity doesn't look likely until later this year at the earliest.

	Current	Month ago	Year ago	Next 12 months
S1/S2 log price (NZ $/t)	128	129	129	➔

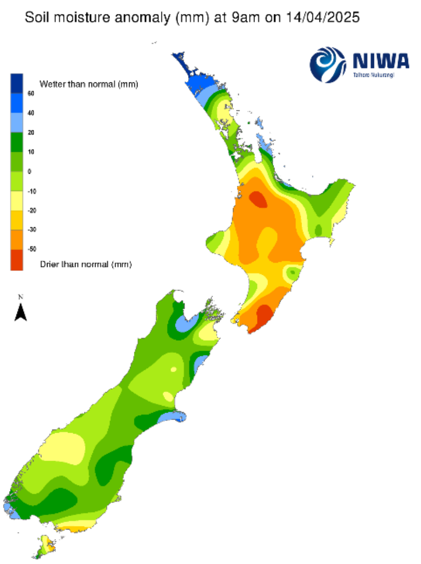
Oil



In April, brent crude prices briefly fell below USD60 per barrel, due to OPEC+'s decision to increase production and rising global growth concerns on global trade tensions. The extent of both decisions took the market by surprise. The production increase of 400,000 barrels of daily output was much greater than expected market. Oil prices recovered slightly following President Trump's tariff rollback and currently sit around USD65 per barrel. In New Zealand, domestic fuel prices have eased slightly over the last two months.

	Current	Month ago	Year ago	Next 12 months
Brent Crude (US $/b)	65	71	90	➔

Weather



Soil moisture maps show dry conditions across large chunks of the North Island. This has raised costs and dented production for many in the affected areas. Recent rain has been welcomed after drought was officially declared in the Northland, Waikato, Horizons, Marlborough-Tasman and Taranaki regions. Farmers in these regions have been experiencing extended, hot conditions and below average rainfall. Some further rain is forecast but much is required in some places to reverse the effects of dryness and drought. NIWA expect April – June rainfall to be near normal for the north and west of the North Island and the west of the South Island. Near normal or above normal rainfall is expected for the remainder of the country.

Quarterly Forecasts

Forecasts as at 16 April 2025

Key Economic Forecasts

Quarterly % change unless otherwise specified — Forecasts (shaded)

	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
GDP (production s.a.)	0.7	0.3	0.4	0.6	0.7	0.8	0.7	0.6	0.5	0.5
Retail trade (real s.a.)	0.9	0.4	0.6	1.0	1.2	1.1	0.9	0.8	0.7	0.7
Current account (ann, % GDP)	-6.2	-5.4	-4.6	-4.2	-3.9	-3.8	-3.9	-4.0	-4.1	-4.0
CPI (q/q)	0.5	0.9	0.5	0.8	0.5	0.5	0.2	0.7	0.5	0.4
Employment	-0.1	0.0	0.2	0.4	0.6	0.7	0.7	0.6	0.5	0.5
Unemployment rate %	5.1	5.3	5.5	5.5	5.4	5.2	5.0	4.9	4.9	4.8
Pr. avg hourly earnings (ann %)	4.0	4.5	4.2	3.6	2.9	3.0	3.1	3.2	3.4	3.3
Trading partner GDP (ann %)	3.2	3.0	3.0	2.8	2.6	2.6	2.7	2.8	2.9	2.9
CPI (y/y)	2.2	2.5	2.6	2.7	2.7	2.2	2.0	1.9	1.9	1.9
GDP (production s.a., y/y)	-1.1	-1.2	0.3	1.9	2.0	2.5	2.8	2.8	2.6	2.3

Interest Rates

Historical data - qtr average
Forecast data - end quarter

		Government Stock			Swaps			US Rates		Spread
	Cash	**90 Day Bank Bills**	**5 Year**	**10 Year**	**2 Year**	**5 Year**	**10 Year**	**SOFR 3 month**	**US 10 yr**	**NZ-US Ten year**
2024 Mar	5.50	5.66	4.44	4.68	4.92	4.40	4.45	5.30	4.15	0.53
Jun	5.50	5.63	4.56	4.74	5.01	4.53	4.60	5.35	4.45	0.30
Sep	5.33	5.30	3.96	4.31	4.05	3.80	4.05	5.05	3.95	0.37
Dec	4.42	4.44	4.00	4.47	3.65	3.74	4.10	4.50	4.30	0.19
2025 Mar	3.92	3.84	3.99	4.58	3.47	3.71	4.15	4.30	4.45	0.13
Forecasts										
Jun	3.25	3.00	3.45	4.45	2.90	3.35	4.15	4.30	4.25	0.20
Sep	2.75	2.90	3.45	4.45	3.00	3.40	4.20	3.85	4.25	0.20
Dec	2.75	2.90	3.55	4.30	3.15	3.50	4.10	3.60	4.00	0.30
2026 Mar	2.75	2.90	3.65	4.30	3.40	3.65	4.15	3.35	4.00	0.30
Jun	2.75	2.90	3.90	4.40	3.70	3.90	4.30	3.10	4.00	0.40
Sep	2.75	3.30	4.10	4.40	3.95	4.15	4.45	3.10	4.00	0.40
Dec	3.25	3.55	4.20	4.40	4.10	4.25	4.50	3.10	4.00	0.40

Exchange Rates (End Period)

	USD Forecasts					NZD Forecasts					
	NZD/USD	**AUD/USD**	**EUR/USD**	**GBP/USD**	**USD/JPY**	**NZD/USD**	**NZD/AUD**	**NZD/EUR**	**NZD/GBP**	**NZD/JPY**	**TWI-17**
Current	0.59	0.63	1.13	1.32	143	0.59	0.93	0.52	0.45	84.3	69.4
Jun-25	0.58	0.65	1.10	1.29	145	0.58	0.90	0.53	0.45	84.5	68.5
Sep-25	0.59	0.66	1.10	1.30	142	0.59	0.90	0.54	0.46	84.1	69.2
Dec-25	0.60	0.67	1.11	1.30	138	0.60	0.90	0.54	0.46	83.1	69.9
Mar-26	0.60	0.67	1.11	1.30	138	0.60	0.90	0.54	0.46	83.1	69.9
Jun-26	0.64	0.71	1.14	1.32	130	0.64	0.90	0.56	0.49	83.2	72.4
Sep-26	0.65	0.72	1.15	1.33	128	0.65	0.90	0.57	0.49	83.2	73.0
Dec-26	0.66	0.73	1.17	1.34	126	0.66	0.90	0.56	0.49	83.2	73.3
Mar-27	0.67	0.74	1.18	1.36	126	0.67	0.90	0.56	0.49	83.8	73.2
TWI Weights						15.6%	18.4%	9.2%	3.9%	5.5%	

Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 16 April 2025	March Years Actuals 2023	2024	2025	2026	2027	December Years Actuals 2022	2023	2024	2025	2026
GDP - annual average % change										
Private Consumption	3.4	1.0	0.1	2.1	2.8	4.2	1.0	0.2	1.4	2.9
Government Consumption	2.7	2.0	-0.8	0.6	0.0	5.2	0.8	0.0	0.4	0.2
Total Investment	3.3	-1.1	-4.9	0.4	5.8	4.2	-0.1	-4.6	-1.7	5.6
Stocks - ppts cont'n to growth	0.3	-1.6	0.4	0.6	0.1	0.0	-1.4	0.2	0.5	0.2
GNE	3.7	-0.9	-0.6	2.3	3.1	4.5	-0.8	-0.8	1.5	3.2
Exports	5.6	8.6	3.5	4.6	3.9	-0.8	11.4	4.2	5.4	3.7
Imports	4.4	-1.3	2.9	5.2	4.9	4.6	-0.6	2.4	4.9	5.0
Real Expenditure GDP	3.9	1.4	-0.6	2.0	2.6	3.2	1.9	-0.1	1.2	2.7
GDP (production)	**3.5**	**1.4**	**-1.1**	**1.7**	**2.6**	**2.9**	**1.8**	**-0.5**	**0.8**	**2.7**
GDP - annual % change (q/q)	*3.0*	*1.4*	*-1.2*	*2.5*	*2.3*	*3.1*	*0.9*	*-1.1*	*2.0*	*2.6*
Output Gap (ann avg, % dev)	2.0	1.0	-1.1	-0.8	0.0	1.9	1.2	-0.6	-1.0	-0.1
Nominal Expenditure GDP - $bn	394	418	430	451	473	386	413	427	445	468
Prices and Employment - annual % change										
CPI	6.7	4.0	2.5	2.2	1.9	7.2	4.7	2.2	2.7	1.9
Employment	3.1	1.0	-0.6	1.9	2.3	1.7	2.8	-1.1	1.2	2.5
Unemployment Rate %	3.4	4.4	5.3	5.2	4.8	3.4	4.0	5.1	5.4	4.9
Wages - ave. hr. ord. time earnings (private sector)	8.2	4.8	4.5	3.0	3.3	8.1	6.6	4.0	2.9	3.4
Productivity (ann av %)	1.3	-1.1	-0.3	1.0	0.2	0.7	-1.2	-0.2	0.7	0.3
Unit Labour Costs (ann av %)	5.7	7.1	4.8	2.6	3.1	6.0	7.6	4.9	3.2	2.9
House Prices (stratified, qtr)	-12.8	2.8	-0.6	7.0	5.4	-13.8	0.6	-0.9	6.8	6.1
External Balance										
Current Account - $bn	-33.8	-27.6	-23.3	-17.1	-19.0	-35.6	-28.6	-26.4	-17.2	-19.0
Current Account - % of GDP	-8.6	-6.6	-5.4	-3.8	-4.0	-9.2	-6.9	-6.2	-3.9	-4.1
Government Accounts - June Yr, % of GDP										
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-1.8	-2.1	-3.0	-2.3	-0.9					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	39.3	42.4	45.1	45.1	46.5					
Bond Programme - $bn (Treasury forecasts)	28.0	39.3	40.0	40.0	38.0					
Bond Programme - % of GDP	7.1	9.4	9.3	8.9	8.0					
Financial Variables (1)										
NZD/USD	0.62	0.61	0.57	0.62	0.67	0.63	0.62	0.57	0.60	0.66
USD/JPY	134	150	149	134	126	135	144	154	138	126
EUR/USD	1.07	1.09	1.08	1.12	1.18	1.06	1.09	1.05	1.11	1.17
NZD/AUD	0.93	0.93	0.91	0.90	0.90	0.94	0.93	0.91	0.90	0.90
NZD/GBP	0.51	0.48	0.44	0.47	0.49	0.52	0.49	0.45	0.46	0.49
NZD/EUR	0.58	0.56	0.53	0.55	0.56	0.60	0.57	0.55	0.54	0.56
NZD/YEN	83.0	91.1	85.4	83.1	83.8	85.6	89.5	88.4	83.1	83.2
TWI	71.0	71.2	67.9	71.1	73.2	72.9	72.0	68.5	69.9	73.3
Overnight Cash Rate (end qtr)	4.75	5.50	3.75	2.75	3.50	4.25	5.50	4.25	2.75	3.25
90-day Bank Bill Rate	5.16	5.64	3.60	2.90	4.05	4.55	5.63	4.26	2.90	3.55
5-year Govt Bond	4.40	4.60	4.00	3.65	4.20	4.30	4.50	3.90	3.55	4.20
10-year Govt Bond	4.35	4.60	4.50	4.30	4.40	4.25	4.65	4.45	4.30	4.40
2-year Swap	5.15	4.91	3.35	3.40	4.15	5.21	4.93	3.53	3.15	4.10
5-year Swap	4.50	4.40	3.65	3.65	4.25	4.62	4.43	3.63	3.50	4.25
US 10-year Bonds	3.65	4.20	4.25	4.00	4.00	3.60	4.00	4.40	4.00	4.00
NZ-US 10-year Spread	0.70	0.40	0.25	0.30	0.40	0.65	0.65	0.05	0.30	0.40

(1) *Average for the last month in the quarter*

Source: Statistics NZ, BNZ, RBNZ, NZ Treasury

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