WEEKLY ECONOMIC COMMENTARY

2 Oct 2023 | **Westpac Economics Team** | westpac.co.nz/economics | nzeconomics@westpac.co.nz

Searching for direction.

A key focus for the coming week will be the upcoming RBNZ *Monetary Policy Review* on 4 October. While we don't think the RBNZ will move the OCR from the current 5.5% setting, we do see the tone of the RBNZ shifting further in the direction of increased inflation concern. Such concern would be consistent with the shift in market pricing which currently reflects around a 50% chance of a 25bps tightening at the November 2023 meeting and a full tightening priced into the curve by April next year. The content and tone of the press release and record of meeting coming from the *Review* will be of key interest in assessing the extent to which the market's growing inflation concerns are justified.

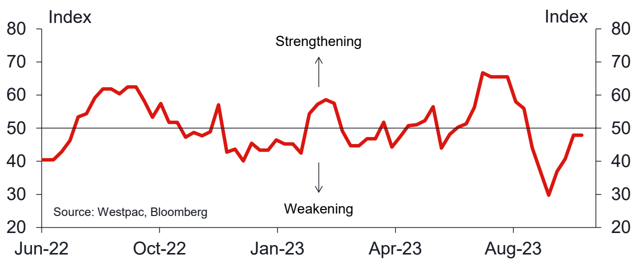
The August *Monetary Policy Statement* represented a significant shift in tack for the RBNZ relative to the previous two OCR reviews, with a much more equivocal outlook for interest rates. The August projection for the OCR signalled a 36% chance of a further 25bp hike in the first half of 2024. It also showed a delayed and more gradual easing profile starting in the September quarter of 2024.

The RBNZ still saw two-way risks to the OCR: on the upside the Bank noted still strong and persistent inflation; a strengthening housing market and still resilient labour market; and on the other was significantly weaker external demand and weak cyclical growth indicators. But the net of these risks was clearly to the side of increased concern that growth might not be weak enough and/or easing fast enough to bring inflation back to the target range by the end of 2024.

Key views

	Last 3 months	Next 3 months	Next year
Global economy	↘	↘	↗
NZ economy	↓	→	↗
Inflation	→	↘	↓
Short-term interest rates	↗	↑	↘
Long-term interest rates	↑	→	↘
NZD/USD	↘	↗	↗
NZD/AUD	→	→	↘

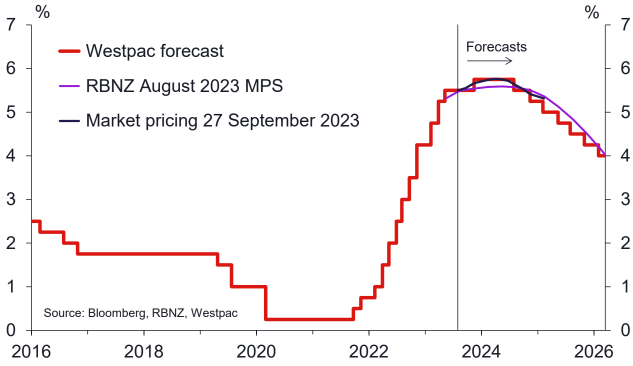
Westpac New Zealand Data Pulse Index



Key data and event outlook

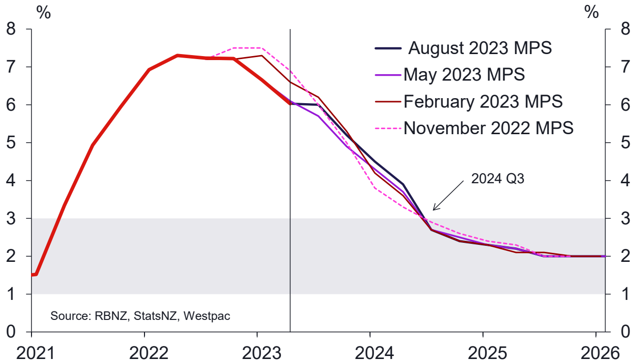
Date	Event
3 Oct 23	NZIER QSBO Business Survey
4 Oct 23	RBNZ Monetary Policy Review and OCR
14 Oct 23	General Election
17 Oct 23	CPI September quarter
1 Nov 23	Labour market statistics, September quarter
1 Nov 23	RBNZ Financial Stability Report
1 Nov 23	FOMC Meeting (Announced 2 Nov NZT)
3 Nov 23	Official results of General Election declared
29 Nov 23	RBNZ Monetary Policy Statement and OCR
13 Dec 23	FOMC Meeting (Announced 14 Dec NZT)
14 Dec 23	GDP September quarter
18 Dec 23	Half Year Economic and Fiscal Outlook (TBC)

Official Cash Rate forecasts



Since August, the data have pointed in the direction of increased concern in terms of the potential persistence of inflation pressures. Key factors have been: resurgent house prices; ongoing strong inward migration and population growth; a stronger starting point for GDP growth; strengthening rents; strengthening business confidence; very strong oil and petrol prices and continued employment growth.

Consumer price inflation forecasts



There have been some offsetting factors, in particular: falling food prices; lower commodity prices; weak consumer confidence; weak retail trade/card spending volumes; and low business PMIs which suggest that we are set for a markedly weaker growth performance in the second half of 2023. Another relevant factor is the substantial lift in term interest rates across the globe over recent months which has acted to significantly tighten monetary conditions in New Zealand despite no change in the OCR. Indeed, since the RBNZ last raised the OCR in May, the standard 2-year mortgage rate for new borrowing has increased by around 40bps.

We think the net of these forces will imply upward revisions to the RBNZ's internal projections for inflation and interest rates. Hence, we anticipate an acknowledgment of this in the MPR press release and discussion on the factors the RBNZ see as most critical for their projections. We are particularly interested on their assessment of the extent to which the upside surprise to GDP reflects supply as opposed to demand factors; their view on the extent to which they can "look through" higher oil and petrol prices and focus more on the negative medium term growth implications compared to the short term tradables inflation and expectations impacts and their assessment of the impact of strong housing and migration related drivers for medium term inflation pressures.

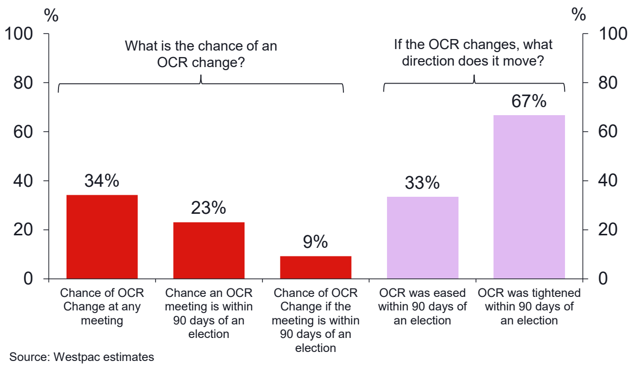
We think the RBNZ should be comfortable with current market pricing for the OCR in November and beyond and that they would not want to significantly disturb pricing. Ideally the RBNZ would want to leave the market in a position to price (or not) the November rate hike depending on how key data to come in October and November evolve, together with any other material developments in New Zealand or abroad.

To achieve this, we think it would be useful for the RBNZ to provide markers to guide markets on the key areas of focus. We expect that the RBNZ would want to highlight the importance of pricing related indicators in guiding their November view. The core inflation measures in the September quarter CPI are likely to be especially significant as these need to show tangible evidence of slowing.

We suspect that if the RBNZ adopts a different stance it would be to err in the hawkish direction. We see a 20-30% chance of the RBNZ leaving the OCR unchanged but to go as far as saying that in the absence of evidence of a significant easing of actual core inflation pressures, a tightening is probable in November. This would likely see the market move to almost fully price a November tightening, which would only be unwound should the CPI provide a material downside surprise.

A further less likely hawkish possibility is an actual tightening in October – which we rate as a 10-20 % chance. We note that in the period since the OCR regime began, movements in the OCR in the 90 days before an election are a lower than usual probability (about a third less likely than average), but have usually been interest rate increases if a surprise occurs.

RBNZ Policy Rate Changes within 90 days of an election



On the dovish side, we see perhaps a 15% chance of the RBNZ indicating comfort with the current level of the OCR while maintaining the bias to tighten should inflation pressures not recede. This might be motivated by a desire to "look through" recent increases in oil and petrol prices and look forward to a significant weakening in domestic demand in the second half of 2023 and into 2024. The work being done by higher long term interest rates and thus fixed mortgage rates could also lead the Bank to that view.

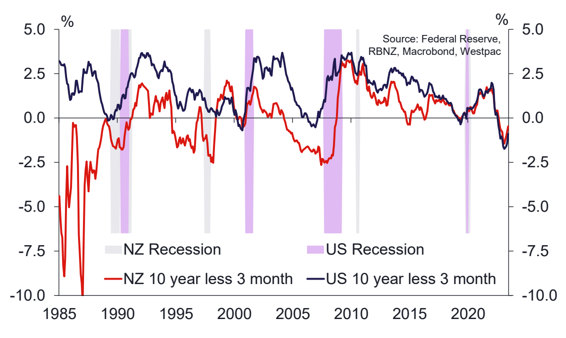
As we noted last week, we think it's pretty clear a cyclical slowdown is in train and that a period of below trend growth is upon us. What is not clear is whether this slowdown is going to be enough and fast enough, to bring inflation back within the target range by the end of next year. Hence the future focus is not really on the weak growth indicators but on signs of disinflation. The September quarter CPI is the key indicator at play here coming up along with the September quarter labour market report in early November. Nearer term, the QSBO on Tuesday may provide us some guidance on how pricing pressures are playing out. We anticipate costs and pricing pressures should be abating and labour market constraints easing. The key is by how much.

Kelly Eckhold, Chief Economist

Chart of the week.

Global long term interest rates have increased significantly in recent weeks as markets have become more optimistic on growth prospects in the US and less optimistic on medium term inflation pressures globally. This has had important implications for New Zealand government bond yields and the slope of the yield curve which has become less inverted. We have further revised up our forecasts for long term New Zealand bond yields this week in light of these trends. The change in yield curve slope to being less inverted is traditionally a sign of increased growth and inflation expectations. The yield gap in the US remains very negative and consistent with a coming recession. Given analysts increasingly see a US recession as unlikely there could be further upside risks to US and global bond yields.

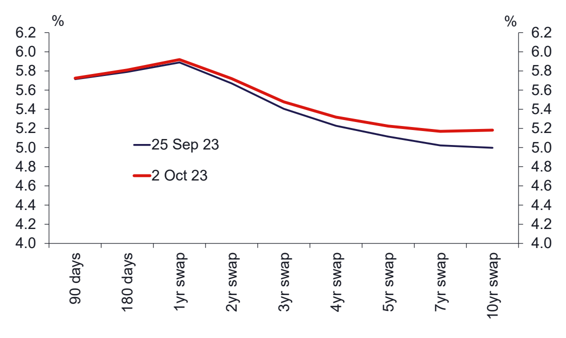
NZ vs. US yield curves



Fixed versus floating for mortgages.

We think the current best value for borrowers is fixing for two years. That is likely to produce a lower borrowing cost on average over the next few years. Longer fixed terms would be more suited to those who want certainty in their repayments.

NZ interest rates



Global wrap

US.

Last week's data continued to point to solid GDP growth through the September quarter. However, the Chicago PMI fell to just 44.1 in September and the University of Michigan's survey confirmed downbeat consumer sentiment. Meanwhile the core PCE deflator rose a slightly lower than expected 0.1% in August, allowing annual inflation to decline to 3.9% - the least since May 2021.

Congress has passed a continuing resolution, allowing the government to remain open for another 45 days while attempts are made to agree to a more enduring spending bill. This week a busy dataflow begins with the ISM manufacturing survey, with the non-manufacturing survey to follow on Wednesday and the all-important payrolls survey on Friday. This data will help determine whether the Fed tightens policy on 1 November.

Asia-Pacific.

Over the weekend the official and Caixin PMIs for September were released in China. It is probably too soon to see any notable impact from the various small stimulus measures announced over the past month or so. And the September PMIs were certainly a mixed bag, with the two manufacturing PMIs and two services PMIs moving in opposite directions during the month. The divergence between the two indicators and the detail from the official PMI points to continuing weakness facing small and medium-sized businesses.

The BoJ's Tankan survey will attract some attention today, with the results from that having some bearing on whether the Bank will begin to normalise policy later this year. Closer to home, the focus in Australia this week will be on tomorrow's RBA Board meeting – the first to be led by new Governor Michelle Bullock. While the RBA is widely expected to leave the cash rate steady at this meeting, the post-meeting statement will be scrutinised especially closely to see whether there is any change in tone under the new regime. The market continues to anticipate that the RBA will tighten a little further by early next year.

Europe.

Last week's economic sentiment data continued to point to tough trading conditions across Europe, with the European Commission's economic sentiment index falling to its lowest level since November 2020. The euro area saw some better inflation news, however, with the flash estimate of annual core HICP inflation declining much more than expected to a 13-month low of 4.5%. Aside from the final PMI reports for September, the economic diary is relatively light in both the eurozone and the UK this week.

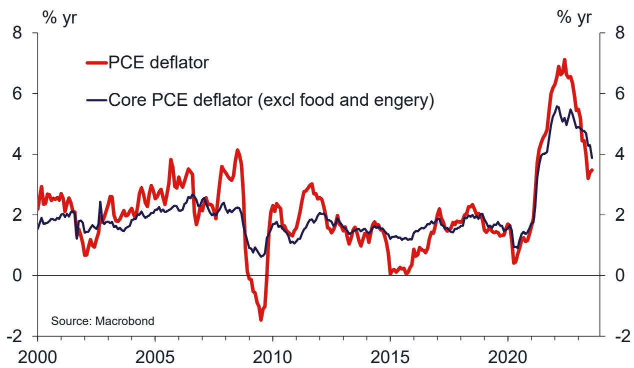
Trading partner real GDP (calendar years)

	Annual average % change			
	2021	**2022**	**2023**	**2024**
Australia	5.2	3.7	1.9	1.2
China	8.4	3.0	5.0	5.5
United States	5.9	2.1	2.2	1.4
Japan	2.1	1.1	1.6	1.0
East Asia ex China	4.3	4.5	3.5	4.2
India	9.1	6.8	6.3	6.5
Euro Zone	5.4	3.5	0.6	1.2
United Kingdom	7.6	4.0	0.3	0.5
NZ trading partners	6.2	3.2	3.3	3.4
World	6.3	3.4	3.0	3.1

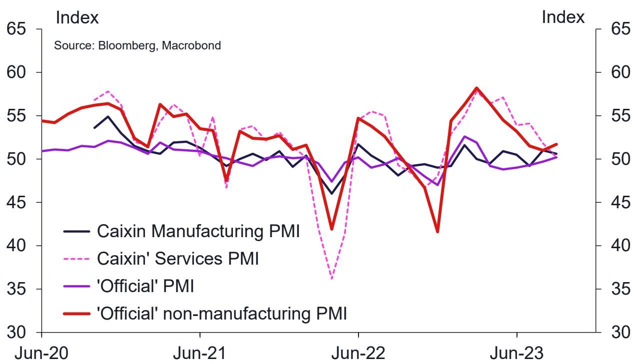
Australian & US interest rate outlook

	Latest	Dec-23	Jun-24	Dec-24
Australia				
Cash	4.10	4.10	4.10	3.60
90 Day BBSW	4.14	4.30	4.22	3.72
3 Year Swap	4.29	4.10	3.90	3.70
3 Year Bond	4.12	3.85	3.70	3.50
10 Year Bond	4.52	4.45	4.40	4.20
10 Year Spread to US (bps)	-8	-15	-20	-20
US				
Fed Funds	5.375	5.375	4.875	4.375
US 10 Year Bond	4.60	4.60	4.60	4.40

US inflation



Chinese PMI



Financial markets wrap

Interest rates.

NZ swap rates remained elevated last week, shorter maturities little changed but longer maturities rising to fresh highs since 2014, thereby steepening the yield curve (making it less inverted). Longer maturities were led by offshore rates, particularly in the US, which continued to price central bank policy rates remaining high for longer. Such pricing was encouraged by the Federal Reserve's hawkish guidance two weeks ago.

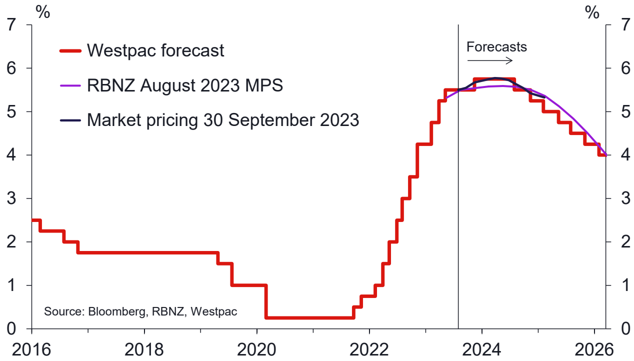
Looking ahead, next week's local event calendar highlight will be the RBNZ's Monetary Policy Review (MPR) - a minor review with no forecasts or press conference. It is expected to keep the OCR on hold, but we expect at least a slightly more hawkish narrative than August's (which indicated about a 35% chance of another hike), reflecting the net impact of economic developments since then. Markets have priced a 60% chance of a hike in November, so there is scope for a response if the RBNZ delivers a more hawkish assessment. The 2yr swap rate, currently 5.68%, could test 5.75% - the cycle peak so far. Borrowers could consider coverage levels in this higher-for-longer yield environment.

Foreign exchange.

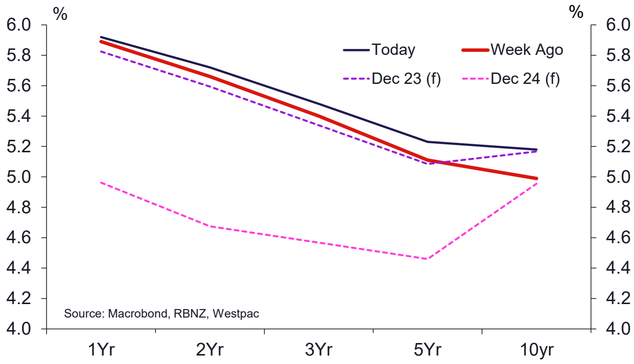
The main theme prevailing in fx markets since July has been the strength of the US dollar, supported by the economy's resilience and rising interest rates. The US dollar index reached a fresh high since November. Against that backdrop, most major currencies have weakened vs the USD, although the NZD was a notable exception. NZD/USD remained inside a 0.5900-0.6000 range, its outperformance helped by NZ's own economic resilience story. Economic data momentum in September has been strong - a reversal from the weakness seen in August. Markets have noted this improvement in the data pulse, and accordingly, have been reluctant to sell the NZD.

Next week's RBNZ MPR will be closely watched for any signals regarding the following meeting in November. Any hint of a November hike would lift NZD/USD, potentially to beyond 0.6000. Looking further ahead, during the next few months there is potential for further NZD weakness to sub-0.58. If the strong USD, economic vulnerability in China, and risk aversion evident in global equity markets persist, risk-sensitive currencies such as the NZD (and the AUD) will struggle. Next year, though, these themes should dissipate, since the US economy is likely to be slowing in response to high interest rates, reducing support for the US dollar. We expect NZD/USD to be sitting slightly higher then, at around 0.62. While there are risks in both directions for the NZD, exporters might consider hedging levels in the event of a further short-term lift in the exchange rate.

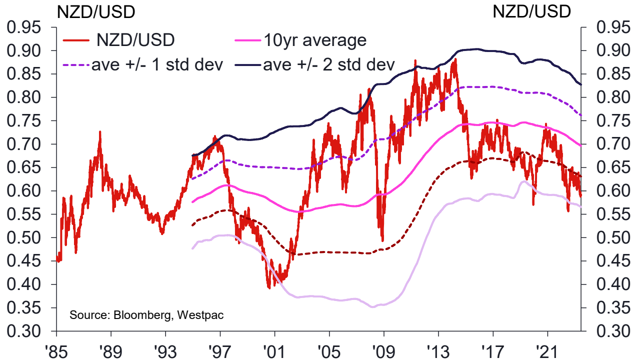
Official Cash Rate forecasts



Swap rates



NZD/USD vs rolling 10yr average



FX recent developments

	Historical data				F'cast
	Spot	3mnth range	5yr range	5yr avg	Dec-24
USD	0.599	0.586-0.635	0.555-0.743	0.657	0.62
AUD	0.933	0.916-0.932	0.873-0.992	0.934	0.89
EUR	0.567	0.543-0.570	0.517-0.637	0.587	0.55
GBP	0.491	0.464-0.489	0.464-0.551	0.511	0.48
JPY	89.6	86.0-89.5	61.3-89.5	77.0	84.9

The week ahead

NZ Q3 NZIER Survey of Business Opinion

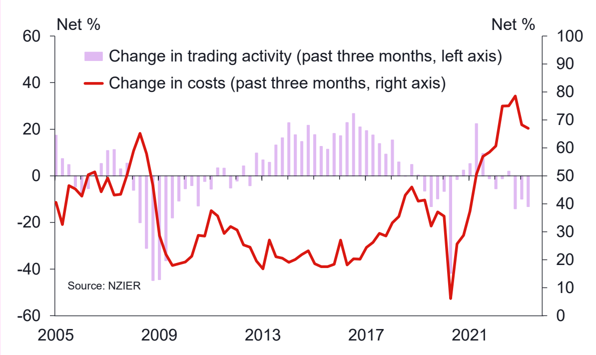
Oct 3, General business confidence, Last: -59.2

The NZIER's June quarter update pointed to cooling business conditions and an easing in inflation pressures (albeit from quite high levels).

We expect that the September quarter update will highlight similar themes, but there will be some key areas to watch. On the activity front, while overall economic conditions are cooling, we'll be watching for any notable differences across sectors. While many retailers and exporters are certainly grappling with challenging demand conditions, anecdotes from those in the services sector have been more mixed.

We'll also be keeping a close eye on the survey's gauges of costs and prices, which will be a key focus for the RBNZ. While those measures are off their earlier highs, they appear to be easing only gradually. That's despite slowing GDP growth and higher interest rates.

Quarterly Survey of Business Opinion



NZ GlobalDairyTrade auction, whole milk powder prices

Oct 4, Last: 4.6%, Westpac: 1.0%

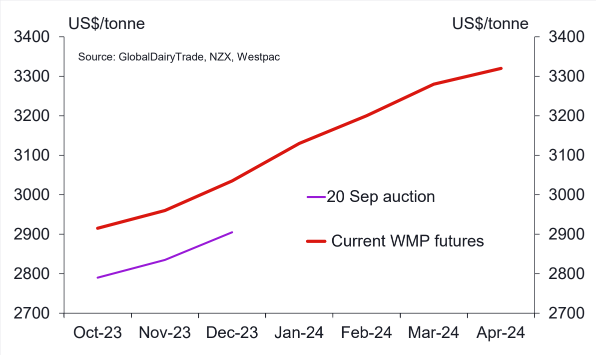
We expect whole milk powder prices (WMP) to rise 1% at the upcoming auction.

WMP prices jumped by 4.6% at the previous auction. Our pick is more towards the flat result seen in last week's mini (GDT pulse) auction than the circa 4% rise that the futures market is currently pointing to.

Prices have found a bottom after a sustained run of falls. However, the spring peak in local production is around the corner and its strength or otherwise will provide fresh direction to prices.

Heading into 2024, we anticipate that rebounding Chinese demand will lift prices, although there is clear uncertainty as to the timing and magnitude of any price recovery.

Whole milk powder prices



NZ RBNZ Monetary Policy Review

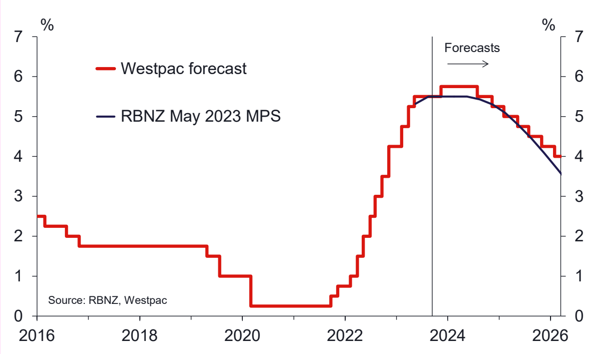
Oct 4, Last: 5.50%, Westpac: 5.50%, Market 5.50%

We think the RBNZ will keep the OCR at 5.50% at its October review. We expect the RBNZ to retain the tightening bias expressed in the August Statement and will aim to retain maximum flexibility to tighten (or not) in November should data warrant.

Since the August Statement, data have on balance pointed to the risk of lingering persistence in inflation. In particular, recent months have seen a resurgence in the housing market, strong inward migration, a stronger starting point for GDP growth, and higher oil prices. There have been fewer factors pointing to an easing in inflation pressures, such as the falls in the PMI and PSI, as well as the substantial lift in global long-term interest rates.

A surprise tightening to 5.75% is a risk, but we think no more than a 10-20% chance.

Official Cash Rate forecasts



The week ahead

Aus Sep CoreLogic home value index

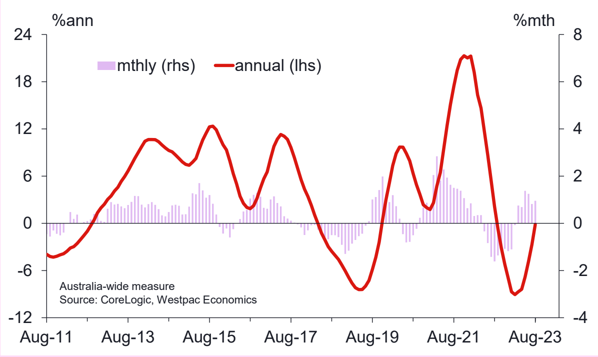
Oct 2, Last: 1.0%, WBC f/c: 1.0%

The CoreLogic home value index rose 1% in August, the sixth gain in a row and matching the average pace seen over the previous five months. All major capital city markets recorded rises.

The CoreLogic daily index points to a similar result in September, a 1% rise set to tip annual price growth back into positive, most major capital city markets again recording robust increases.

Note that CoreLogic will be making significant changes to its hedonic price indexes this month. The measures will be moving to time-varied weights that mean they will pick turning points earlier. Indexes will also be revised month to month, although these are likely to be small and only affect the most recent observations. The new series results in a net upward revision to historical estimates, the cumulative effect adding 7ppts to price growth nationally since 2020.

Aus dwelling prices



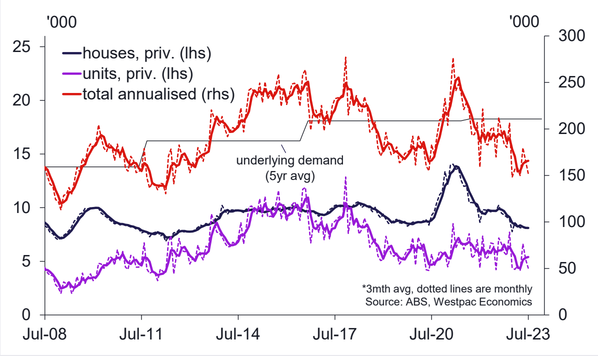
Aus Aug dwelling approvals

Oct 3, Last: –8.1%, WBC f/c: 2.5%
Mkt f/c: 2.5%, Range: flat to 7.0%

Dwelling approvals declined 8.1% in July following a 7.9% drop in June, both months unwinding a big 20% jump in May, the profile largely reflecting a volatile monthly profile for 'high-rise' unit approvals. Notably, non high-rise approvals have held about flat since April, suggesting underlying conditions may be stabilising, albeit at weak levels.

HIA new home sales showed a significant lift in August, having slumped by over a third since late 2022. While the extent of any recovery remains unclear, activity looks to have lifted off the bottom of the cycle. With further sharp falls in high rise approvals unlikely now that they are back at their April levels, this suggests total dwelling approvals should post a decent gain, August expected to show a 2.5% rise for the month.

Aus dwelling approvals



Aus RBA policy decision

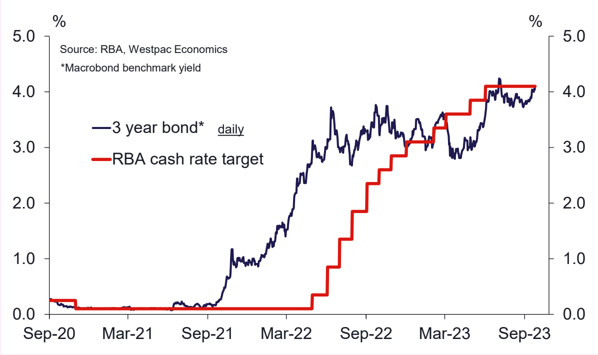
Oct 3, Last: 4.10%, WBC f/c: 4.10%
Mkt f/c: 4.10%, Range: 4.10% to 4.35%

At the October Board meeting, Westpac expects the RBA will leave the cash rate unchanged at 4.10% – for the fourth consecutive month.

Over the last two months, the RBA has viewed the argument for remaining on hold as the "stronger one". This sentiment should hold firm at the October Board meeting, as evidence of subdued consumer spending and emerging signs of a turning point in the labour market highlight policy's impact. The August Monthly CPI Indicator had some surprises in its component detail, but it is unlikely to prompt action ahead of the more comprehensive Q3 CPI update later in October.

The RBA's next policy move will likely be in the second half of 2024, where we expect inflation will be approaching the top of the target range and there will be clear evidence of a weakening economy – in our view, warranting a shift towards rate cuts beginning in Q3.

RBA cash rate and 3 year bonds



The week ahead

Aus Aug trade balance, $bn

Oct 5, Last: 8.0, WBC f/c: 7.7
Mkt f/c: 8.9, Range: 6.8 to 10.0

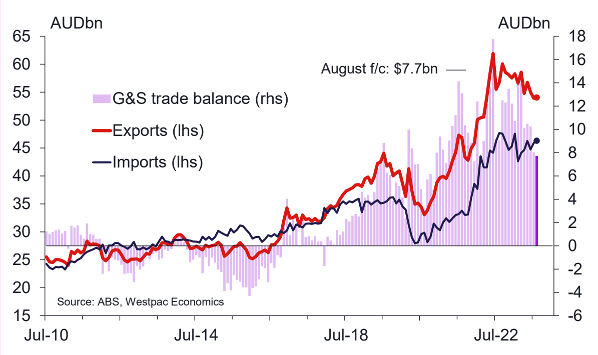
There has been a shift in Australia's trade surplus – with a narrowing on the moderation of commodity prices, which have receded by 15% over the months March to August.

The surplus averaged $12.7bn per month over the 12 months April 2022 to March 2023. It then printed $8.0bn for July, the smallest since the February 2022 outcome of $6.9bn. For August, we expect a surplus of $7.7bn, some $0.3bn lower than last month.

Export earnings are expected to be broadly flat, up 0.2%, $0.1bn. Resource volumes look to be a little softer. Positives are a likely rise in services and higher prices on lower AUD.

The import bill is expected to be up, +0.9%, +0.4% on higher prices (with the AUD lower and global energy costs up) and an expected rise in services - potentially partially offset by a pull-back in auto shipments, which spiked in July.

Aus trade balance



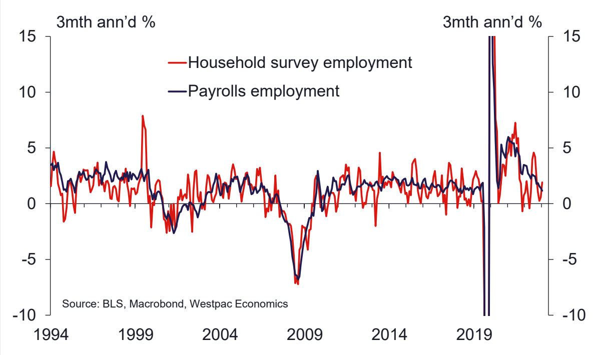
US employment report

Oct 6, nonfarm payrolls, Last: 187k, Mkt: 170k, WBC 160k
Oct 6, u/e rate, Last: 3.8%, Mkt: 3.7%, WBC: 3.8%

Net of revisions, nonfarm payrolls surprised materially to the downside in August. At 150k, the three-month average pace of gains is certainly not weak, but it is a fraction of the 400k average of 2022. In September, a 160k gain is anticipated, though we also look for a further downward revision to prior estimates, keeping the three-month pace close to 150k.

For the next few months, supply will have to continue to meet demand. Into 2024 however, demand is likely to moderate, slowly creating excess capacity in the labour market. The pace at which the unemployment rate rises thereafter will be dictated as much by a further lift in participation back near its pre-pandemic level as sub-par job creation. Average hourly earnings growth will likely only edge lower given the labour market's strong starting point.

US job growth to slow further into 2024

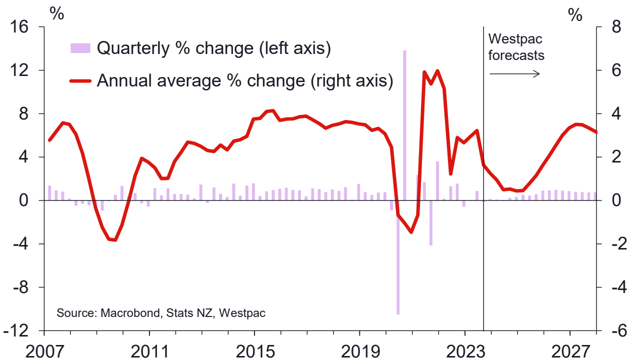


Economic and financial forecasts

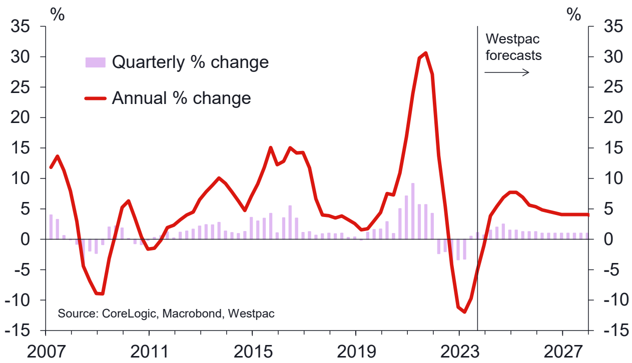
Economic indicators	Quarterly % change				Annual % change			
	Jun-23	Sep-23	Dec-23	Mar-24	2021	2022	2023	2024
GDP (production)	0.9	-0.1	0.1	0.0	6.0	2.7	1.3	0.4
Consumer price index	1.1	2.0	0.5	0.7	5.9	7.2	4.9	2.9
Employment change	1.0	0.3	-0.1	-0.1	3.3	1.7	2.3	0.0
Unemployment rate	3.6	3.8	4.3	4.7	3.2	3.4	4.3	5.2
Labour cost index (all sectors)	1.1	1.1	1.0	0.8	2.6	4.1	4.2	3.3
Current account balance (% of GDP)	-7.5	-7.5	-7.0	-6.3	-5.8	-8.8	-7.0	-4.7
Terms of trade	0.4	-3.2	0.8	2.5	2.8	-4.2	-3.5	7.8
House price index	0.5	1.1	0.7	1.5	27.1	-11.2	-1.0	7.7

Financial forecasts	End of quarter				End of year			
	Jun-23	Sep-23	Dec-23	Mar-24	2021	2022	2023	2024
OCR	5.50	5.50	5.75	5.75	0.75	4.25	5.75	5.25
90 day bank bill	5.62	5.65	5.85	5.85	0.82	4.26	5.85	5.35
2 year swap	5.18	5.52	5.59	5.39	2.08	5.10	5.59	4.68
5 year swap	4.44	4.87	5.09	4.92	2.46	4.67	5.09	4.46
10 year bond	4.27	4.90	5.30	5.30	2.39	4.31	5.30	5.05
TWI	70.9	69.1	70.3	69.9	74.3	70.8	70.3	68.6
NZD/USD	0.62	0.59	0.61	0.61	0.70	0.60	0.61	0.62
NZD/AUD	0.93	0.92	0.92	0.92	0.95	0.92	0.92	0.89
NZD/EUR	0.57	0.55	0.55	0.55	0.61	0.59	0.55	0.55
NZD/GBP	0.49	0.46	0.48	0.48	0.52	0.51	0.48	0.48

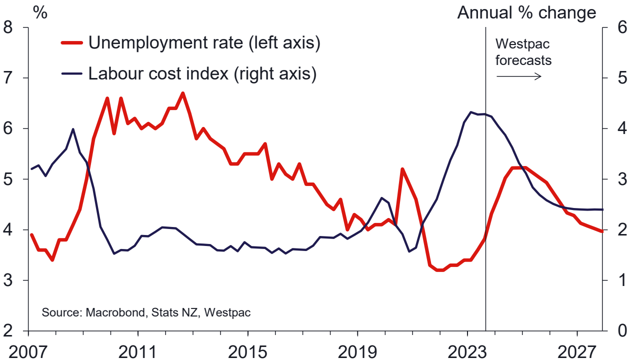
GDP growth



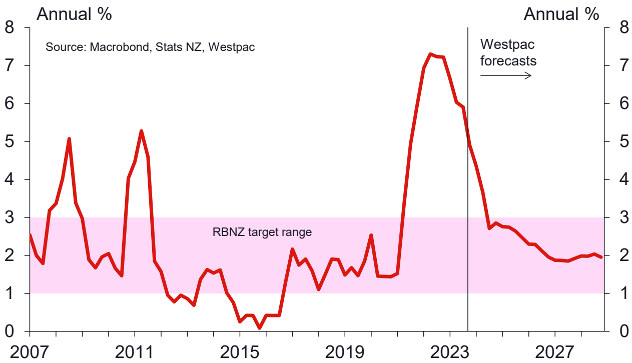
House prices



Employment and wage growth



Consumer price inflation



Data calendar

		Last	Market median	Westpac forecast	Risk/Comment
Mon 02					
NZ	Aug building permits	–5.2%	–	5.0%	Consent issuance has flattened off in recent months.
Aus	Public holiday	–	–	–	NSW, ACT, Qld, SA
	Sep CoreLogic home value index	1.0%	–	1.0%	Upturn gaining traction. Changes to price indexes this month.
	Sep MI inflation gauge %yr	6.1%	–	–	Provides a general view of risks.
Jpn	Q3 Tankan large manufacturers index	5	6	–	Gradual recovery is underway; PMIs point to downside risk.
Eur	Aug unemployment rate	6.4%	–	–	Labour market resilient despite slowing economy.
UK	Sep Nationwide house prices	–0.8%	–0.5%	–	Declines set to persist over near-term.
US	Sep ISM manufacturing	47.6	47.8	–	Manufacturers remain under intense pressure.
	Aug construction spending	0.7%	0.6%	–	Pick-up in residential construction a promising signal.
	FOMC Chair Powell	–	–	–	Discussion with Harker. Williams, Mester speaking elsewhere.
Tue 03					
NZ	Q3 Qtly Survey of Business Opinion	–59.2	–	–	Extent of easing in inflation gauges will be a key focus.
Aus	RBA policy decision	4.10%	4.10%	4.10%	Case for sustained pause gains increasingly strong.
	Aug housing finance	–1.2%	flat	3.0%	Solid gain anticipated for August, with construction-related…
	Aug owner occupier finance	–1.9%	–	3.5%	… activity pointing to strength in owner occupiers…
	Aug investor finance	–0.1%	–	3.0%	… likely outstripping that of investors.
	Aug dwelling approvals	–8.1%	2.5%	2.5%	May's high-rise spike has largely unwound.
	Sep ANZ job ads	1.9%	–	–	Reprieve in job ad declines only temporary.
US	Aug JOLTS job openings	8827k	8900k	–	Labour demand easing from an elevated level.
	Fedspeak	–	–	–	Bostic.
Wed 04					
NZ	RBNZ policy decision	5.50%	5.50%	5.50%	RBNZ to retain tightening bias.
	GlobalDairyTrade auction (WMP)	4.6%	–	1.0%	Global dairy prices finding a bottom after sustained weak run.
Eur	Aug retail sales	–0.2%	–	–	Real income squeeze continues to pressure spending.
	Aug PPI %yr	–7.6%	–	–	Further downside likely as base effects remain in play.
US	Sep ISM non–manufacturing	54.5	53.5	–	Pull-back from August's consumer-driven bounce likely.
	Aug factory orders	–2.1%	0.2%	–	Soft start to Q3
	Sep ADP employment change	177k	150k	–	Often at odds with BLS data.
	Fedspeak	–	–	–	Bowman, Goolsbee.
Thu 05					
NZ	Sep ANZ commodity prices	–2.9%	–	–	Global dairy prices bounced over September.
Aus	Aug trade balance, $bn	8.0	8.9	7.7	Anticipate, exports broadly flat, imports up on higher prices.
US	Aug trade balance $bn	–65.0	–65.2	–	Deficit remains wide upon resilient consumer demand.
	Initial jobless claims	204k	–	–	To remain near its lows, for now.
	Fedspeak	–	–	–	Mester, Daly.
Fri 06					
Aus	RBA Financial Stability Review	–	–	–	Half-yearly update on financial system conditions and risks.
Jpn	Aug household spending %yr	–5.0%	–4.0%	–	Real income pressures constrains spending momentum.
US	Sep nonfarm payrolls	187k	170k	160k	Jobs growth is moderating…
	Sep unemployment rate	3.8%	3.7%	3.8%	… balancing demand with supply…
	Sep average hourly earnings	0.2%	0.3%	–	… and taking the pressure off wages.
	Aug consumer credit $bn	10.4	11.3	–	Credit growth broadly stable as savings buffers deplete.
Sat 07					
Chn	Sep foreign reserves US$bn	3160.1	–	–	Little change to reserves so far in 2023.

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