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## Australia-New Zealand Economic Outlook: A Fragile Recovery

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2 October 2025

# Agenda

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Global Context: Tariffs & Impacts

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New Zealand's Rocky Road

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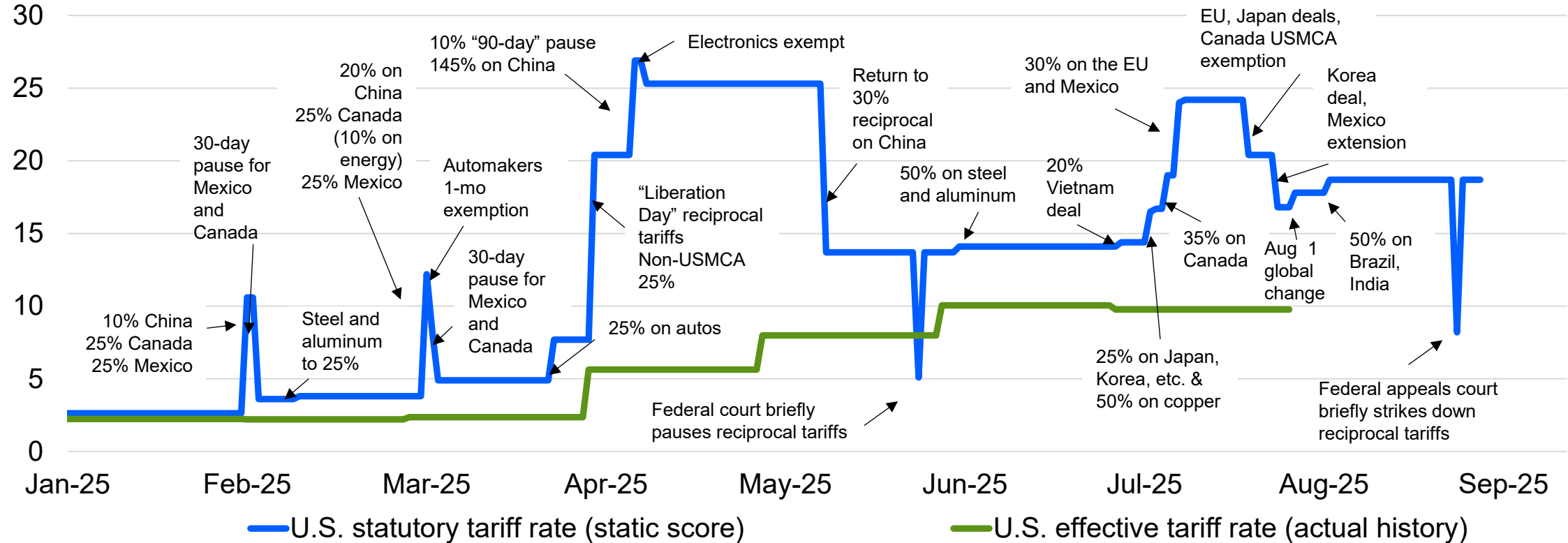
What Could Derail the Outlook?

The background is a solid dark blue color. It features several abstract, wavy patterns of thin, light blue lines. These lines are arranged in a way that creates a sense of depth and movement, resembling a stylized, layered landscape or a complex, flowing structure. The lines are most prominent in the upper left and lower right corners, with some overlapping and creating a grid-like effect in certain areas.

# Global Context: Tariffs & Impacts

# Tariff Roller Coaster

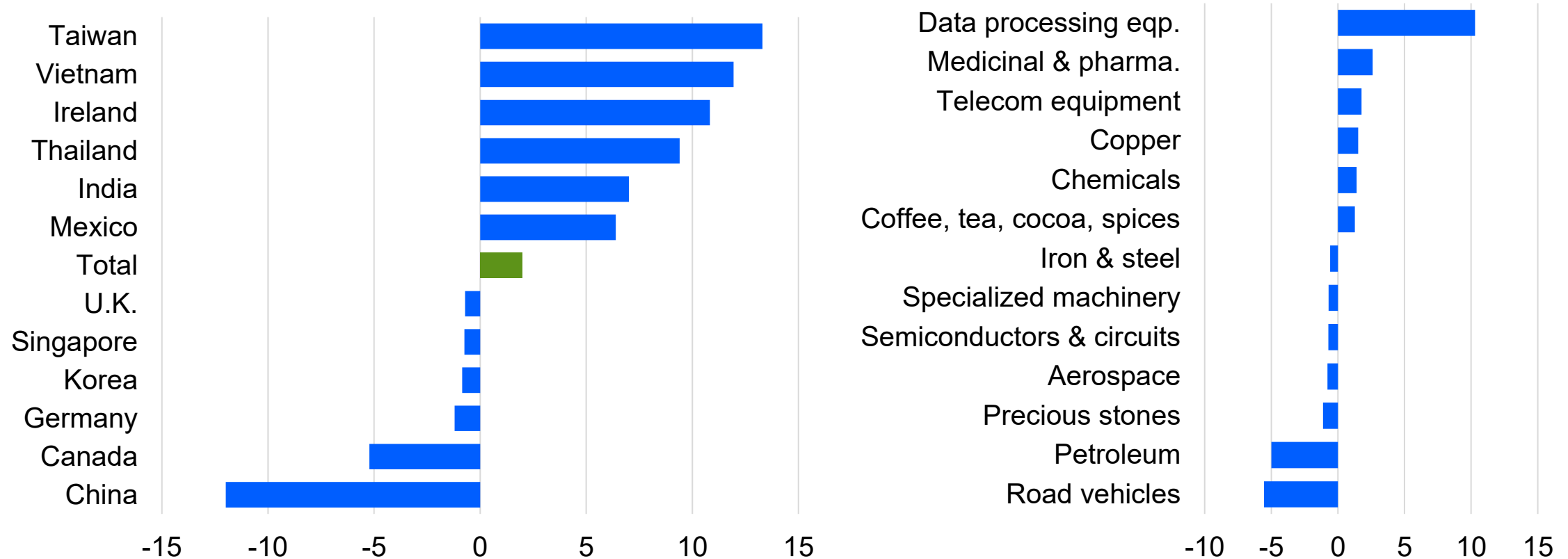
U.S. tariff rate, %



Timing based on tariff announcements, not implementation.  
Sources: BEA, Census Bureau, AP News, Moody's Analytics

# U.S. Import Diversion

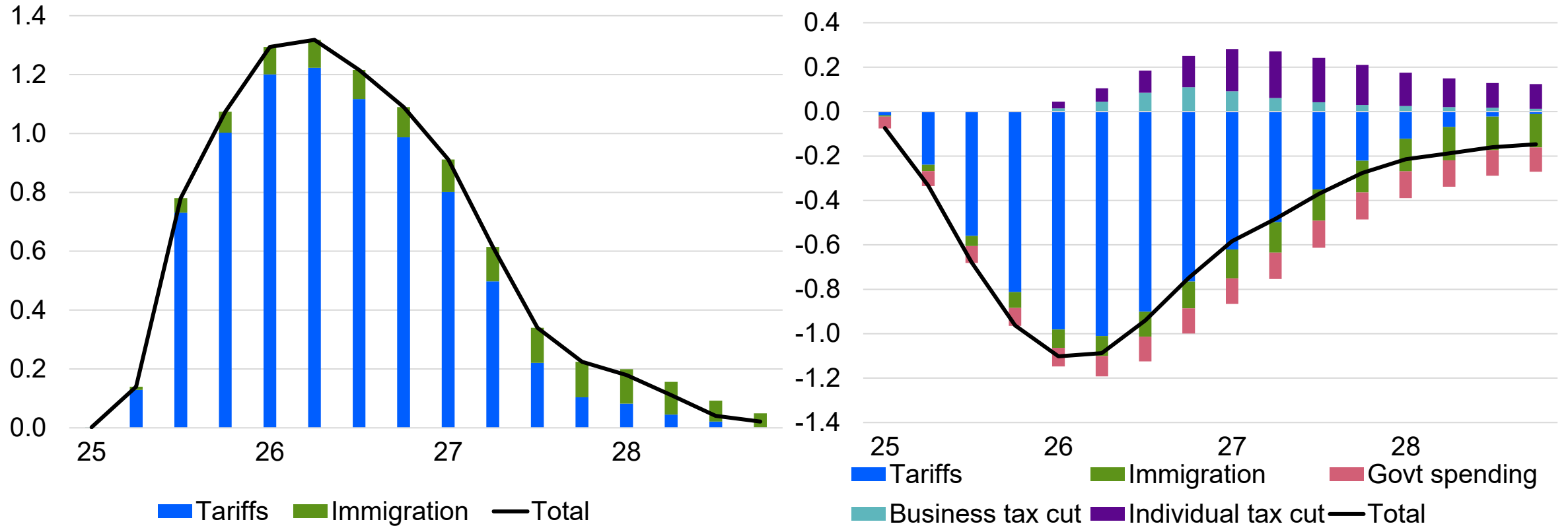
U.S. nominal imports by country and product, \$ bil, monthly avg, change from 2024Q2 to 2025Q2



Sources: Census Bureau, Moody's Analytics

# Economic Policy Will Lift U.S. Inflation and Weigh on Growth...

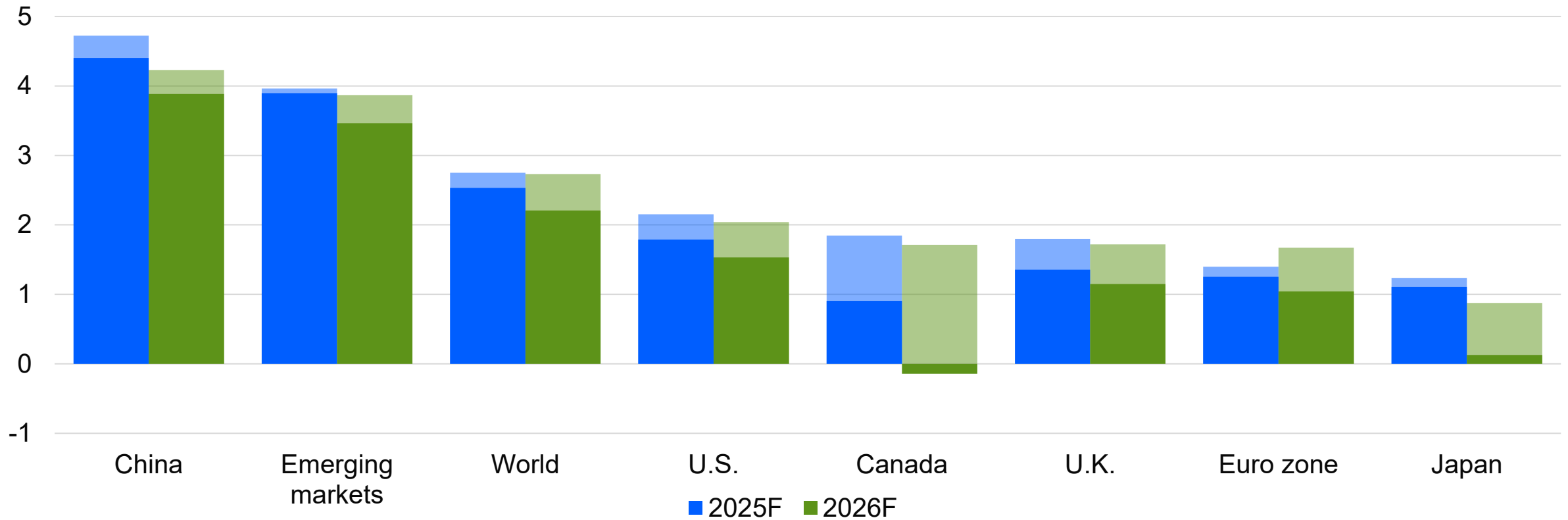
Impact on U.S. inflation and real GDP growth, ppts



Sources: BEA, Moody's Analytics

## ...With Global Consequences

Real GDP, % change, Nov baseline (transparent) vs. Sep baseline (solid)



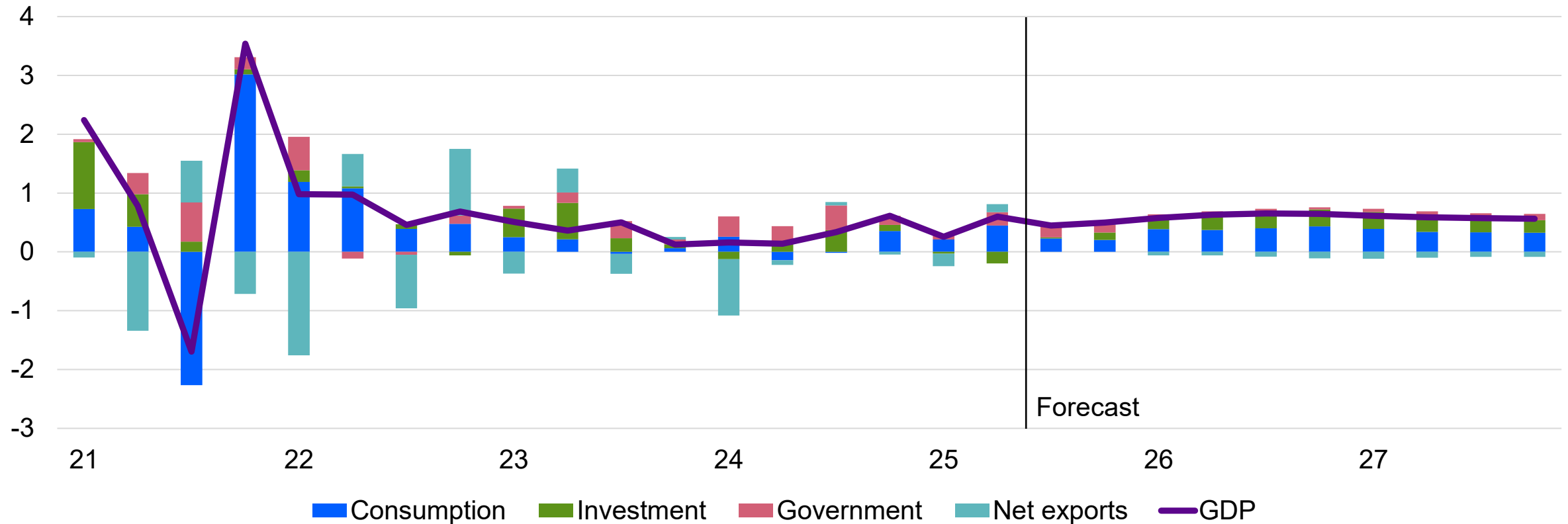
Source: Moody's Analytics

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# Australia's Steady Path

# The Handover From Public to Private Demand

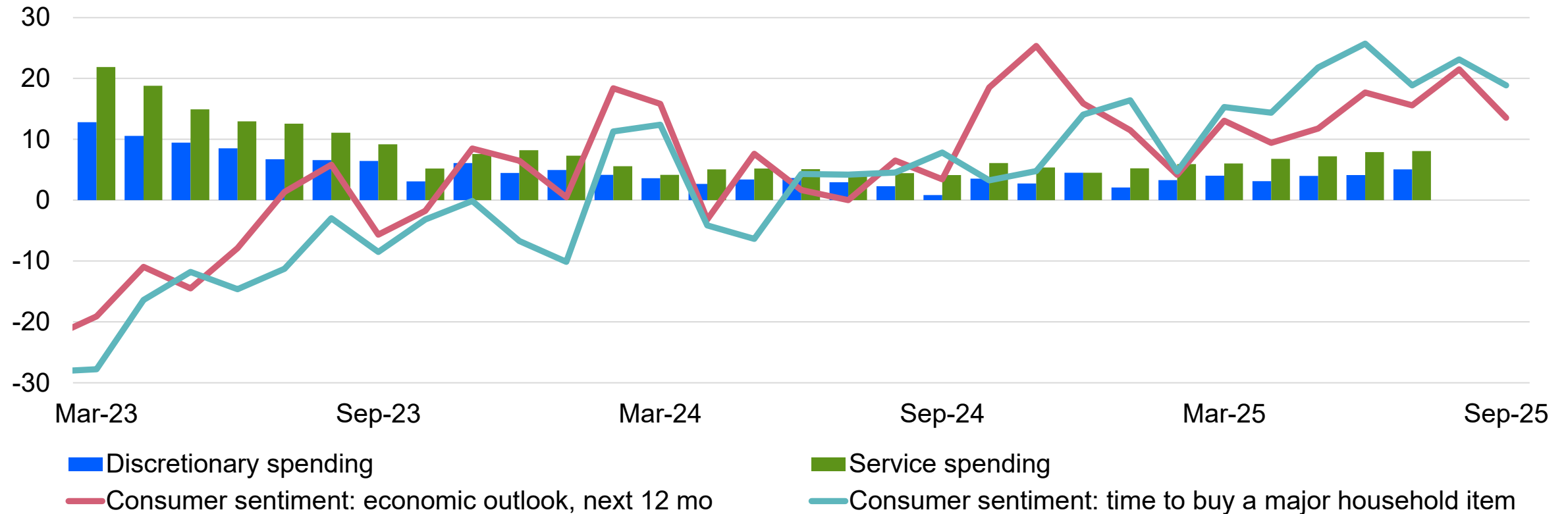
Contribution to Australian GDP growth, % change qtr ago



Sources: Australian Bureau of Statistics, Moody's Analytics

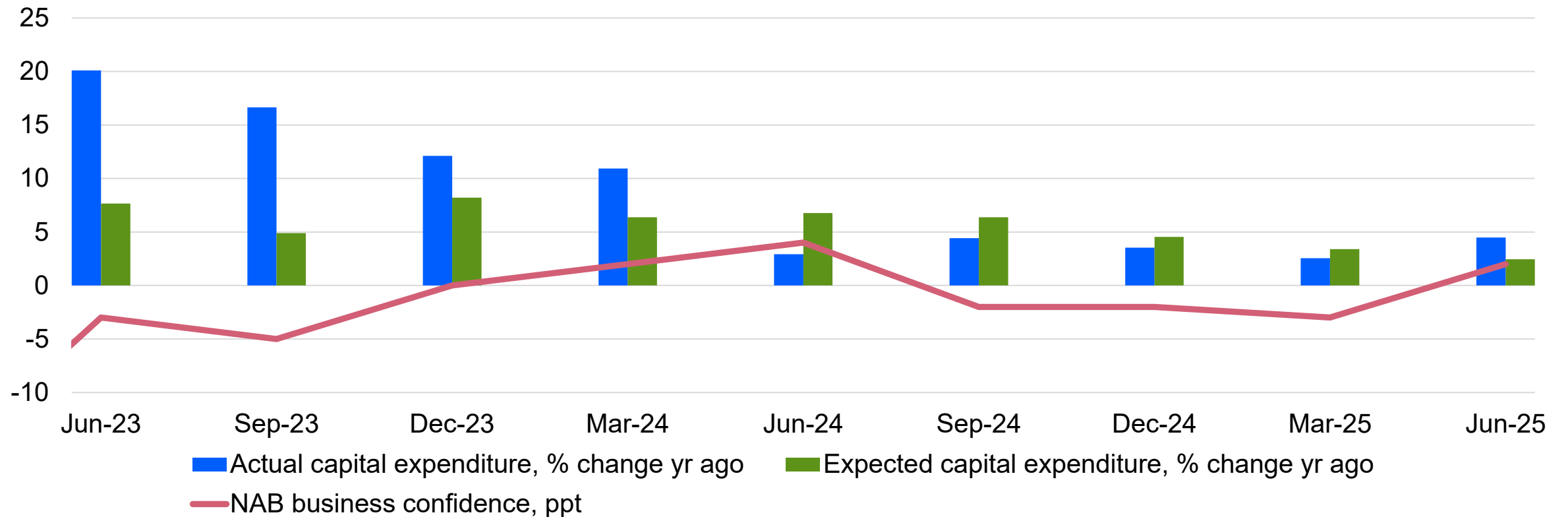
# Consumers Are Opening Up Their Wallets

% change yr ago



Sources: Australian Bureau of Statistics, Westpac-Melbourne Institute Consumer Sentiment Index, Moody's Analytics

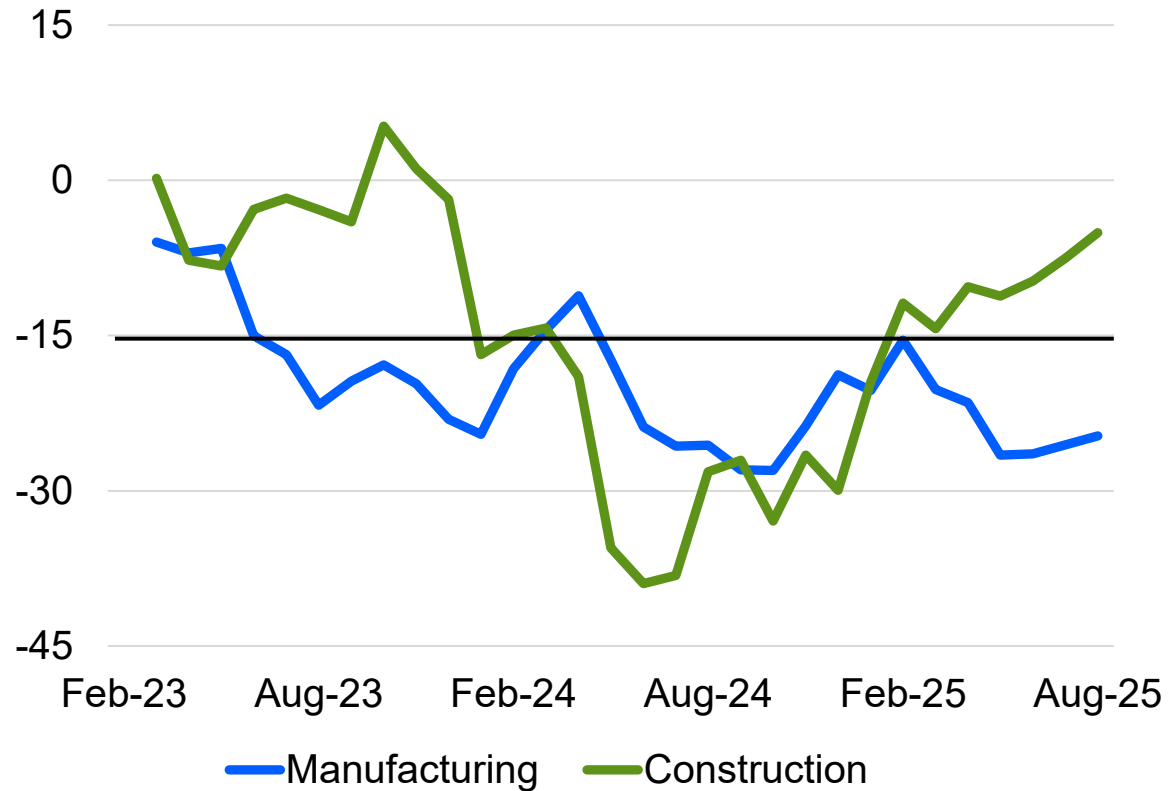
# But Businesses Still Hesitate to Invest



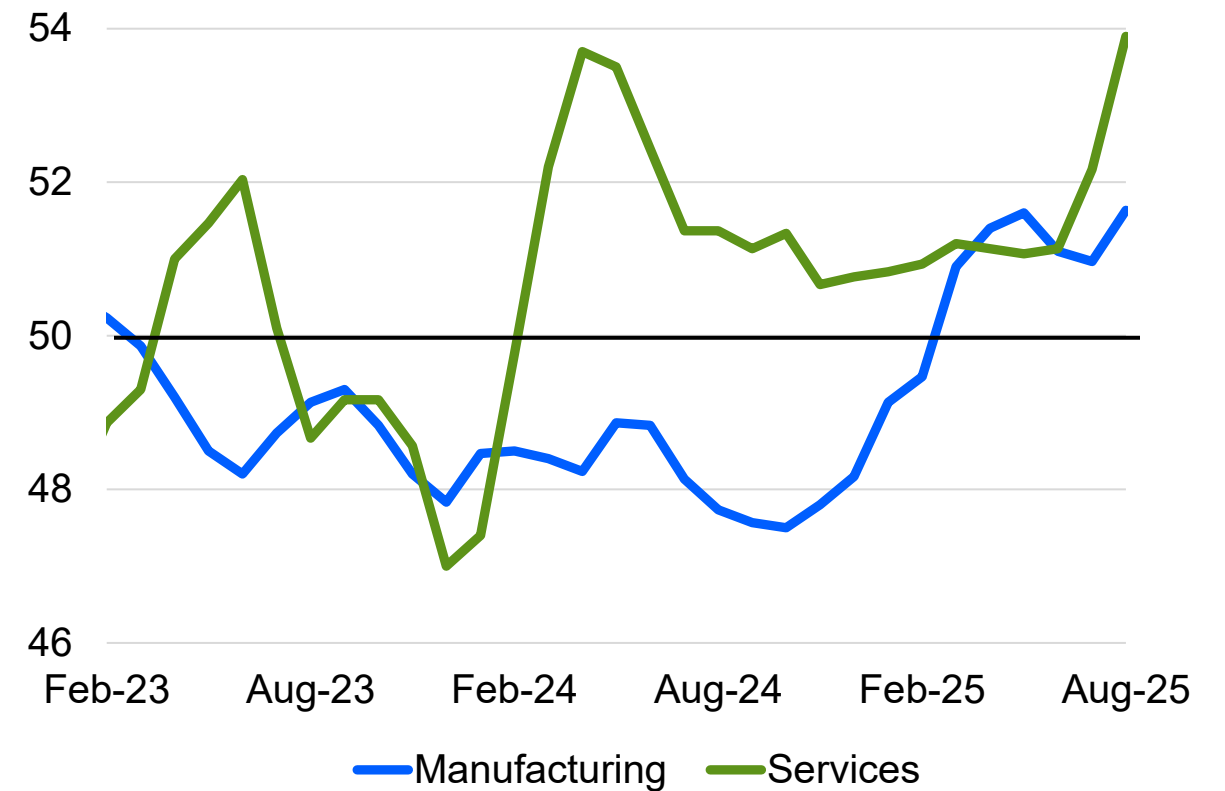
Sources: Australian Bureau of Statistics, CEIC, National Australia Bank, Moody's Analytics

# Some Industries Will Lead the Recovery

Australian Industry Index, neutral=0



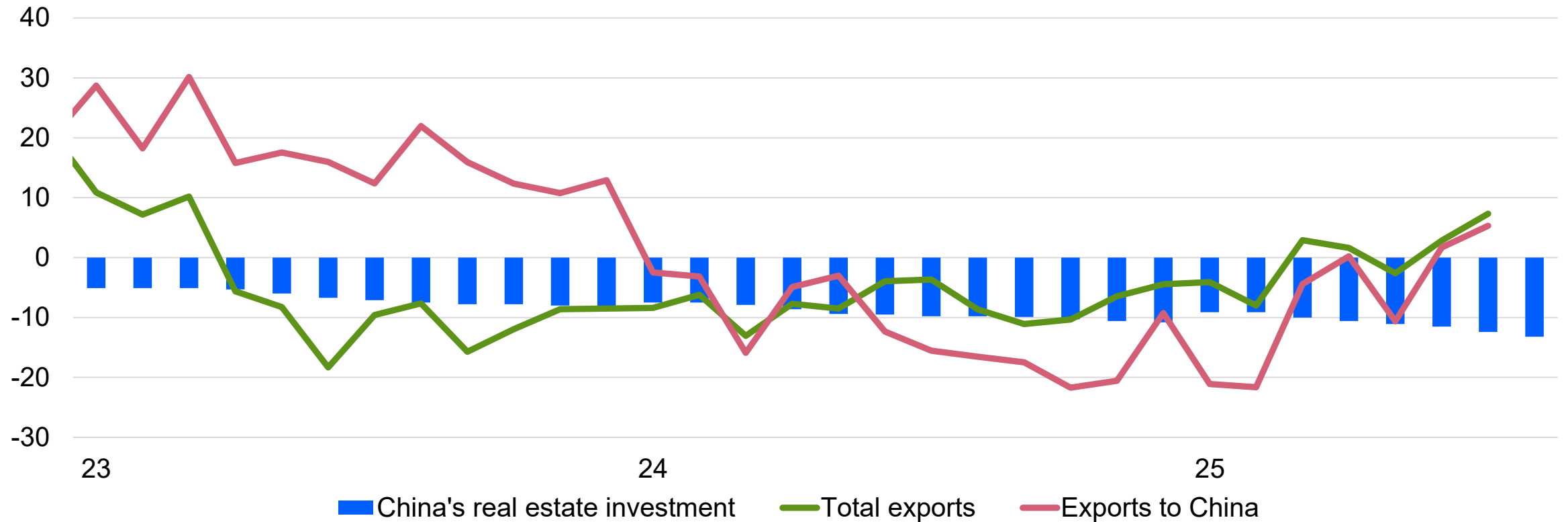
S&P Global PMI, neutral=50



Sources: Australian Industry Group, CEIC, S&P Global, Moody's Analytics

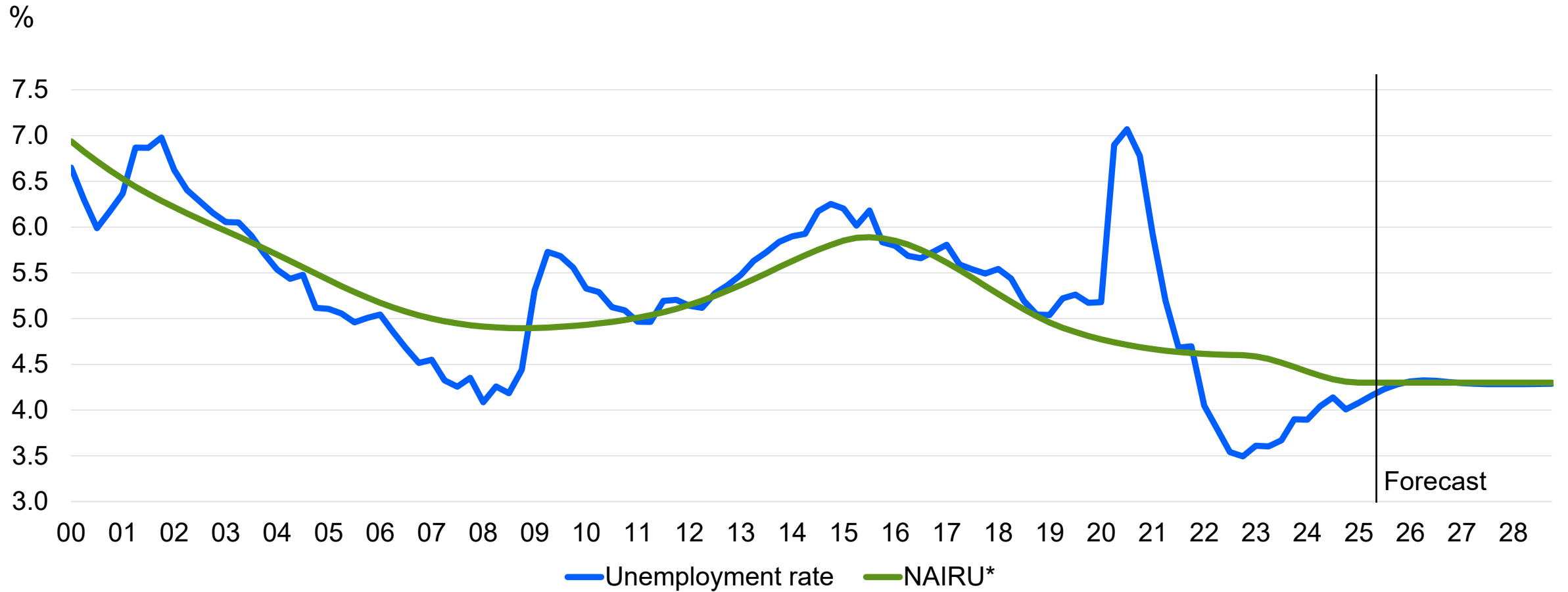
# Not Much Help From External Demand

% change yr ago



Sources: Australian Bureau of Statistics, CEIC, National Bureau of Statistics, Moody's Analytics

# Labour Market to Stabilise

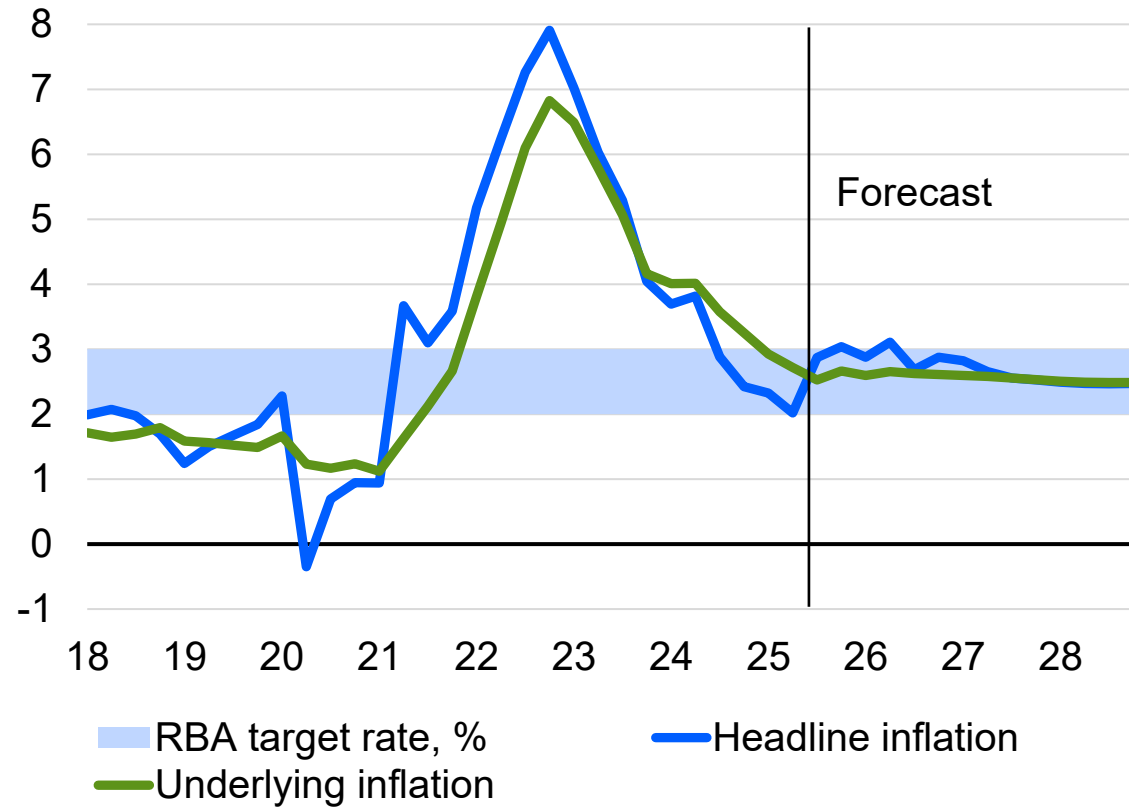


\*Nonaccelerating inflation rate of unemployment.

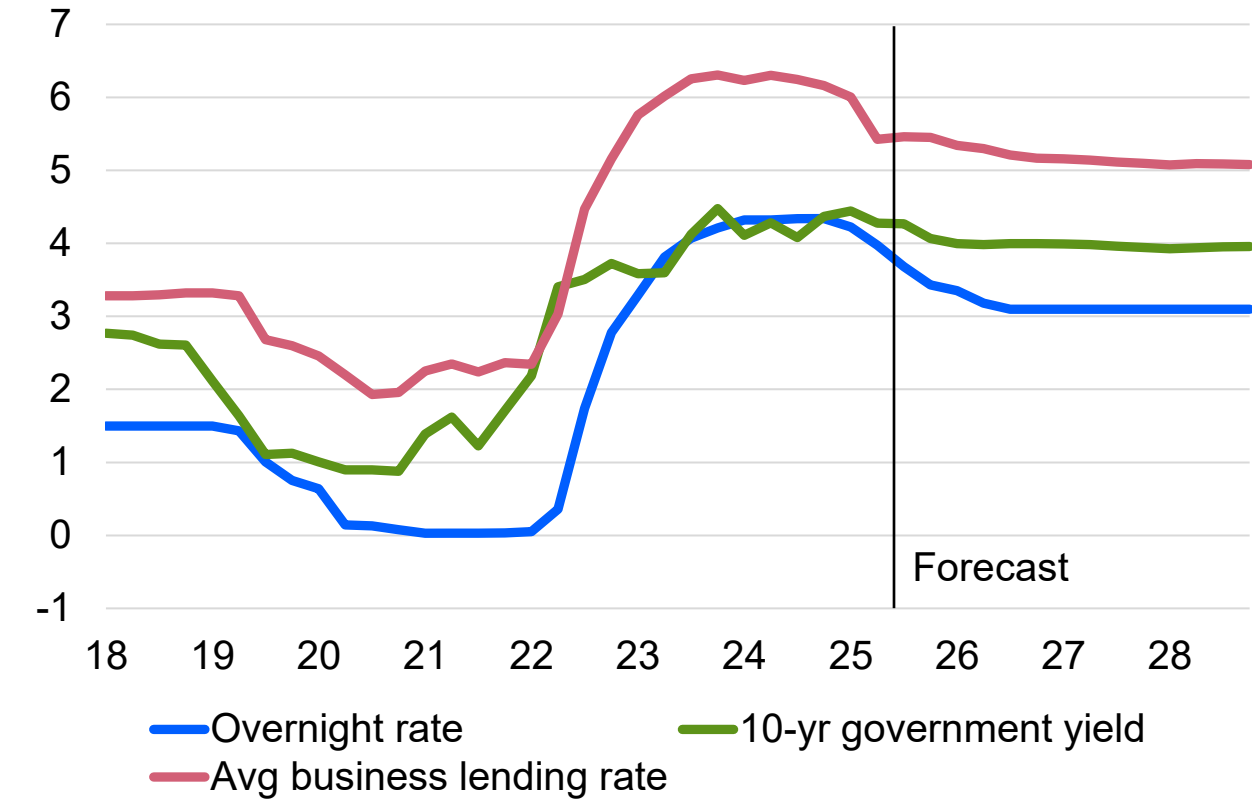
Sources: Australian Bureau of Statistics, Moody's Analytics

# A Measured Easing Path

% change yr ago



%



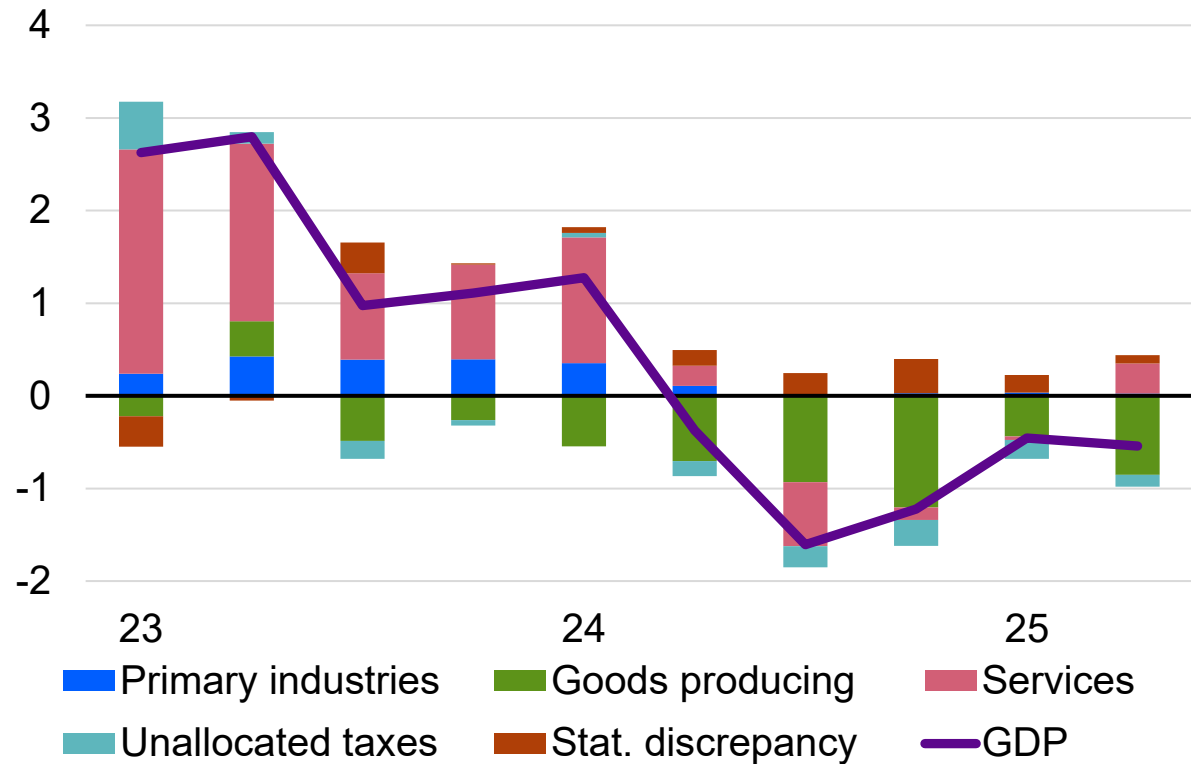
Sources: Australian Bureau of Statistics, RBA, Moody's Analytics

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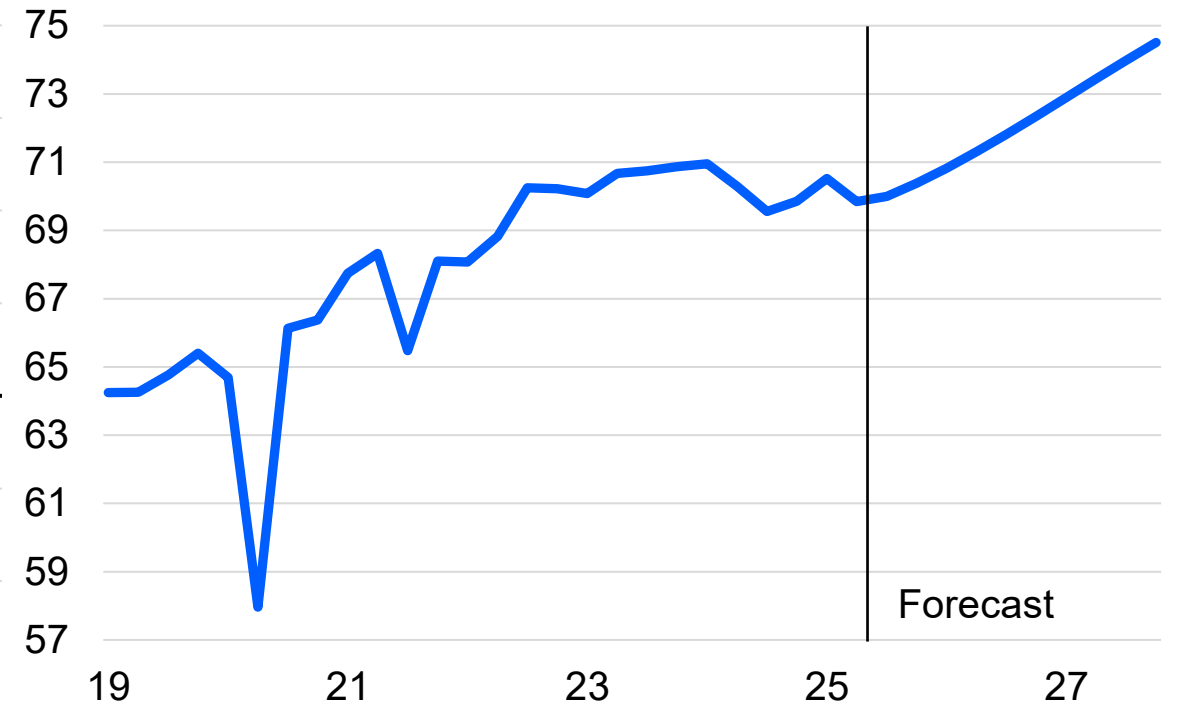
# New Zealand's Rocky Road

# Manufacturing and Construction Drag

Contribution to New Zealand GDP, % change yr ago



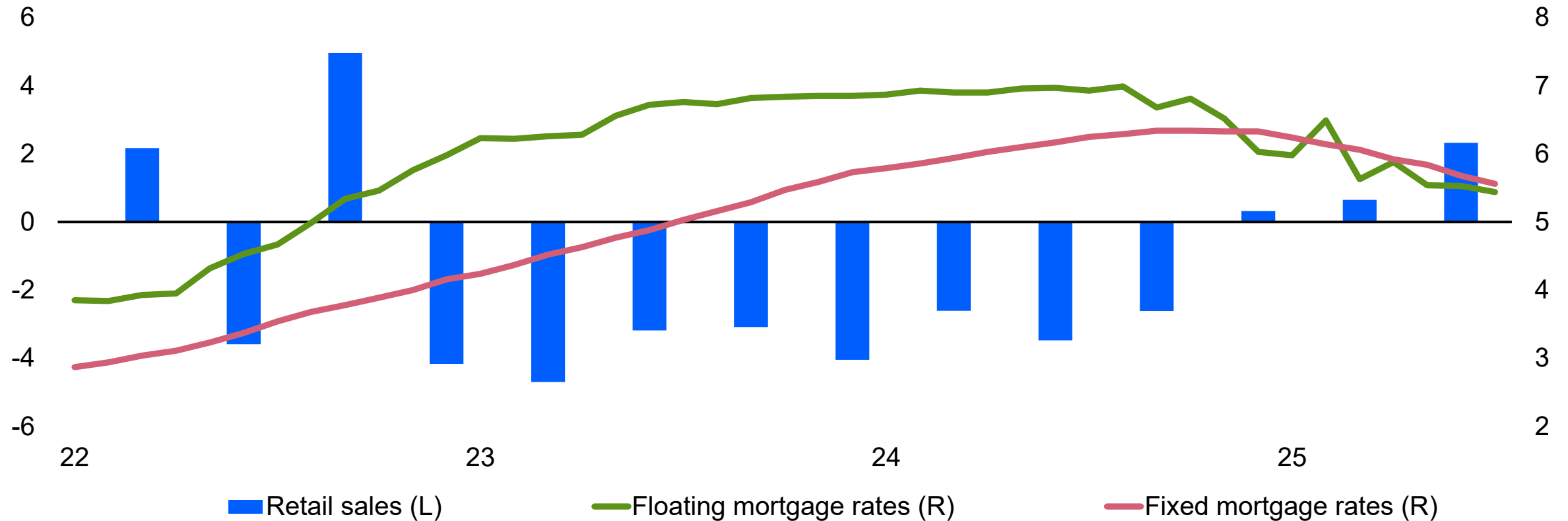
GDP, 2009/2010 NZ\$ bil



Sources: Stats NZ, Moody's Analytics

# Consumers Taking the Wheel

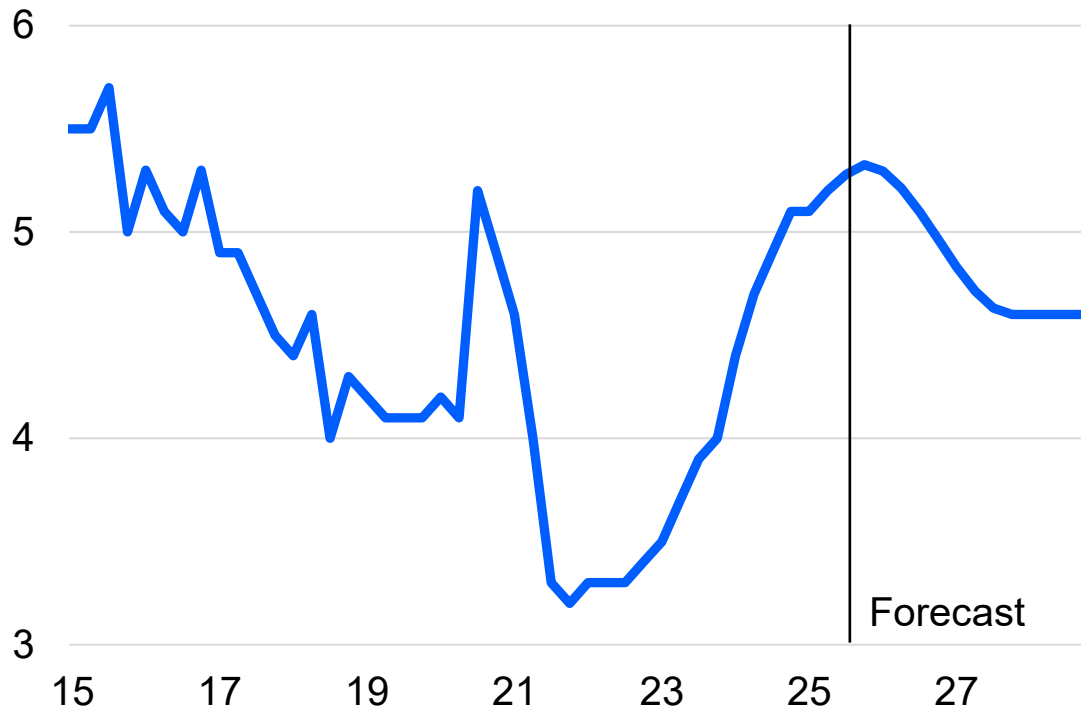
Retail volumes, % change yr ago (L); lending rates, % (R)



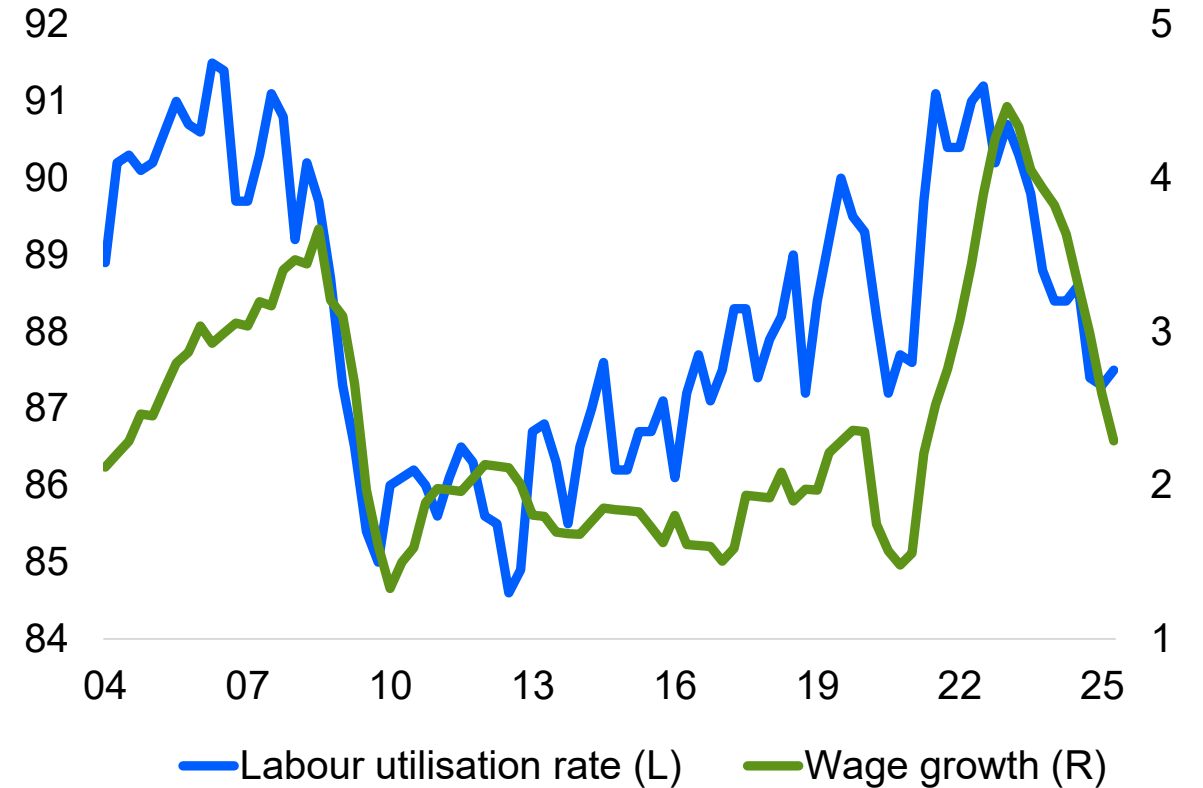
Sources: RBNZ, Stats NZ, Moody's Analytics

# Labour Market to Turn

Unemployment rate, %



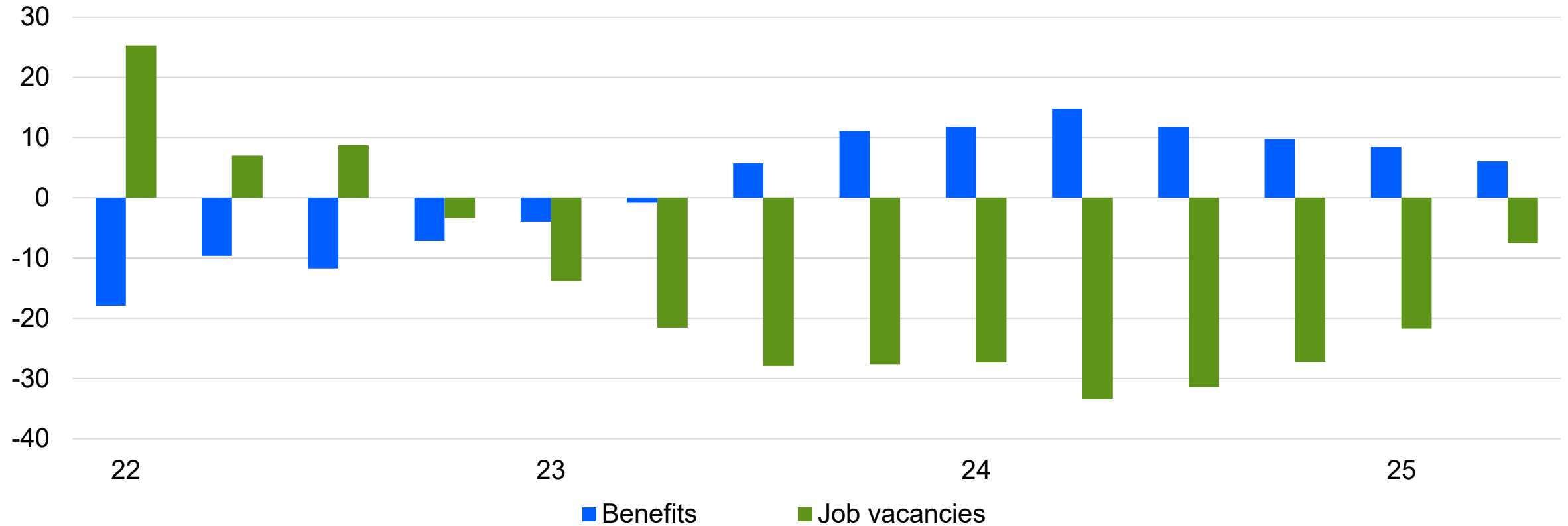
Labour utilisation, % (L); wage growth, % change yr ago (R)



Sources: Stats NZ, Moody's Analytics

# Stablising

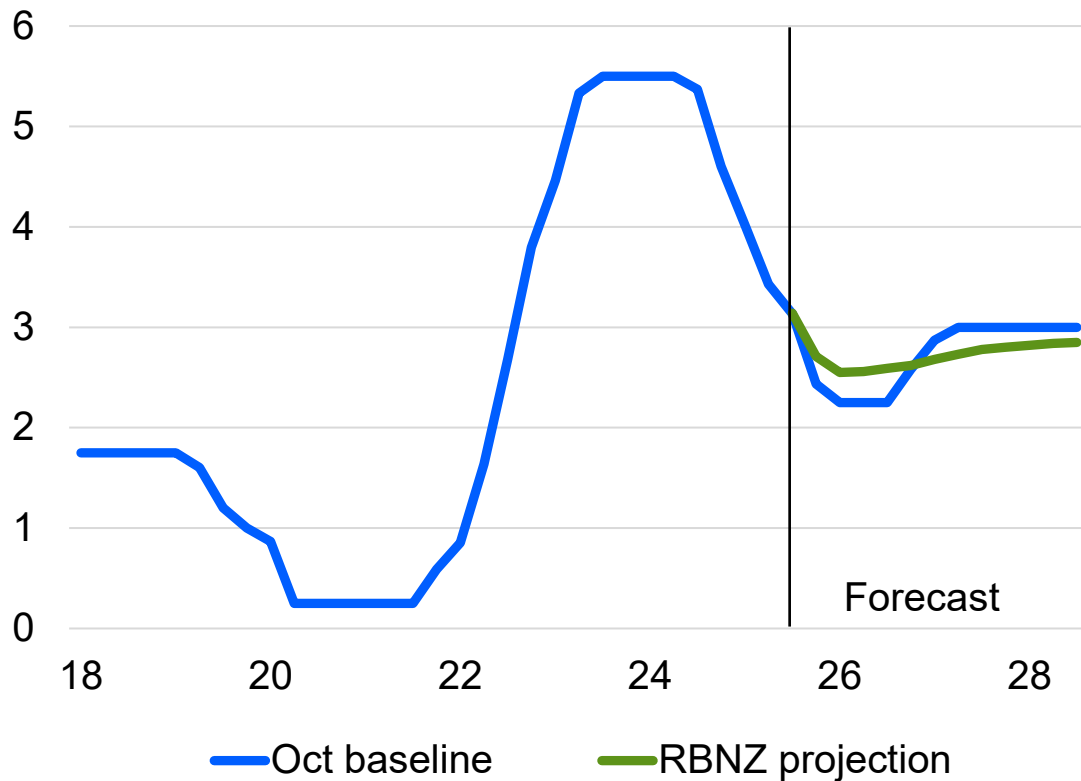
Unemployment benefits and job vacancies, % change yr ago



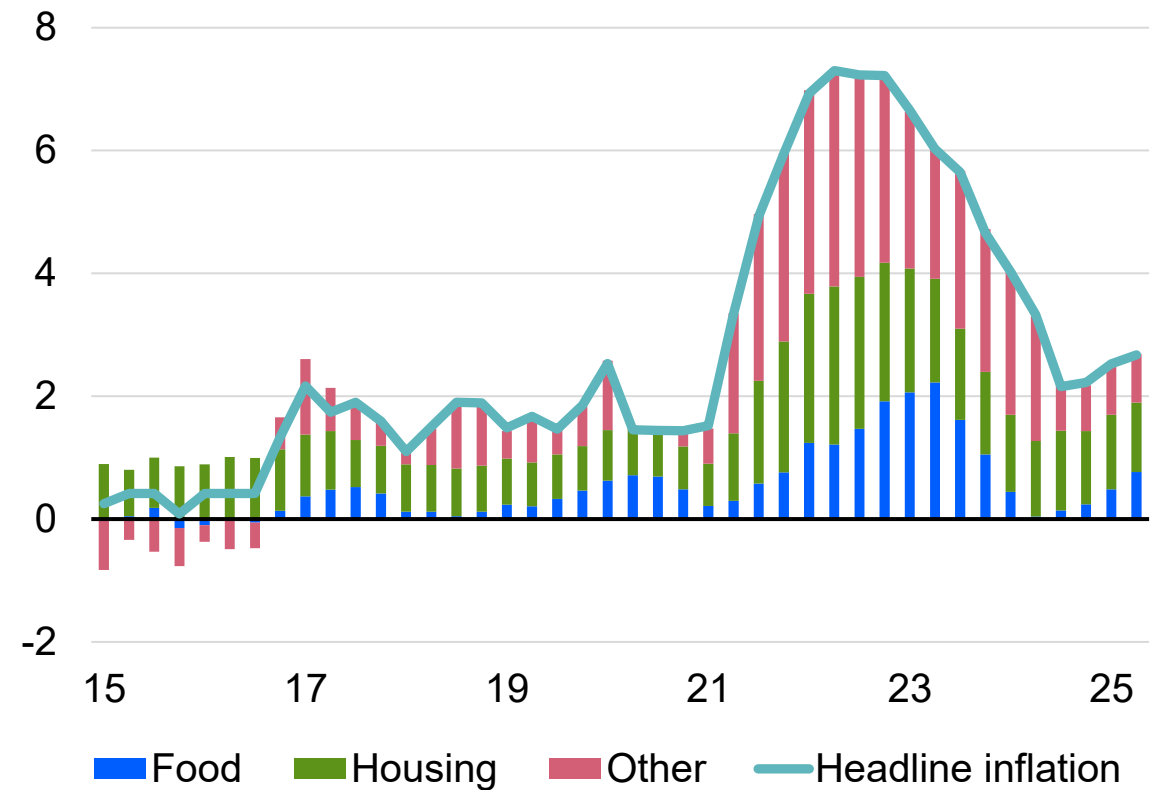
Sources: Ministry of Social Development, Ministry of Business, Innovation & Employment, Moody's Analytics

# More Cuts to Come

Official cash rate, %



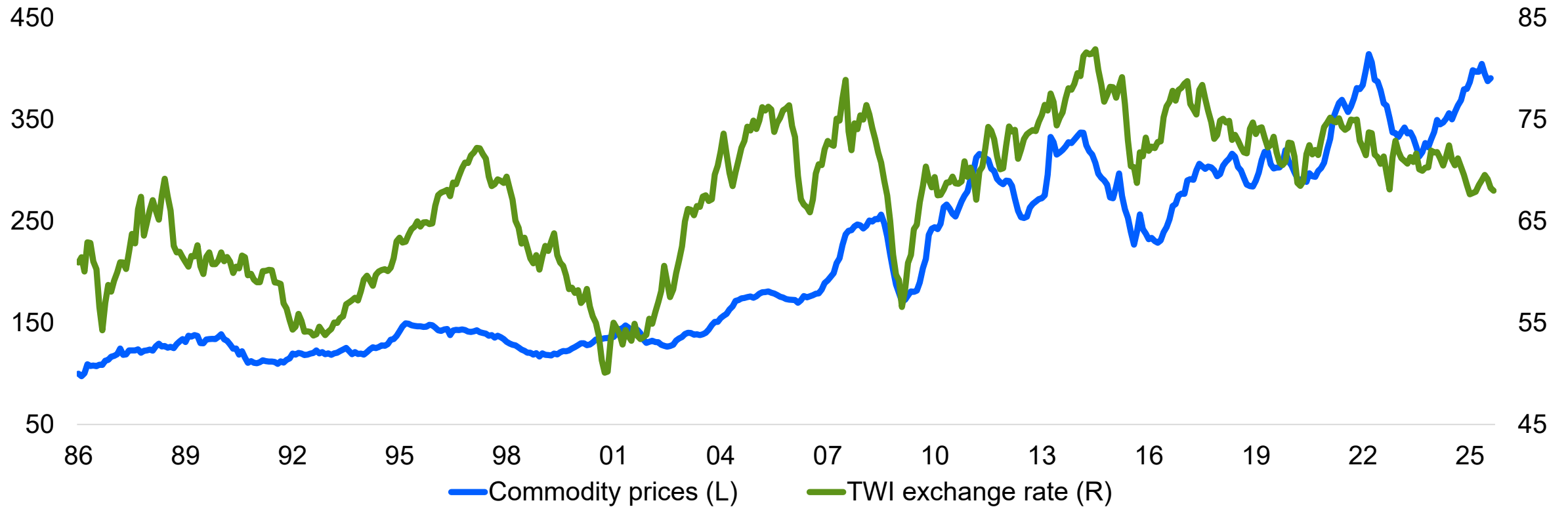
Contributions to inflation, % change yr ago



Sources: Stats NZ, RBNZ, Moody's Analytics

# International Tailwinds

Commodity prices, Jan1986=100; TWI exchange rate, index



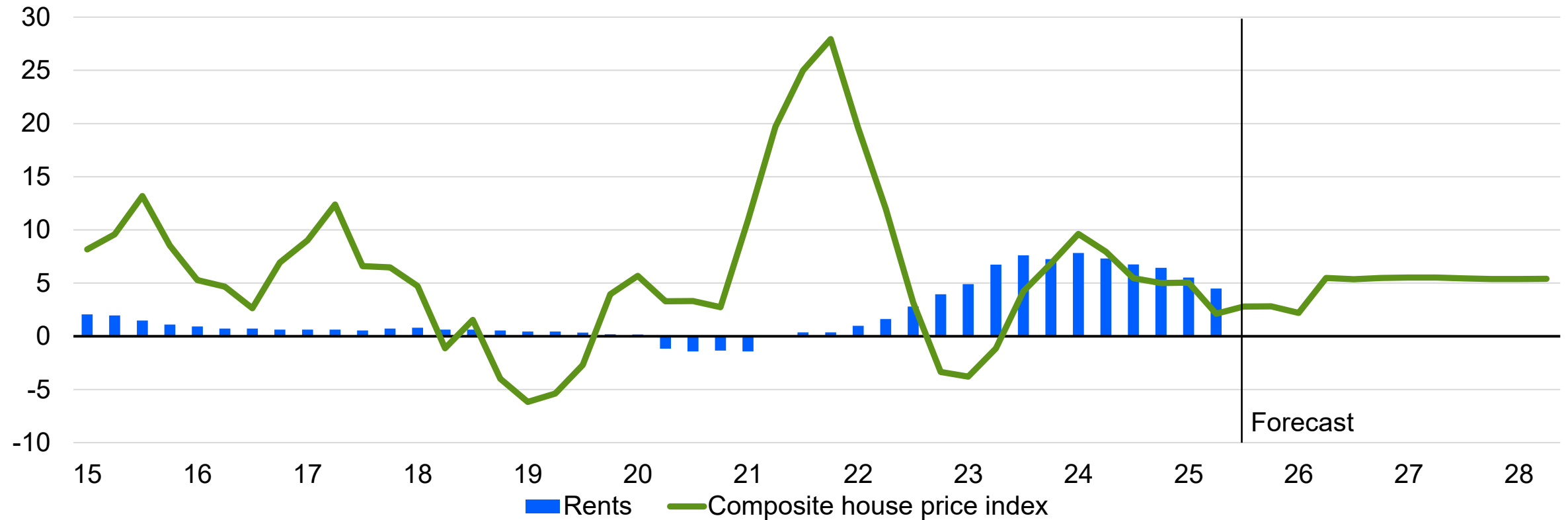
Sources: RBNZ, Australia and New Zealand Banking Group Ltd., Moody's Analytics

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What Could Derail the Outlook?

# House Prices and Rents Are Key Risks to Aussie Inflation

% change yr ago



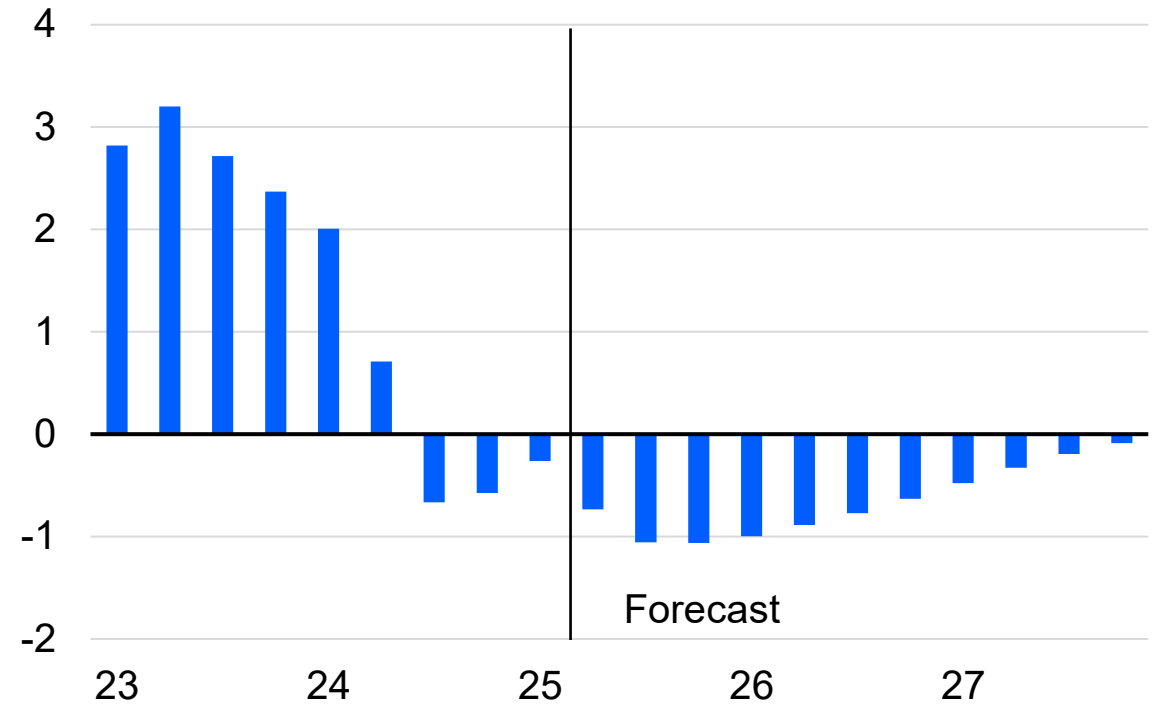
Sources: Australian Bureau of Statistics, Moody's Analytics

# Policy Is a Key Concern

New Zealand, food prices, % change yr ago



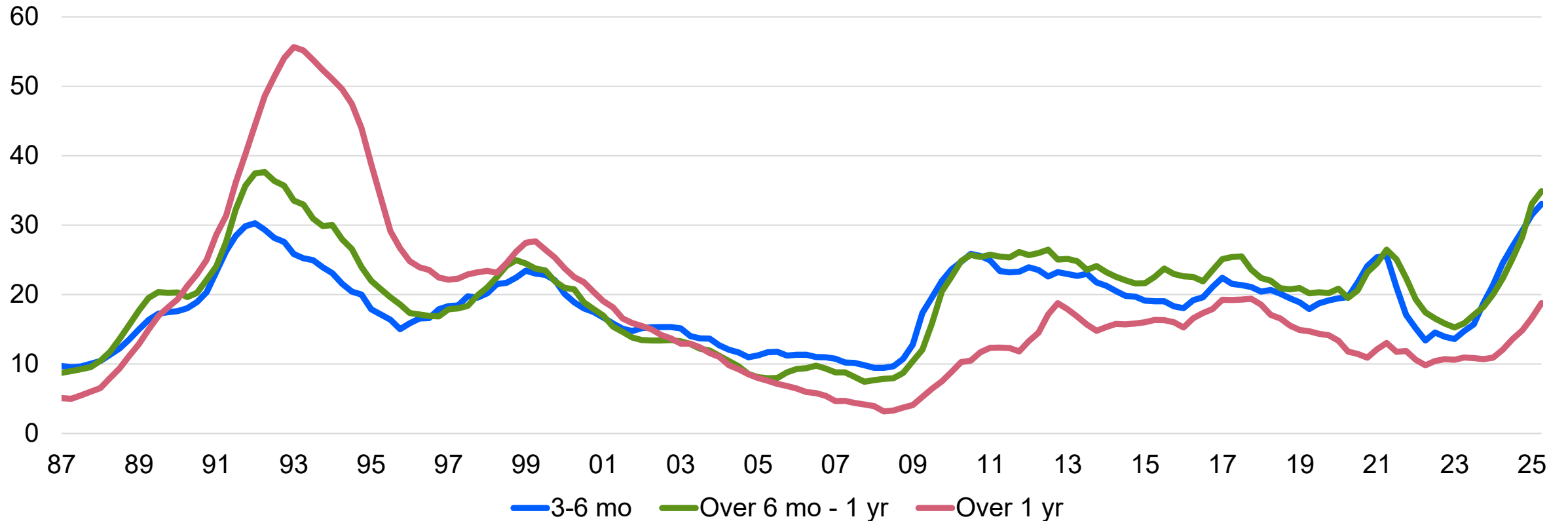
New Zealand output gap, % of GDP



Sources: Stats NZ, Moody's Analytics

# Risks to the Labour Market

New Zealand, unemployment by tenure, # ths, 4-qtr MA



Sources: Stats NZ, Moody's Analytics

# Productivity Drag

Australia, % change yr ago

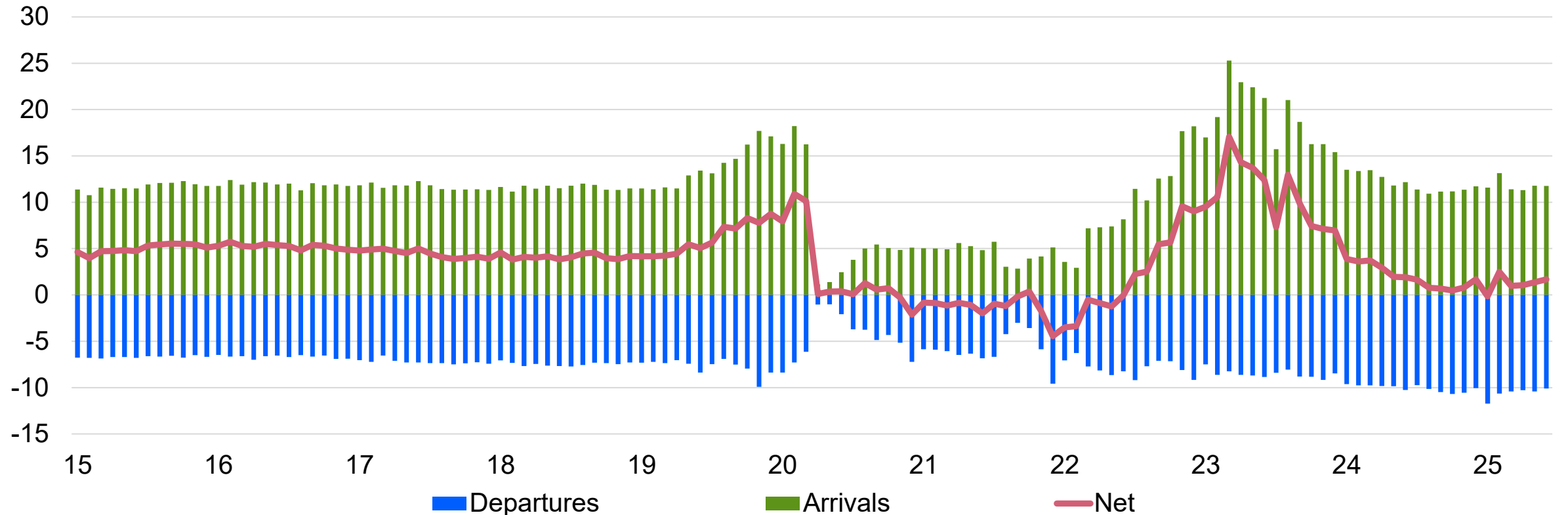


Note: The contributions are approximated and do not add up fully to GDP per capita growth.

Sources: Australian Bureau of Statistics, Moody's Analytics

# Departures Drag on Population Growth

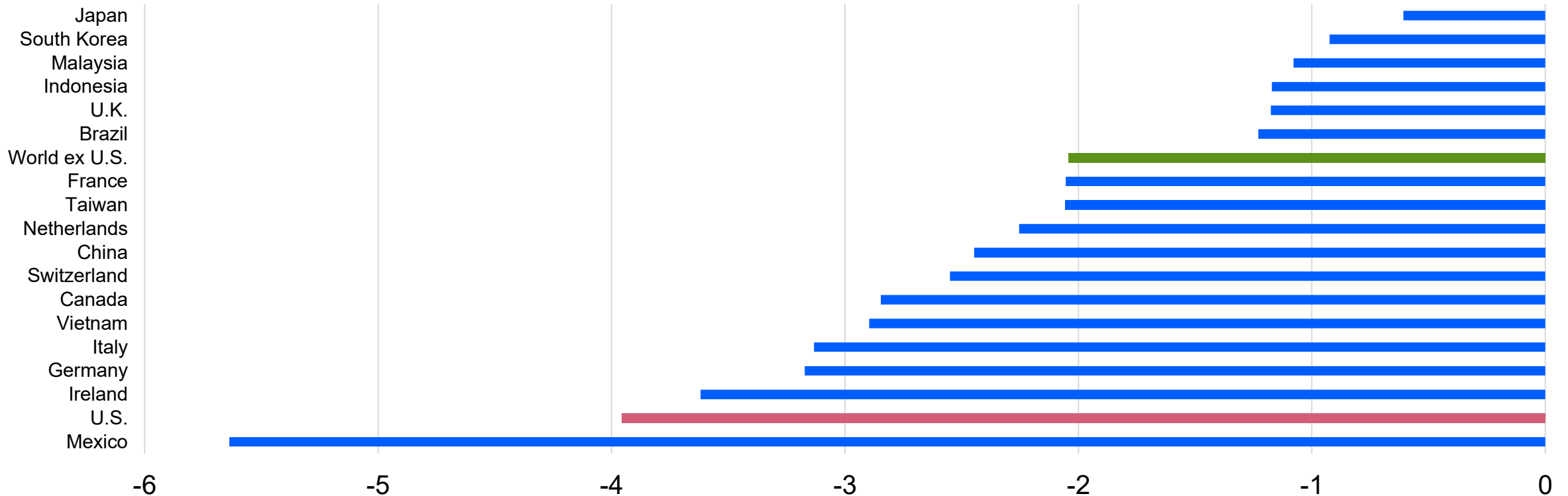
New Zealand components of net migration, # ths



Sources: Stats NZ, Moody's Analytics

# Global Impacts of High Tariffs

Real GDP, % deviation of High-Tariff Scenario from Aug baseline scenario, 2028, by country



Sources: Various statistical agencies, Moody's Analytics

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Thank you

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# M'

MOODY'S TALKS

## Global economy unwrapped

Insights into the shifting dynamics  
and risks of the global economy

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