

March 2008

Executive Summary

- **GDP grew strongly in the December quarter largely thanks to dairy and oil exports**
- **But the outlook is for slowing growth in 2008**
- **Drought will reduce agricultural production and domestic demand will ease**
- **However, the terms of trade are at a 33-year high and the labour market is still strong**

GDP grew 1.0% in the December quarter and was stronger than the 0.5% forecast in the *Half Year Update*. Major contributions to growth came from increased dairy and oil exports, investment in non-residential construction and – to a lesser extent – ongoing growth in private consumption. However, the outlook is for weaker growth. Drought in some regions will restrict agricultural production and limit growth in the economy. This month's special topic discusses the economic impact of the drought.

The other drivers of GDP growth will also fade in 2008. Full production has now been reached from the Tui oilfield and so earlier boosts to growth will not continue. The weaker world outlook that has emerged since the start of 2008 will affect the demand for New Zealand's exports. In addition, high interest rates, weaker net migration, slowing property activity, and high food and fuel prices are expected to lead to slowing consumption growth and weaker residential investment.

Pessimism increased sharply amongst both businesses and consumers in March. Consumer confidence fell to a 10-year low and firms' own activity outlook deteriorated across all sectors of the economy. Firms' employment intentions remained negative for the second month in a row and investment intentions fell but remained positive. Despite the weaker outlook, pricing intentions increased slightly, pointing to ongoing inflation pressures.

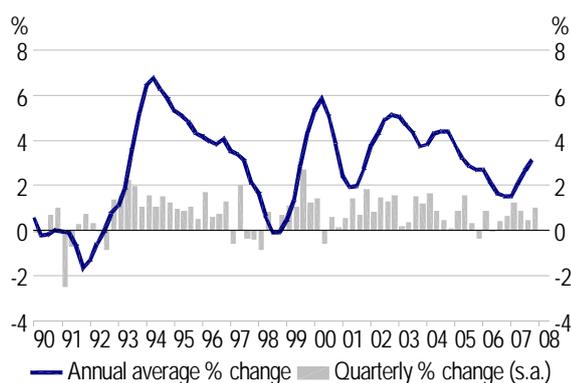
However, there are also positive factors which will continue to support growth in the year ahead. The terms of trade are at a 33-year high and the labour market is still strong with the unemployment rate at a 21-year low. Dairy prices remain elevated. The impact of higher oil prices on the New Zealand economy is less than in the past because it is partially offset by increased demand for dairy products from oil-producing nations and increased production from the Tui oilfield. The current account deficit narrowed to 7.9% of GDP in December and is expected to fall below 7% of GDP later in 2008. The US Federal Reserve remains proactive in managing monetary policy and providing liquidity to shore up financial markets, and China's and Australia's economies are still strong.

Real GDP growth was strong in the December quarter but the outlook is for weaker growth as the drivers of GDP growth in the December quarter fade in 2008. Drought has reduced agricultural production and significant growth contributions from the Tui oilfield are unlikely as full production has been reached. The weakening housing market is expected to lead to a further slowdown in residential investment, while slowing demand will impact on business investment. Consumption will also slow as higher mortgage rates and high food and fuel prices dampen household spending growth. A weaker global outlook for New Zealand's trading partners has emerged and will affect the demand for exports. However, New Zealand's terms of trade are at record highs and the labour market is still strong with the unemployment rate at a record low.

Real production GDP increased 1.0% in the December quarter

Real production GDP grew 1.0% in the December 2007 quarter, after recording a 0.5% increase in the September quarter. The increase was stronger than the 0.5% forecast in the *Half Year Update*, and ahead of the market's 0.8% and our revised 0.9% prediction. This took the annual average growth rate to 3.1% in the year to December from 2.7% in year to September (*Figure 1*).

Figure 1 – Real GDP



Source: Statistics NZ

The services sector was again the main contributor to the growth in GDP. Within that sector the largest contributions came from property and business services and increased wholesale trade activity.

The primary sector also made a significant contribution to growth. Agriculture and primary

food manufacturing were the main drivers of growth in this sector due to increased dairy production and processing prior to the onset of the drought. A full quarter of oil production from the Tui oilfield also contributed to growth in the primary sector.

The goods sector made a small but positive contribution to growth. This was mainly due to the construction sector where an increase in non-residential building activity more than offset a fall in residential construction. Investment in commercial buildings and infrastructure investment were the main drivers of this increase in activity. With non-residential building activity remaining buoyant, the expected shift from residential building to non-residential building appears to be happening.

Domestic demand was boosted by strong investment growth...

Real expenditure GDP increased 0.8% in the December quarter. Private consumption growth was modest at 0.5% following a 0.4% rise in the previous quarter. Growth came from spending on durables and services while spending on non-durables was weaker, possibly reflecting the impact of higher food and fuel prices. Residential investment fell 1.6% in the December quarter as the demand for new housing weakened.

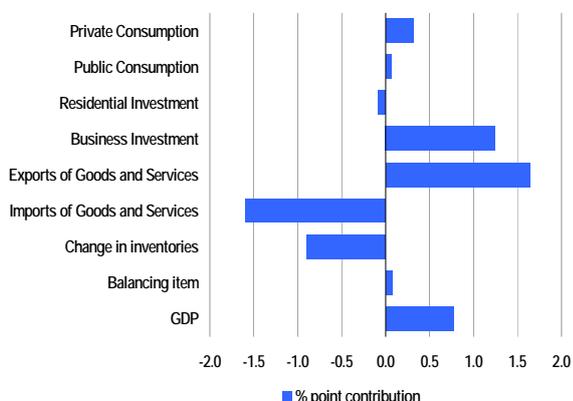
Investment in non-residential buildings, plant, machinery and equipment all contributed to GDP growth. As workers have become increasingly difficult to find and capacity utilisation levels remain high, firms appear to be investing more in capital in order to raise output. Business investment can help support labour productivity, which rose to 2.6% in the year to December (on an hours worked basis), the strongest since 2000.

...while dairy and oil boosted exports

Export volumes increased 5.4% in the December quarter, mainly due to a large increase in dairy exports and increased oil exports. However, part of the increased dairy exports was met out of inventories, subtracting from GDP growth. Services exports continue to be affected by the strong New Zealand dollar and were down due to fewer international visitor arrivals. New Zealanders returning from the Rugby World Cup may have crowded out some overseas visitors and may help explain the flat exports of services.

Imports increased 4.3% in the December quarter reflecting strong growth in plant, machinery and equipment investment (*Figure 2*).

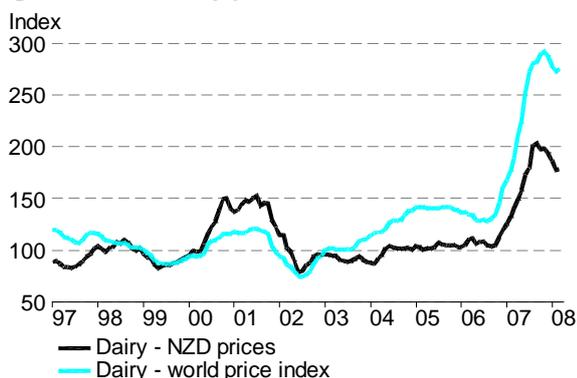
Figure 2 – Contributions to December 2007 quarter real expenditure GDP growth



Sources: Statistics NZ, Treasury

Nominal GDP growth of 3.0% in the December quarter lifted growth in the year to December 2007 to a 3-year high of 7.7%. The GDP deflator, the broadest measure of prices in the economy, increased 2.2% in December and was 4.1% higher in the year to December than in the previous year. From the Overseas Trade Indexes, price growth in the December quarter was greatest in exports. The merchandise terms of trade increased 2.9% in the December quarter to a 33-year high as export prices (up 5.4%) increased more than import prices (up 2.5%). The increase in export prices mainly reflected higher dairy and oil prices (*Figure 3*). Higher import prices reflected higher oil prices, compounded by a weaker New Zealand dollar.

Figure 3 – ANZ dairy price index



Source: ANZ

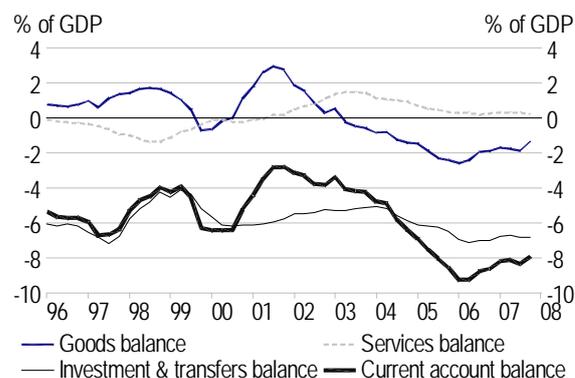
Dairy prices have risen strongly over the last year and have contributed to the increase in the terms of trade and the narrowing of the current account deficit. Although dairy prices remain high, they have eased, partly due to increased US dairy

production. The ANZ commodity price index for dairy recovered slightly in March after falling for three consecutive months in world price terms. With dairy export prices being set in advance, the recent declines in the ANZ commodity price index for dairy is not expected to lead to lower dairy export prices until much later in the year.

Current account deficit narrowed to 7.9% of GDP...

The annual current account deficit narrowed in the December quarter to \$13.8 billion or 7.9% of GDP from 8.4% in September – the same as forecast in the *Half Year Update* (*Figure 4*). This was due to a narrowing in the goods deficit in the December 2007 quarter to \$354 million compared to \$1,222 million a year ago. The improved goods balance was due to higher dairy and oil exports with both dairy export volumes and prices increasing.

Figure 4 – Annual current account balance



Source: Statistics NZ

The deficit on investment income widened by \$87 million in the December quarter from the previous quarter. This was due to a \$205 million increase in income earned from foreign investment in New Zealand, partially offset by an increase of \$117 million from New Zealand investment abroad. The higher outflow of income from investments in New Zealand reflected higher interest paid on debt securities by the banking sector from growing levels of short-term borrowing.

...and we expect it to fall below 7% of GDP

The annual merchandise trade balance in February improved from a \$5.8 billion deficit a year ago to a \$4.4 billion deficit with higher dairy and oil exports driving the improvement. The current account deficit is expected to fall below 7% of GDP later this year, driven by high dairy prices and high oil export volumes. Slowing domestic demand will also help to narrow the deficit as the growth of consumption imports

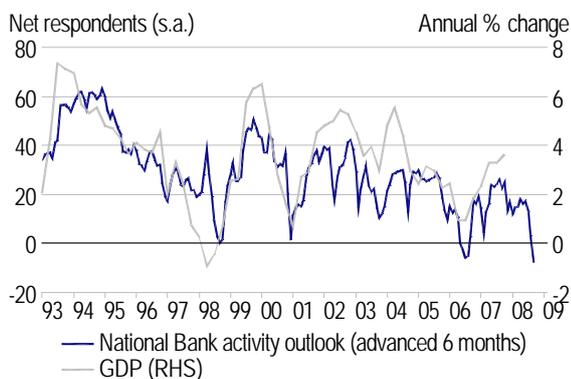
weakens. Higher interest rates associated with the global credit squeeze are likely increase the investment income deficit. Risks are further skewed towards a smaller reduction in the deficit reflecting the slowdown in global economies reducing their demand for New Zealand exports.

Indicators point to a weaker growth outlook...

Indicators of activity over 2008, released during the March month, point to weak GDP growth in 2008.

Firms' own activity outlook in the National Bank Business Outlook turned negative in March. A net 6% of firms expect a deterioration in their own business activity over the coming year. This is the lowest reading since 1991 and points to low growth in real GDP in 2008 (Figure 5).

Figure 5 – Firms' own activity outlook and GDP growth



Sources: Statistics NZ, National Bank

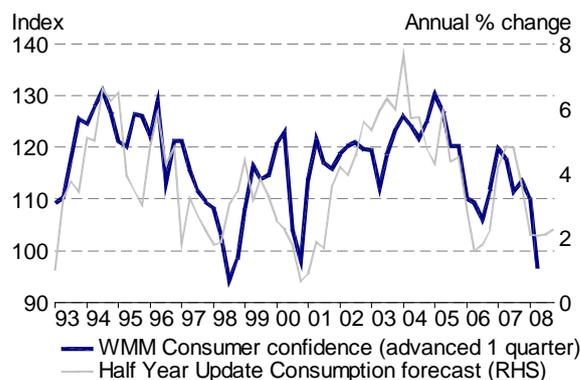
The deterioration was across all sectors of the economy. Factors such as high interest rates, weaker net migration, slowing property activity and high food and fuel prices impacted on the retail, services and construction (especially residential) sectors. The strong New Zealand dollar continues to affect the manufacturing sector while drought is influencing the agricultural sector. Firms' hiring intentions remained negative and investment intentions were soft, reflecting firms' own activity outlook. Inflation expectations remain elevated and firms' pricing intentions increased.

...as consumer confidence falls to a 10-year low...

Total retail sales and retail sales excluding the automotive industry grew 0.3% in January while electronic card transactions for retail goods fell in February. High fuel and food prices, increased mortgage rates, a weakening housing market and turmoil in global financial markets all drove consumer confidence to a 10-year low. The fall in

the Westpac McDermott Miller (WMM) measure of consumer confidence was consistent with slowing consumption growth (Figure 6). Consumption in the year to March looks to be slightly below forecast at the *Half Year Update* with GST receipts being \$69 million (0.9%) below forecast in the year to February 2008.

Figure 6 – Private consumption and consumer confidence

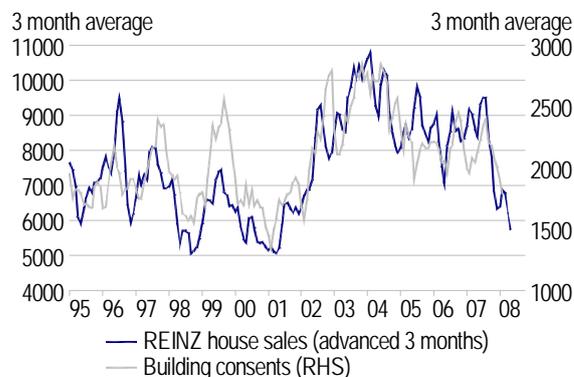


Sources: Westpac, Treasury

...and a weakening housing market impacts residential investment...

The fall in residential investment reduced GDP growth in the December quarter and will likely continue to subtract from growth on the back of a weakening housing market. Building consents for new dwellings excluding apartments fell 3.0% in February and were 13.6% lower than a year ago. The fall in building consents is consistent with fewer sales of new houses and a weak outlook for residential investment (Figure 7). New house sales fell 31.9% in February 2008 from a year ago. The REINZ median price of houses sold in February 2008 fell for the third consecutive month.

Figure 7 – House sales and building consents



Sources: REINZ, Statistics NZ

Slowing net migration has also contributed to the weakening housing market. The net gain of permanent and long-term migrants averaged 500

a month in 2007, well down from the average monthly net gain of 1,200 in 2006. Further weakening in net migration gains since December 2007, to around 100 a month, will put more downward pressure on the housing market.

...while drought reduce agricultural production

Agricultural production accounts for approximately 5% of GDP. Dry conditions, in particular drought in some regions, will restrict agricultural production and limit growth in the economy. This month's special topic discusses the economic impact of drought.

The other big contributor to the growth in exports was production from the Tui oilfield. The Tui oilfield has now reached full production, implying contributions to GDP growth are unlikely to be significant in 2008.

Weak US economic data and tight liquidity ...

Most of the data released in the United States in March showed continuing weakness in its economy. Non-farm employment fell in February, house prices were down 10.7% in the year to January, consumer confidence fell to a 5-year low and annualised GDP growth in the final quarter of 2007 was confirmed at 0.6%. So far, indicators from Europe and Asia show that economic activity is holding up reasonably well in those regions.

In financial markets, investment bank Bear Stearns was threatened with bankruptcy resulting from the tight liquidity arising from the sub-prime mortgage fall-out. The Federal Reserve provided emergency funding via JPMorgan Chase (who made an offer to buy Bear Stearns) and the Fed guaranteed Bear Sterns' least liquid assets.

In a series of moves over the month (some in conjunction with other central banks), the Fed increased access to liquidity to shore up financial markets and lowered their target funds rate 75 basis points to 2.25% on 18 March. Although this was less than the 100 basis points reduction the market expected, it reacted positively to the move.

... led to continuing market volatility ...

There was continued volatility in international financial and commodity markets during March. The Dow Jones index fell below 12,000 mid-month and the US dollar recorded lows against the Euro and Yen. The price for West Texas Intermediate oil exceeded US\$110/barrel and the

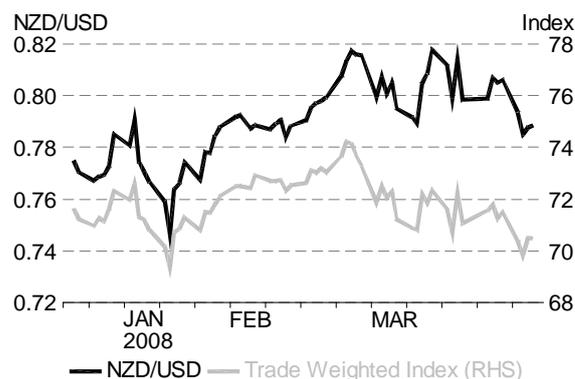
gold price exceeded US\$1,000/ounce as a hedge against inflation and US dollar weakness.

Commodity prices subsequently eased and the US share market and US dollar recovered. Commercial interest rates increased sharply as March quarter balance dates approached because of tight liquidity, but subsequently eased. Some stability returned to financial markets in the first week of April as the outlook for the US economy in the second half of 2008 appeared more positive. However, it is still too early to say that the worst is over.

... and a weaker global growth outlook

The NZ dollar reflected these international developments, reaching above US82 cents in mid-March and briefly falling below US78 cents in the first week of April (*Figure 8*). The weaker world outlook that has emerged since the start of 2008 will affect the demand for New Zealand's exports. In the March Consensus Forecasts, the economic outlook for 2008 and 2009 was downgraded for most of our top trading partners.

Figure 8 – New Zealand dollar exchange rate



Source: RBNZ

Some positives offset weaker growth outlook

New Zealand's terms of trade are at record highs and will offset some of the impact from the drought on dairy production. The labour market is still strong with unemployment at its lowest rate in over 21 years. The impact of higher oil prices on the New Zealand economy is not as significant as it has been in the past thanks to production from the Tui oilfield and growing dairy exports to oil-producing nations. The Federal Reserve remains proactive in managing monetary policy and providing liquidity to financial markets, and China's and Australia's economies are still strong. Nevertheless, the outlook is for slowing growth in 2008.

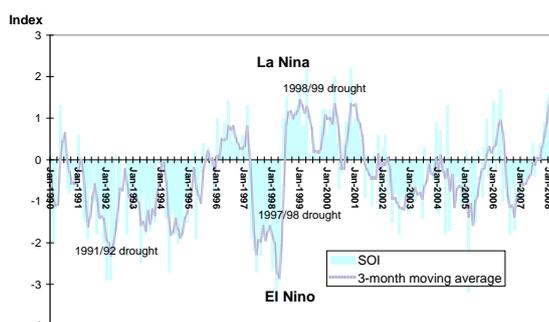
Special Topic: Impact of drought on the New Zealand economy

Given the importance of the primary sector in New Zealand, climatic conditions have always been a significant driver of GDP volatility in New Zealand. There is strong evidence that the 1998 drought triggered or precipitated the onset of the last recession in the late-90s.¹ This special topic provides an update on recent climatic conditions and their impact on economic activity for the current and next growing seasons.

La Nina has led to dry conditions ...

The current climate setting has brought dry conditions over the mid and lower half of the North Island, reflecting the influence of a strong La Nina. Figure 9 shows that the emergence of a La Nina weather pattern appeared at the end of 2007. In the latest climate update, NIWA predicted that normal or below-normal soil moisture and river flows are likely to continue over most of the country for the next two months.

Figure 9 – Southern Oscillation Index



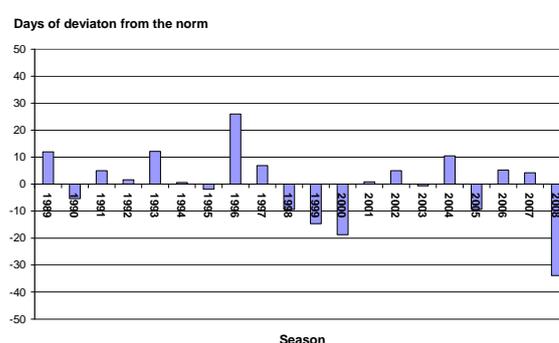
Source: NIWA

The impact of climatic conditions on the New Zealand economy varies from year to year and from region to region. This variability makes it difficult to assess the overall impact of past climatic conditions on the economy. In this analysis, we constructed a drought indicator to assess the potential impact of drought conditions on the economy. The drought indicator is based on Days of Soil Moisture Deficits (DSMD). The DSMD is calculated on a daily basis and is accumulated for each growing season (July to June). Over the years, farmers from different regions have adapted well to their own specific climatic conditions. For example, farmers in Canterbury are more prepared for short droughts than farmers in Waikato. Therefore, the climatic conditions must deviate significantly from the norm to have a material impact on agricultural production.

¹ See Buckle et al. (2002), *A structural VAR model of the New Zealand business cycle*, New Zealand Treasury Working 02/26

Thus, we computed a monthly average DSMD over a period of about 20 years for 12 different regions and then calculated the deviation between the monthly average DSMD and the actual monthly DSMD. For the 2008 season, we have monthly data up to the end of February 2008. A positive deviation indicates that the climate is wetter than normal and vice versa. Figures 10 and 11 show the accumulated days of deviation from the average DSMD for each year for the Waikato region and Canterbury region respectively.

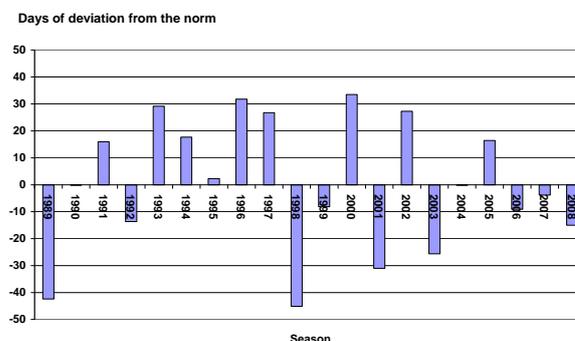
Figure 10 – Soil moisture deficits for Waikato region



Sources: NIWA, Treasury

Figure 10 illustrates that the current water shortage is the most severe for the Waikato region for the last two decades. It is also interesting to note that the Waikato region escaped relatively unharmed in the late-90s in comparison with other drought-affected regions. In contrast, the Canterbury region has been affected mildly by the current dry conditions compared with the 1998 drought (see Figure 11). Figure 11 also shows that climate variability is much greater in the Canterbury region than in the Waikato region, suggesting farmers are more experienced in dealing with weather extremes.

Figure 11 – Soil moisture deficits for Canterbury

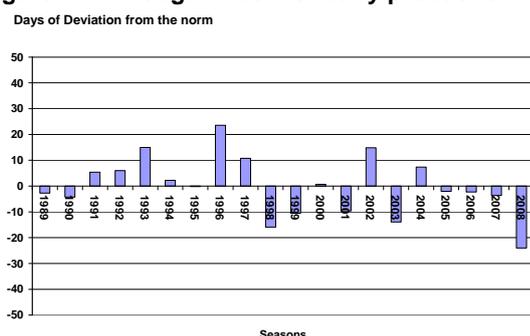


Sources: NIWA and the Treasury

The overall situation ...

Using a specific weight (dependent on the region's importance for the type of production) for each region, we calculated a national weighted average of the drought index for the three main agricultural sectors, namely dairy, sheep and cattle. Figure 12 below shows the estimates for the past 20 growing seasons for the dairy sector. The current index of -24 is the worst seen in the last 20 years and we now expect dairy production to be at least 2% lower than the previous season according to Figure 13.

Figure 12 – Drought index for dairy production



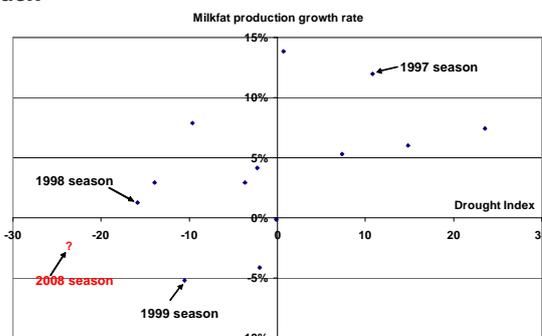
Sources: NIWA, Treasury

Figure 13 shows a scatter plot for the annual growth rate of milkfat production and the drought index for the dairy sector with a correlation coefficient of around 0.45. In general, growth in milkfat production increases with soil moisture. However, as soil is saturated with more water, more water will inhibit pasture growth, which in turn lowers dairy production.

The drought index for the overall agricultural production in Figure 14 suggests that the likely impact of the current dry conditions could be as large as that of the 1998 drought. However, apart from the level of soil moisture deficits, other factors must be taken into account in assessing the potential impact that the recent drought conditions could have for primary production. For example, the timing of drought is important: a drought which occurs before the peak production would have more impact than a drought late in the season. The availability of supplements may also

be crucial for farmers to maintain production during dry conditions. The current level of production is also influenced by the condition of animals at the beginning of the season. Furthermore, the increasing use of irrigation makes pasture production less reliant on natural rainfall. Therefore, the same dry conditions may impact less on production now than in the past.

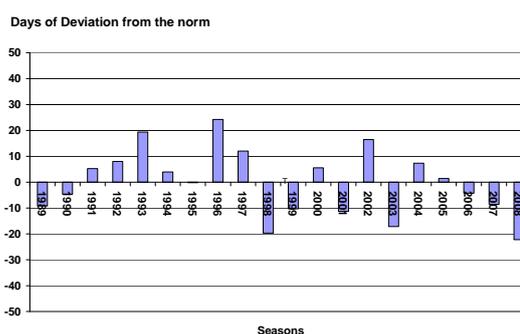
Figure 13 – Milkfat production and the drought index



Sources: NIWA, Treasury

At the current juncture, we expect agricultural production to be 1% lower than last year compared with a forecast of 3% growth at the *Half Year Update*. This means that agricultural production could be 4% lower than the *Half Year Update* forecast. Combined with the flow-on impacts and the lingering effect of the dry conditions on the next growing season, we expect that the current dry conditions are likely to trim GDP growth by around 0.5% for the 2008 calendar year.

Figure 14 – Drought index for total agricultural production



Sources: NIWA, Treasury

Monthly Economic Indicators is a regular report prepared by the Forecasting and Monitoring team of the Treasury.

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New Zealand Key Economic Data

Quarterly Indicators

		2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg ¹	0.4	0.7	1.2	0.9	0.5	1.0	...
	ann ave % chg	1.6	1.5	1.5	2.1	2.7	3.1	...
Real private consumption	qtr % chg ¹	0.9	1.3	2.1	0.5	0.4	0.5	...
	ann ave % chg	3.0	2.5	2.7	3.4	4.0	4.3	...
Real public consumption	qtr % chg ¹	0.9	0.7	0.5	1.2	2.1	0.4	...
	ann ave % chg	4.8	4.7	4.3	4.4	4.4	4.4	...
Real residential investment	qtr % chg ¹	3.8	1.7	-0.1	3.2	1.9	-1.6	...
	ann ave % chg	-3.5	-3.0	-2.7	1.6	3.5	4.4	...
Real non-residential investment	qtr % chg ¹	1.6	0.6	4.1	-1.6	0.0	6.1	...
	ann ave % chg	2.1	-1.1	-2.1	0.3	2.1	5.1	...
Export volumes	qtr % chg ¹	3.2	-2.4	2.6	-0.8	-0.1	5.4	...
	ann ave % chg	1.2	1.7	3.1	3.5	2.3	3.6	...
Import volumes	qtr % chg ¹	0.8	1.2	4.2	2.6	0.7	4.3	...
	ann ave % chg	-2.4	-2.8	-1.7	1.7	5.4	8.9	...
Nominal GDP - expenditure basis	ann ave % chg	4.2	4.7	5.0	6.4	7.2	7.7	...
Real GDP per capita	ann ave % chg	0.5	0.3	0.3	0.9	1.5	2.1	...
Real Gross National Disposable Income	ann ave % chg	-0.1	0.4	1.6	2.9	3.6	5.1	...
External Trade								
Current account balance (annual)	NZ\$ millions	-14031	-14004	-13522	-13682	-14280	-13833	...
	% of GDP	-8.8	-8.6	-8.2	-8.1	-8.4	-7.9	...
Investment income balance (annual)	NZ\$ millions	-11832	-12092	-11863	-11880	-12329	-12485	...
Merchandise terms of trade	qtr % chg	-2.2	2.5	1.5	0.4	3.7	2.9	...
	ann % chg	-1.3	3.8	4.5	2.3	8.4	8.8	...
Prices								
CPI inflation	qtr % chg	0.7	-0.2	0.5	1.0	0.5	1.2	...
	ann % chg	3.5	2.6	2.5	2.0	1.8	3.2	...
Tradable inflation	ann % chg	3.0	1.1	0.8	-0.5	-0.3	2.8	...
Non-tradable inflation	ann % chg	4.0	3.9	4.0	4.1	3.7	3.5	...
GDP deflator	ann % chg	2.8	2.8	2.9	4.0	3.7	5.3	...
Consumption deflator	ann % chg	3.0	2.6	1.9	1.3	1.3	2.1	...
Labour Market								
Employment (HLFS)	qtr % chg ¹	-0.3	0.1	1.2	0.6	-0.3	1.1	...
	ann % chg ¹	1.4	1.4	1.7	1.6	1.6	2.5	...
Unemployment rate	% ¹	3.8	3.8	3.7	3.6	3.5	3.4	...
Participation rate	% ¹	68.3	68.1	68.6	68.7	68.3	68.8	...
LCI salary & wage rates - total (adjusted) ⁶	qtr % chg	1.0	0.9	0.6	0.6	1.0	1.0	...
	ann % chg	3.2	3.2	3.2	3.1	3.1	3.3	...
LCI salary & wage rates - total (unadjusted) ⁶	qtr % chg	1.4	1.3	0.8	1.0	1.7	1.4	...
	ann % chg	5.1	4.9	4.5	4.6	4.8	5.0	...
OES average hourly earnings - total ⁶	qtr % chg	1.6	0.8	1.0	0.8	1.3	1.0	...
	ann % chg	5.0	5.0	4.6	4.3	4.0	4.2	...
Labour productivity ⁷	ann ave % chg	1.1	0.7	1.0	1.3	1.9	2.6	...
Confidence Indicators/Surveys								
WMM - consumer confidence ³	Index	112	120	118	111	114	110	97
QSBO - general business situation ⁴	net %	-19.1	3.5	-15.3	-36.6	-27.3	-26.4	...
QSBO - own activity outlook ⁴	net %	10.5	15.0	16.1	8.8	15.4	13.9	...

Monthly Indicators

		2007M 9	2007M10	2007M11	2007M12	2008M 1	2008M 2	2008M 3
External Sector								
Merchandise trade - exports	mth % chg ¹	7.6	12.5	-2.4	5.9	0.3	3.3	...
	ann % chg ¹	3.9	24.1	21.1	24.2	24.1	30.9	...
Merchandise trade - imports	mth % chg ¹	1.1	9.9	-2.7	2.2	-3.2	6	...
	ann % chg ¹	2.4	6.2	10.5	11.3	2.5	15.8	...
Merchandise trade balance (12 month total)	NZ\$ million	-6282	-5883	-5691	-5307	-4798	-4413	...
Visitor arrivals	number ¹	205200	200110	206110	204200	205740	216640	...
Visitor departures	number ¹	208000	204130	204950	202340	207940	210700	...
Housing								
Dwelling consents - residential	mth % chg ¹	-9.3	-5.1	1.3	-4.2	3.2	-6.5	...
	ann % chg ¹	-15.3	-16.5	-4.1	-6.4	-4.6	-17.9	...
House sales - dwellings	mth % chg ¹	-8.7	12.6	1.1	-7.8	-0.6	-2.4	...
	ann % chg ¹	-31.9	-22.5	-22	-32.2	-31.2	-31.9	...
REINZ - median dwelling price	mth % chg	0.5	-1.3	-0.5	-0.4	-0.7	-0.8	...
	ann % chg	12.2	8.1	6.8	4.5	4	0.8	...
Private Consumption								
Core retail sales	mth % chg ¹	0.4	-1.0	0.9	0.2	0.3
	ann % chg ¹	4.9	3.0	4.4	4.3	4.0
Total retail sales	mth % chg ¹	1.1	-0.5	1.8	0.1	0.3
	ann % chg ¹	5.8	4.4	6.9	5.9	5.9
New car registrations	mth % chg ¹	-6.6	5.7	-3.6	-2.6	5.4	-3.6	...
	ann % chg	0.1	4.7	2.3	1.4	1.7	1.9	...
Electronic card transactions - total retail	mth % chg ¹	1.2	-0.6	1.9	0.0	0.3	-0.1	...
	ann % chg	8.1	7.7	10.0	7.3	8.7	10.7	...
Migration								
Permanent & long-term arrivals	number ¹	7090	6740	6990	6690	6690	7230	...
Permanent & long-term departures	number ¹	6440	6490	6520	6670	6620	7060	...
Net PLT migration (12 month total)	number	8309	7517	6588	5491	4799	4643	...
Commodity Prices								
Brent oil price	US\$/Barrel	76.77	82.51	92.73	91.52	92.09	94.72	103.16
WTI oil price	US\$/Barrel	79.63	85.93	94.77	91.77	92.98	95.36	105.5
ANZ NZ commodity price index	mth % chg	1.5	-3.8	0.8	-0.9	-1.8	-2.2	2
	ann % chg	25.1	21.5	20.9	19	15.9	11.4	11.9
ANZ world commodity price index	mth % chg	0.4	1.8	0.8	0	-1.4	1.1	2
	ann % chg	35.7	37.8	35.9	30.9	27.4	26.9	26.9
Financial Markets								
NZD/USD	\$ ²	0.7171	0.7606	0.7624	0.7686	0.7718	0.7968	0.8027
NZD/AUD	\$ ²	0.8492	0.8464	0.8499	0.8811	0.8758	0.8733	0.8669
Trade weighted index (TWI)	June 1979 = 100 ²	68.33	71.22	70.26	71.58	71.24	72.96	71.58
Official cash rate (OCR)	%	8.25	8.25	8.25	8.25	8.25	8.25	8.25
90 day bank bill rate	% ²	8.81	8.68	8.73	8.9	8.75	8.82	8.91
10 year govt bond rate	% ²	6.16	6.37	6.39	6.4	6.28	6.4	6.36
Confidence Indicators/Surveys								
National Bank - business confidence	net %	-26.5	-12.9	-19.6	-24.9	-32.4	-43.9	-57.9
National Bank - activity outlook	net %	17.2	20.3	15.7	18.2	13.3	2.4	-6.4
One News ⁵ - consumer confidence	net %	-8	-2	-6	-10	-13	-16	-24

qtr % chg	quarterly percent change	1	Seasonally adjusted
		2	Average (11am)
mth % chg	monthly percent change	3	Westpac McDermott Miller
ann % chg	annual percent change	4	Quarterly Survey of Business Opinion
ann ave % chg	annual average percent change	5	One News Colmar Brunton
		6	Ordinary time
		7	Production GDP divided by HLFS hours worked

Sources: Statistics New Zealand, Reserve Bank of New Zealand, National Bank of New Zealand, NZIER, ANZ, Datastream, Westpac McDermott Miller, One News Colmar Brunton

