Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

August 2008

Executive Summary

- **Retail sales volumes fell in June 2008 for the second consecutive quarter**
- **The labour market is weakening and the unemployment rate rose to 3.9% in June 2008**
- **We maintain our view that the economy contracted in the June quarter**
- **At this stage we are not ruling out that a further small fall may occur in the September quarter before growth turns positive in the December quarter**

High food and petrol prices and debt servicing costs have put pressure on household budgets and led to a reduction in consumer spending. Retail sales volumes fell in June 2008 for the second consecutive quarter and we expect real private consumption to contract in the June quarter and remain weak in the September 2008 quarter.

The housing market is weakening. High mortgage rates and low net inflows of permanent and long-term migrants have led to the slowdown in the housing market. Houses are taking longer to sell and house prices will likely fall further. Given the fall in house sales, we expect residential investment to contract in the June and September 2008 quarters.

The labour market is softening. The economy failed to add any jobs in the first two quarters of 2008 and the unemployment rate rose to 3.9% in June. With firms facing high cost pressures from stronger wages and rising electricity prices, profit margins are being squeezed. Although firms' pricing intentions remain high, demand is weakening and this will limit the extent to which firms are successful in raising prices. We expect some firms to reduce their current staffing levels in order to reduce costs and the unemployment rate to rise further. However, in line with falling activity we expect inflation to ease in the medium term.

We maintain our view that the economy contracted in the June quarter, as stated in the July 2008 *Monthly Economic Indicators*. At this stage we are not ruling out the possibility of a further small fall in the September quarter with residential investment expected to post a significant contraction in the September quarter. We continue to expect growth to turn positive in the December quarter owing to the combined effects of tax cuts, recovery from the drought and the weakening NZ dollar. We also expect annual average growth in real GDP to be around ½% in the calendar 2008 year.

This month's special topic reports on the business and tax talks undertaken by Treasury in preparation for the *Pre-election Economic and Fiscal Update*.

New Zealand Government

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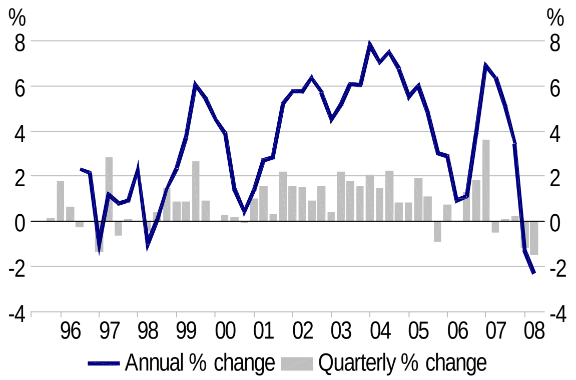
Commentary

Following recent data releases we maintain our view that the economy contracted in the June quarter and will possibly weaken further in the September quarter. We expect quarterly GDP growth to turn positive in the December quarter due to the combined effects of tax cuts, recovery from the drought and the weakening NZ dollar. We also expect annual average growth in real GDP to be around ½% in the calendar 2008 year.

Retail sales fell further in the June quarter…

Retail sales volumes fell 1.5% in the June quarter, the largest fall since the series started in 1995 (*Figure 1*). This follows a 1.2% decline in the March quarter and supports our view of a fall in private consumption and real GDP in the June quarter.

Figure 1 – Total Retail Sales Volumes



Source: Statistics NZ

…due to high food and petrol prices

High food and petrol prices have reduced the amount of money available for spending on more discretionary goods and have affected purchasing decisions. Consumers appear to be buying fewer goods, switching to cheaper substitutes and buying items that are on sale.

Motor vehicle retailing fell 4.8% in the June quarter and contributed to the fall in retail sales volumes. Sales volumes from automotive fuel retailers also weakened, down 4.2% in the June quarter. The fall in petrol volumes relates to a 12% increase in the price of petrol and compares with a 0.3% fall in volumes and a 4% price increase in the March quarter. This suggests that petrol prices were reaching levels where price increases were being met with a more significant demand response.

Although petrol prices are up around 30% from a year ago, they have eased and this will help support consumption moving forward. Petrol prices (91 octane) have eased from a peak of $2.19 in early July and are currently just below $2/litre (*Figure 2*). The fall in the price of petrol reflects the fall in the international spot price for oil. The West Texas Intermediate oil price has eased from a peak of US$147 per barrel on 11 July to $108 on 5 September 2008.

Figure 2 – Price of Petrol (91 octane)

Source: Ministry of Economic Development

Excluding the automotive related industries, 'core' retail sales volumes fell 0.7% in the June quarter. This was driven by a 3.7% decline in supermarket and grocery store sale volumes, reversing the 3.1% gain in the previous quarter. Taking the last two quarters together, due to recent data volatility, supermarket and grocery store volumes increased only 1.0% while the amount spent increased 4.2%. The increase in the amount spent on grocery and supermarket sales looks low considering the increase in food prices of 8.2% in the year to June 2008 and could suggest that consumers are switching to cheaper substitutes.

The fall in retail sales volumes in the June quarter was partly offset by an increase in appliance retailing volumes of 1.2% in the June quarter. However, this increase was due to price discounting as the total amount spent on appliances actually fell by 0.9%.

Retail indicators were subdued in July

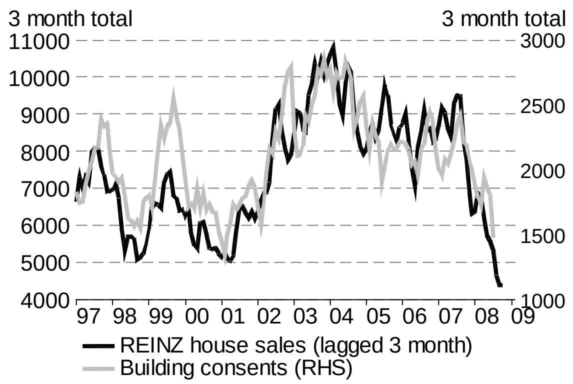
Electronic card transactions (ECT), excluding motor vehicle related store-types, rose 1.2% in July and only partly offset the 1.5% fall in June (seasonally adjusted). With food and fuel prices at elevated levels and mortgage rates high, the volatile ECT results point to the likelihood of weak consumption growth in the September quarter.

House prices are likely to fall further

The weakening housing market is making people less wealthy and this has contributed to the fall in retail sales. House sales are down 32% and the median house sale price fell 1.4% in the year to July 2008. Furthermore, the median number of days to sell a house has increased to a record high of 57 days in July 2008 (seasonally adjusted), up 87% from a year ago, according to the Real Estate Institute of New Zealand.

Residential building consents excluding apartments fell 0.1% in July and are down 36% from a year ago. Given the historical relationship between house sales and building consents, we expect building consents to fall further and residential investment to contract in the June and September 2008 quarters (*Figure 3*). With residential investment expected to post another significant contraction in the September quarter, we consider quarterly real GDP will struggle to grow in the September quarter.

Figure 3 – House Sales and Building Consents



Sources: Real Estate Institute of NZ, Statistics NZ

Weakness in the housing market has been driven by weaker demand due to high mortgage rates and low net migration inflows. The net gain of permanent and long-term migrants stood at 5,200 in the 12 months to July 2008, down from 9,000 in the year to July 2007 and well below the 42,500 peak in the year to May 2003. Combined with a weakening labour market, the demand for houses should ease and house prices should fall further.

Employment growth flat in the first half of 2008

Labour market data contained in the Household Labour Force Survey has been more volatile than usual in the first half of 2008. After a 1.3% fall in the March quarter, the largest recorded decline since 1989, employment rose 1.2% in the June quarter. On an annual basis employment was 0.7% higher than in June 2007. However, over the first two quarters of 2008 the economy failed to add any jobs. This lack of employment growth is consistent with recent opinion surveys of firms such as the *Quarterly Survey of Business Opinion* and Treasury's recently conducted business and tax talks. We summarise high-level feedback received from businesses as part of Treasury's *Pre-election Update* business and tax talks in this month's *Special Topic*.

Actual hours worked increased 2.3% over the June quarter, compared with a 1.7% fall in the March quarter. Similar to employment, hours worked in the first two quarters of 2008 were down 0.3% compared to the last two quarters of 2007. Although growth in hours worked and employment were greater than we and the market were expecting in the June quarter, we maintain our view of a fall in real GDP in the second quarter.

Compared to a year earlier, employment in the June quarter was down in agriculture, forestry and fishing; construction; and other services. The largest fall in employment was in construction, down 9,600 or 5.1% since June 2007. This fall in employment reflects the decline in residential investment and is expected to increase with a weakening housing market. Gains were recorded in all other industry groups with the largest gains recorded in wholesale and retail trade, up 9,100 or 2.4% since June 2007.

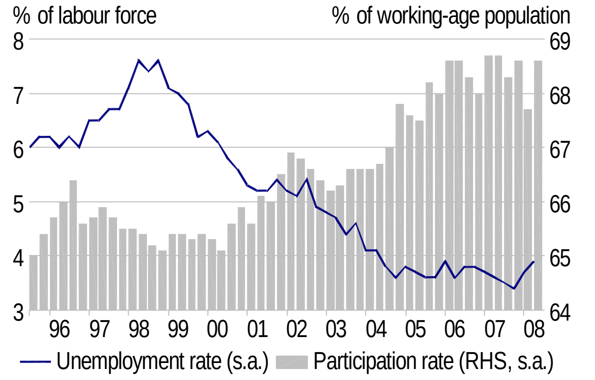
With the bounce-back in employment growth, the labour force participation rate rose to 68.6% in the June quarter. Compared to a year ago the labour force participation rate is down 0.1 percentage points and is expected to fall as the labour market weakens.

The unemployment rate rose to 3.9%...

The unemployment rate rose 0.2 percentage points in the June quarter to 3.9% and is expected to increase further as firms seek to reduce costs and demand weakens. The December 2007 quarter unemployment rate of 3.4% appears to be the low point of the cycle (*Figure 4*). The rise in unemployment preserves the gap between our rate and that of Australia, which had unemployment of 4.3% in July 2008. Internationally, New Zealand's unemployment rate remains the 6th lowest in the OECD.

Given the recent volatility in the labour market data, the June quarter data may be best considered as a continuation of the easing that appears to have begun in the September 2007 quarter rather than a sign of renewed growth.

Figure 4 – Unemployment and Participation Rates



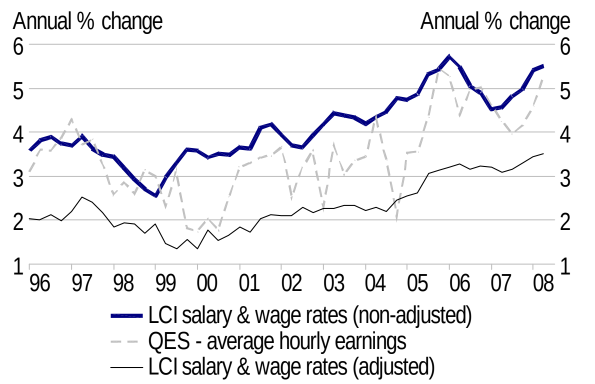
Source: Statistics NZ

…however, wage pressures remain elevated…

Ordinary time hourly earnings rose 1.4% in the June quarter and took the annual increase to 5.3%, up from 4.6% in March as measured by the Quarterly Employment Survey. The annual wage increase was greater than the *Budget Update* forecast of 4.2% in the year to June and largely reflected stronger than expected wage growth in the private sector. Private sector wages rose 2.0% in the June quarter, to be up 5.4% in the year while public sector wages fell 1.6% in the June quarter but were up 4.8% for the June year.

Relatively strong wage growth over the past 12 months reflects the difficultly firms have faced finding and retaining workers, and workers' desire to be compensated for higher food and petrol prices. The Labour Cost Index, which holds the composition of labour constant and excludes merit increases, rose by a record high of 3.5% in the 12 months to June 2008 (*Figure 5*).

Figure 5 – Wage Growth



Source: Statistics NZ

…reducing firms' profitability

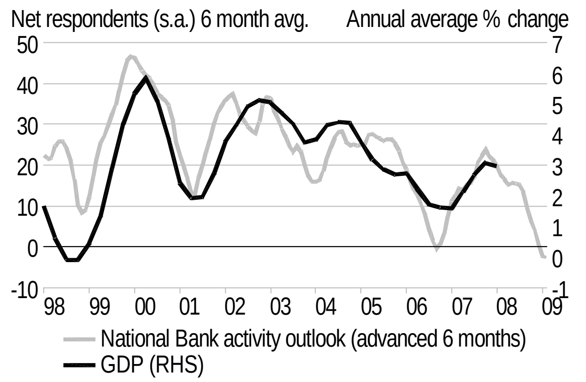
In addition to rising labour costs, firms are also experiencing rising costs in other areas. The Producers Price Index showed that input prices rose by more than output prices in the year to June 2008 and implies that profit margins are being squeezed. Input prices rose 5.6% in the June quarter and output prices increased 3.5%, both driven by higher electricity and oil prices. The dry weather led to low hydro-lake levels and drove the increase in electricity prices.

Firms' activity outlook improves

The net percentage of firms expecting their own activity to increase in the next 12 months increased but is still low compared to history, according to the August 2008 *National Bank Business Outlook* (NBBO). The improvement in firms' own activity outlook is in line with our view that quarterly GDP growth will return to positive territory in the December quarter owing to the combined effects of tax cuts, recovery from the drought and the weakening NZ dollar.

A net 4.7% of firms expect their own activity to increase in the next 12 months, up from a net 8.2% expecting a decrease in the July survey. The increase was less in seasonally adjusted terms and still suggests weak annual GDP growth in the near term. We expect annual average GDP growth of around ½% in calendar 2008 (*Figure 6*).

Figure 6 – Own Activity Outlook and GDP Growth

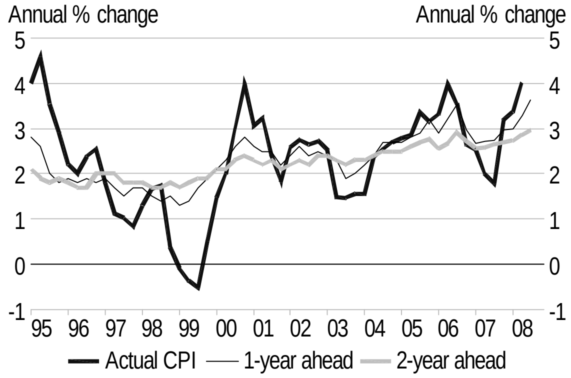


Sources: ANZ National Bank, Statistics NZ

Inflation expectations increase…

High cost pressures have kept firms' pricing intentions at elevated levels. A net 36% of firms expect to increase their prices in the next 12 months, down from a net 43% in the previous survey. Although pricing intentions remain high, demand is weakening and firms will find it difficult to pass on cost increases. Inflation expectations continue to rise as cost pressures increase and pricing intentions remain high. The Reserve Bank of New Zealand survey of inflation expectations showed that the average 1-year ahead and 2-year ahead CPI inflation expectations rose to 3.6% (up 0.3%pts) and 3.0% (up 0.1%pts) respectively since the May 2008 survey (*Figure 7*).

Figure 7 – RBNZ Survey of Inflation Expectations



Sources: Reserve Bank, Statistics NZ

…but inflation should ease in the medium term

Consumption is weakening, residential investment contracting and the labour market softening. In line with falling activity, inflation should ease in the medium term as non-tradables inflation falls.

Merchandise trade deficit reduces

The annual merchandise trade deficit in July was smaller than a year ago (down from $6.3 billion to $4.4 billion), and down from the previous month ($4.5 billion in June). Export values increased more than imports in the year to July and this led to the reduction in the merchandise trade deficit. Export values were up 30% in the year to July and were driven by higher oil exports (from the Tui oilfield), high dairy prices, increasing meat prices and a weaker New Zealand dollar.

Imports rose 22% in the year to July due to higher oil prices, and imports of capital and consumption goods. With consumption and business activity weakening, we expect both imports of consumption and capital goods to moderate. Combined with the recovery from the drought, we expect the current account deficit to reduce in the near term, although international developments will remain important.

Outlook for lower world economic growth …

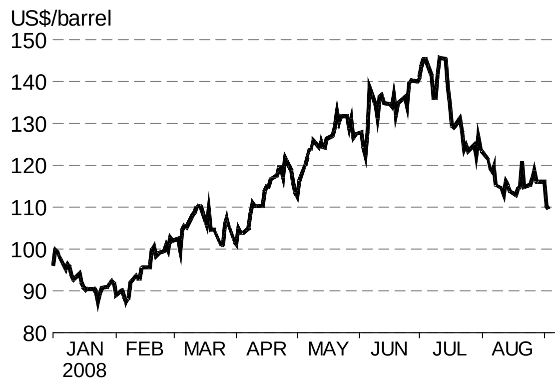
The US economy continues to post a better-than-expected performance, while the EU and UK continue to weaken. Economic growth in the US in the June quarter was revised up from its early estimate of 1.9% to 3.3% (seasonally adjusted, annual rate), reflecting stronger private consumption growth because of the tax rebates and a larger contribution from exports, boosted by the low US dollar. Neither of these sources of growth is likely to persist into the second half of 2008. By contrast, the Euro area recorded a 0.2% contraction in economic output in the June quarter, while output growth in the UK was revised down from 0.2% to no change from the previous quarter.

Economic growth is also easing for many of our other trading partners. Output contracted 0.6% in Japan in the second quarter and Australia recorded growth of only 0.3%, taking annual growth down from 3.6% in March to 2.7% in June. The August Consensus Forecasts were for growth in our main trading partners of 3.1% in 2008 and 3.0% in 2009, down from 3.2% and 3.1% respectively in July. Growth is also expected to slow in developing countries, with Consensus Forecasts for non-Japan Asia revised down from 6.6% in 2008 and 6.4% in 2009 in July to 6.5% and 6.3% in August.

… leads to lower commodity prices

The outlook for lower growth in the international economy has been reflected in lower commodity prices across a broad spectrum. Oil prices have fallen nearly US$40/barrel from their peak of US$147 in mid July (down 27%) as the outlook for growth has deteriorated. The CRB Index, a measure of commodity price expectations, has fallen from its peak of 473 in early July to 375 in early September (down 21%). The ANZ Commodity Price Index for New Zealand fell 3.3% in August, led by a 7.5% fall in world dairy prices.

Figure 8 – West Texas Intermediate Oil Price



Source: Datastream

Coming up

Key data for the June quarter are due for release in September, including GDP and the balance of payments.

Special Topic: Treasury's business talks and other surveys of business intentions

Surveys of business opinion are valuable for helping to forecast developments in the economy. To help interpret recent survey findings, and improve our understanding of the economic environment more generally, analysts from the Treasury met with a small number of businesses to discuss their recent experiences and expectations. In early August the Treasury visited 32 businesses in the three main centres. Large firms we visit personally. Smaller firms, including farms, are covered in our discussions with accountants and business advisors.

This Special Topic reviews the key features of the business environment to emerge from our meetings, and relates these features to other surveys of business opinion. These features form the economic backdrop for the Treasury's forthcoming *Pre-Election Economic and Fiscal Update.*

Firms expect the economy to remain weak

The overall picture of the economy to emerge from our business talks is one of weak activity in the June quarter, particularly in the retail sectors and those servicing the residential property market. Over the remainder of the year and into next year the outlook is for stable to improving conditions.

Agriculture is the primary exception

The dairy sector has enjoyed a good year, despite the drought that affected some producers. For those not affected by drought, one firm described the year to May as "the best ever" for dairy farmers. In the short-term, volumes were expected to return quickly to their pre-drought levels; however, rising input costs (including fertiliser, grazing, feed and power), coupled with an expectation of a lower milkfat payout, would reduce profitability.

International prices have been rising for both lamb and beef and the weakening currency has also been helping restore margins. The drought earlier this year has led to a large drop in sheep numbers, which is expected to result in a fall of 23% or more in lamb production over the coming year. Lamb volumes are unlikely to recover, particularly as the demand for land from the dairy sector remains strong. The outlook for beef volumes is steady.

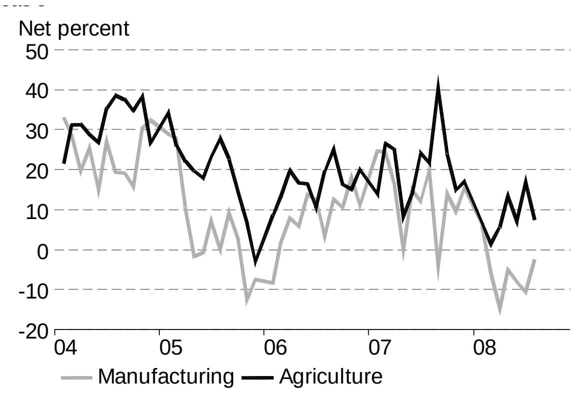
Prospects for the seafood industry also appear to be improving with higher world prices for some species; however, high fuel prices limit the scope for large increases in volumes. Crop farmers had also enjoyed a good year, but were expecting profits to be down in the current year as rising input costs compressed margins.

Manufacturers were more cautious

Manufacturers reported mixed experiences over the last six months, with some increasing profits and others seeing the bottom line deteriorate. However, they tended to share the view that production volumes were likely to slow over the next six months, largely reflecting the slowdown in activity evident around the world. The fall in the exchange rate was welcomed by those we spoke to and would help restore margins and competitiveness.

The August release of the *National Bank Business Outlook* (NBBO) provides some support for this story with a positive outlook for agriculture over the next 12 months and, while still negative, manufacturing has improved from its low earlier this year (*Figure 9*).

Figure 9 – Activity Outlook Index



Source: ANZ National Bank

Tough times ahead for retail, tourism, property and construction

Small retailers and whiteware retailers appear to be bearing the brunt of recent declines in retail sales, but there was no clear sales trend among the big retailers we visited. Some firms considered that customers had been "trading down" or purchasing less expensive items than otherwise, others characterised their experience as reduced sales of non-essential items. June's retail trade figures support this view. We also received mixed views on retail pricing and employment intentions. Some retailers reported an increasing ease of passing through cost pressures, while others felt this had become more difficult and their margins were being squeezed as a consequence. Few retail firms reported an intention to increase employment but some said they were looking to reduce staff or hours worked.

Firms operating in the tourism sector reported a downturn in the numbers of tourists or a fall in spending by tourists (reflecting a shift in the mix of visitors), over the last six months. Although they had seen some pick-up in July, firms generally considered that activity and employment in this sector would decline over the next 6-12 months.

Firms operating in the development segment of the property market, including mortgage lenders, confirmed that activity in this area was "dead" i.e. no growth, and thought it would stay that way for a while. The difficulty in attracting finance for these projects was a key driver. However, there did appear to be some regional variation, with Auckland being hit harder than either Wellington or Christchurch.

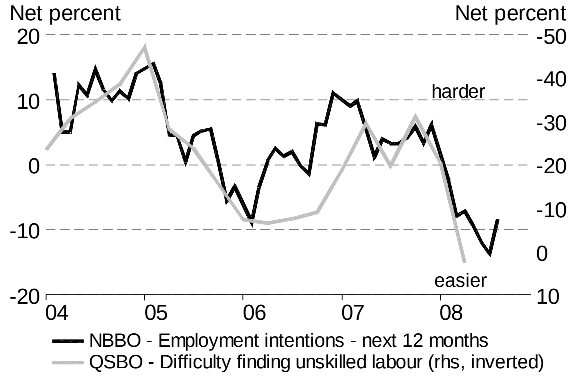
Other parts of the construction sector, such as infrastructure and non-residential construction, were in a better condition. Infrastructure spending, including roads, sports facilities and IT, was generally seen as being on an upward trend.

Labour market expected to continue to ease

Overall, few firms expected to continue to increase staff numbers over the next six months, while a small number expected to reduce staff. We received anecdotes of a notable easing in the difficulty in finding unskilled labour in the Auckland region, and of a more subdued easing in other centres. The market for skilled labour seemed as tight as ever, as did the supply of labour outside the main urban areas.

The June *Quarterly Survey of Business Opinion* (QSBO) found a net 6% of firms reporting that it had become easier to find unskilled labour – a marked improvement from December 2007. The August NBBO shows that economy-wide employment intentions over the next 12 months remained negative (*Figure 10*).

Figure 10 – Labour market developments



Source: ANZ National Bank, NZIER

In terms of labour costs, a large proportion of firms reported wage and salary rises for skilled labour of between 5 and 10 percent, significantly higher than wage increases of 3½ to 4½ percent for less skilled labour. The rapid pace of labour income growth evident in *Figure 5* looks set to continue.

Weak outlook for business investment

Firms reported that borrowing costs had increased and some had found their borrowing choices constrained; however, they did not report any particular difficulties in raising the level of funds they required. This may reflect both the relatively low levels of debt on the firms' balance sheet and the robustness of their business cases. Overall, the decline in the demand for loans appears to be offsetting the decline in funds available for lending. The corollary is a weak outlook for investment growth with firms generally looking to pull back their investment plans. A number of firms were concerned that the proposed Emissions Trading Scheme would reduce their profitability.

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

		2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	0.6	1.3	0.8	0.5	0.8	-0.3	...
	ann ave % chg	1.6	1.6	2.1	2.7	3.1	3.0	...
Real private consumption	qtr % chg[1]	1.3	1.9	0.4	0.5	0.5	-0.4	...
	ann ave % chg	2.6	2.8	3.4	3.9	4.1	3.3	...
Real public consumption	qtr % chg[1]	0.8	0.7	0.9	1.8	0.2	1.1	...
	ann ave % chg	4.7	4.4	4.5	4.4	4.2	4.2	...
Real residential investment	qtr % chg[1]	1.2	0.7	3.0	1.7	-2.3	-5.4	...
	ann ave % chg	-3.2	-2.7	1.6	3.6	4.4	3.7	...
Real non-residential investment	qtr % chg[1]	0.7	3.2	-1.3	0.1	5.1	-1.2	...
	ann ave % chg	-0.9	-1.6	0.8	2.3	4.7	4.4	...
Export volumes	qtr % chg[1]	-2.7	3.1	-1.2	0.0	4.5	-1.8	...
	ann ave % chg	1.7	3.1	3.4	2.2	3.4	2.3	...
Import volumes	qtr % chg[1]	1.1	4.2	2.6	0.8	3.8	1.2	...
	ann ave % chg	-2.8	-1.7	1.7	5.4	8.8	9.7	...
Nominal GDP - expenditure basis	ann ave % chg	4.9	5.2	6.5	7.2	7.4	7.4	...
Real GDP per capita	ann ave % chg	0.4	0.4	0.9	1.5	2.0	1.9	...
Real Gross National Disposable Income	ann ave % chg	0.5	1.7	2.9	3.6	5.0	5.3	...
External Trade								
Current account balance (annual)	NZ$ millions	-14004	-13522	-13682	-14280	-13837	-13787	...
	% of GDP	-8.6	-8.2	-8.1	-8.3	-7.9	-7.8	...
Investment income balance (annual)	NZ$ millions	-12092	-11863	-11880	-12329	-12437	-13123	...
Merchandise terms of trade	qtr % chg	2.5	1.5	0.4	3.7	2.7	4.1	...
	ann % chg	3.8	4.5	2.3	8.4	8.5	11.3	...
Prices								
CPI inflation	qtr % chg	-0.2	0.5	1.0	0.5	1.2	0.7	1.6
	ann % chg	2.6	2.5	2.0	1.8	3.2	3.4	4.0
Tradable inflation	ann % chg	1.1	0.8	-0.5	-0.3	2.8	3.4	4.8
Non-tradable inflation	ann % chg	3.9	4.0	4.1	3.7	3.5	3.5	3.4
GDP deflator	ann % chg	2.9	3.1	4.2	3.9	5.6	5.8	...
Consumption deflator	ann % chg	2.7	2.0	1.5	1.2	2.0	2.5	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	-0.1	1.4	0.3	-0.1	0.9	-1.3	1.3
	ann % chg[1]	1.4	1.8	1.5	1.5	2.5	-0.2	0.7
Unemployment rate	%[1]	3.8	3.7	3.6	3.5	3.4	3.7	3.9
Participation rate	%[1]	68.0	68.7	68.7	68.3	68.6	67.7	68.6
LCI salary & wage rates - total (adjusted)[6]	qtr % chg	0.9	0.6	0.6	1.0	1.0	0.8	0.7
	ann % chg	3.2	3.2	3.1	3.1	3.3	3.4	3.5
LCI salary & wage rates - total (unadjusted)[6]	qtr % chg	1.3	0.8	1.0	1.7	1.4	1.2	1.1
	ann % chg	4.9	4.5	4.6	4.8	5.0	5.4	5.5
QES average hourly earnings - total[6]	qtr % chg	0.8	1.0	0.8	1.3	1.0	1.5	1.4
	ann % chg	5.0	4.6	4.3	4.0	4.2	4.6	5.3
Labour productivity[7]	ann ave % chg	0.8	1.0	1.4	1.9	2.6	3.1	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	120	118	111	114	110	97	82
QSBO - general business situation[4]	net %	3.5	-15.3	-36.6	-27.3	-26.4	-64.1	-63.7
QSBO - own activity outlook[4]	net %	15.0	16.1	8.8	15.4	13.9	-9.7	-22.9

Monthly Indicators

		2008M 2	2008M 3	2008M 4	2008M 5	2008M 6	2008M 7	2008M 8
External Sector								
Merchandise trade - exports	mth % chg[1]	4.6	-18.7	14.8	-10.9	16.8	-5.0	...
	ann % chg[1]	30.4	3.3	20.6	11.7	32.2	29.3	...
Merchandise trade - imports	mth % chg[1]	6.3	-3.9	10.8	-2.8	0.6	2.0	...
	ann % chg[1]	16.0	7.2	21.5	16.7	17.2	21.3	...
Merchandise trade balance (12 month total)	NZ$ million	-4422	-4526	-4604	-4781	-4469	-4443	...
Visitor arrivals	number[1]	217020	215400	189840	207130	204280	208600	...
Visitor departures	number[1]	211180	211200	201870	203400	208900	204200	...
Housing								
Dwelling consents - residential	mth % chg[1]	-6.4	-14.3	82.7	-41.8	-18.8	4.8	...
	ann % chg[1]	-17.7	-27.5	31.1	-27.0	-47.0	-35.1	...
House sales - dwellings	mth % chg[1]	-1.1	-31.7	13.1	-17.0	14.3	11.6	...
	ann % chg[1]	-31.9	-53.5	-44.9	-53.2	-42.5	-32.3	...
REINZ - median dwelling price	mth % chg	-0.8	1.2	-1.1	0.2	-0.9	0.5	...
	ann % chg	0.8	1.6	-1.2	-1.3	-2.2	-1.4	...
Private Consumption								
Core retail sales	mth % chg[1]	0.1	-0.4	-0.2	0.8	0.0	...	...
	ann % chg[1]	2.0	0.7	1.4	1.7	2.1	...	...
Total retail sales	mth % chg[1]	-0.7	-1.1	1.2	-1.1	0.9	...	...
	ann % chg[1]	3.3	0.8	3.2	1.2	2.4	...	...
New car registrations	mth % chg[1]	-9.4	-12.8	9.0	-11.7	1.4	-7.5	...
	ann % chg	1.9	-13.2	-1.1	-20.6	-15.9	-27.1	...
Electronic card transactions - total retail	mth % chg[1]	0.2	0.1	-0.3	1.3	-0.3	0.8	...
	ann % chg	10.7	4.4	6.0	8.7	2.6	7.3	...
Migration								
Permanent & long-term arrivals	number[1]	7300	7230	7290	7840	7550	7640	...
Permanent & long-term departures	number[1]	7040	6690	6810	6880	7070	6790	...
Net PLT migration (12 month total)	number	4643	4678	4666	4931	4732	5201	...
Commodity Prices								
Brent oil price	US$/Barrel	94.72	103.16	110.03	123.86	132.76	133.59	113.80
WTI oil price	US$/Barrel	95.36	105.50	112.34	125.67	133.93	133.96	116.70
ANZ NZ commodity price index	mth % chg	-2.2	2.1	1.1	2.5	2.1	2.8	2.0
	ann % chg	11.4	12.0	13.4	13.2	12.5	14.4	6.1
ANZ world commodity price index	mth % chg	1.1	2.0	-0.3	1.0	-0.1	1.8	-3.3
	ann % chg	26.9	26.9	20.7	18.7	11.8	8.7	3.6
Financial Markets								
NZD/USD	$[2]	0.7968	0.8027	0.7900	0.7769	0.7607	0.7553	0.7102
NZD/AUD	$[2]	0.8733	0.8669	0.8500	0.8188	0.7997	0.7848	0.8031
Trade weighted index (TWI)	June 1979 = 100[2]	72.96	71.58	70.31	69.32	68.11	67.18	65.52
Official cash rate (OCR)	%	8.25	8.25	8.25	8.25	8.25	8.00	8.00
90 day bank bill rate	%[2]	8.82	8.91	8.87	8.71	8.68	8.46	8.2
10 year govt bond rate	%[2]	6.4	6.36	6.48	6.43	6.42	6.18	6.13
Confidence Indicators/Surveys								
National Bank - business confidence	net %	-43.9	-57.9	-54.8	-49.7	-38.7	-43.2	-20.5
National Bank - activity outlook	net %	2.4	-6.4	-3.8	-4.4	-4.0	-8.2	4.7
One News[5] - consumer confidence	net %	-16	-25	-34	-33	-25	-27	...

qtr % chg — quarterly percent change
mth % chg — monthly percent change
ann % chg — annual percent change
ann ave % chg — annual average percent change

1 Seasonally adjusted
2 Average (11am)
3 Westpac McDermott Miller
4 Quarterly Survey of Business Opinion
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