Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

June 2009

Executive Summary

- **GDP decline largest since 1992 as global financial crisis affects economy**
- **Weak demand sees imports fall and current account deficit narrow to 8.5% of GDP**
- **Pace of contraction to ease in June quarter as the world and domestic outlook stabilises**

The effects of the global financial crisis on the New Zealand economy were evident as production fell by 1.0% in the year to March, the largest annual decline since 1992. The production measure of Gross Domestic Product (GDP) fell 1.0% in the March quarter, following a downwardly revised 1.0% fall in the December quarter, led by a 7.3% fall in manufacturing sector output. Uncertainty about future prospects saw business investment decline 7.3% in the quarter, and led the private sector to cut back on consumption spending to a degree last seen in 1991.

The external sector provided some offset to the weakness evident in the domestic economy contributing over 3 percentage points to GDP. However, most of this strength arose from a 9% fall in import volumes, which are now down over 20% from their peak in June 2008. Export volumes rose a modest 0.6%, indicating that the economy still has some way to go before the forecast export-led rebalancing of growth takes hold.

The large fall in imports also drove the fall in the current account deficit to 8.5% of GDP from 9.0% in the December quarter. With the trade surplus continuing to grow in April and May, further reductions in the deficit are expected over the year ahead. The *Budget Update* forecast the current account deficit to fall under 7% of GDP by the end of the year. Substantial headwinds in the form of a rising currency, rises in oil prices and in international interest rates caution against expectations of a larger gain. In addition, the import-driven nature of the reduction raises questions about the sustainability of the contraction in the deficit. A recovery in domestic demand will likely see imports recover and, unless export earnings rise, the current account deficit will widen again. New Zealand's net international debt position rose to 98% of GDP in the March quarter as the value of international assets fell, a direct consequence of the international financial crisis.

Recent surveys of business and consumer confidence have shown rises, although they continue to suggest that the economy will contract further in the June quarter but not by as much as in the two most recent quarters. The recent pick-up in net inwards migration will help underpin the stabilisation evident in the housing market and retail sales. Moreover, risks to the international outlook are now more balanced and forecasts of global growth have stabilised, which should reduce some of the uncertainty facing businesses. The Quarterly Survey of Business Opinion, released on 7 July, will provide some further pointers to growth prospects over coming quarters.

The New Zealand dollar continued to move higher over June. With world growth weak, the risk is that exports do not rise as expected, frustrating the projected recovery in growth.

The Australian economy has weathered the financial crisis much better than many other developed economies. Our Special Topic looks at the reasons why.

New Zealand Government

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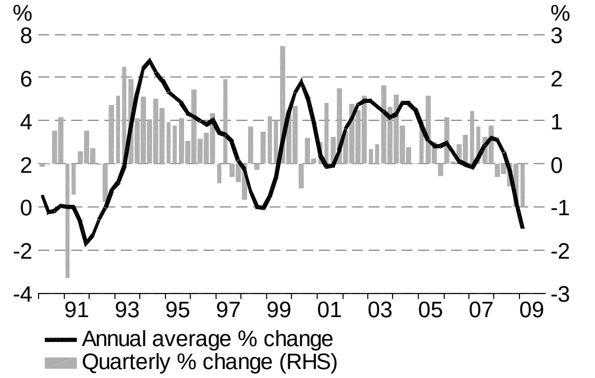
Commentary

Production GDP fell 1.0% in the March quarter as the world recession hit New Zealand …

Real GDP fell 1.0% (seasonally adjusted) in the March quarter, following a revised 1.0% decline in the December 2008 quarter. Real GDP has now fallen in five consecutive quarters leaving output 3.0% below its December 2007 peak. The result was a little weaker than the market's prediction of a 0.7% decline but similar to the 1.1% fall incorporated in the *Budget Forecasts*. On an annual average basis the economy has contracted by 1.0% in the year to March 2009, the largest decline since 1992 (*Figure 1)*.

Figure 1 – Real GDP growth (production)



Source: Statistics NZ

… again led by falling manufacturing activity

Manufacturing output (excluding primary food manufacturing) fell 7.2% in the quarter and subtracted 0.8%pts (percentage points) from growth, which is the largest negative contribution from any industry (*Table 1*). The declines were across most types of manufacturing but were particularly strong in machinery and equipment manufacturing and the production of metal products. Increases in aluminium production are expected to provide a boost to the latter category in the June and September quarters.

The global economic downturn has been especially damaging to manufacturing industries, and while New Zealand industries have not fared as badly as those in some of the big industrial producers such as Germany or Japan, the 13% decline in domestic manufacturing output in the year ended March is similar to the 15% decline in global manufacturing output. We expect further falls in manufacturing as demand in New Zealand and the world contracts further before recovering later in the year.

Tighter credit conditions and heightened uncertainty about employment and income prospects contributed to weak domestic demand. Activity in both the retail and wholesale trade sectors declined, subtracting 0.5%pts from growth, their fifth consecutive negative contribution. Other services providers to experience weaker conditions included transport and communication, but these were more than offset by increases in business services and real estate, partly due to the pick-up in house sales. Government spending provided indirect support to growth through rising consumption spending and direct support to infrastructure, helping the construction sector post a small rise in the quarter.

Table 1

Contribution to Quarterly Production GDP Growth	Dec 08 qtr	Mar 09 qtr
Agriculture and Primary Food	0.3	-0.2
Fishing, Forestry and Mining	-0.1	0.0
Electricity, Gas and Water	0.0	-0.1
Manufacturing (ex-primary food)	-0.7	-0.8
Construction	-0.2	0.0
Wholesale and Retail Trade	-0.4	-0.5
Other Services	0.8	0.2
Unallocated/balancing item	-0.7	0.3
Production GDP	**-1.0**	**-1.0**

Weak domestic demand lowers real expenditure GDP…

Real expenditure GDP fell 0.7% in the March quarter led by a 7.3% fall in non-residential investment, echoing the depressed levels of business confidence in the quarter as the world economy slumped. Private consumption declined 1.3% in the quarter, its largest quarterly decline since 1991, as nervousness about the economic climate increased household saving despite increased cash flows from recent (and prospective) tax cuts, lower petrol prices and lower interest rates.

… but net exports provide support

Export volumes increased 0.6% largely due to an 11.9% increase in dairy exports as stocks were reduced, assisted by a 3.8% rise in travel services due to a higher per-visitor spend offsetting a decline in tourist numbers. Import volumes were down 8.6% on sharp falls in capital goods (-13%) and consumer goods (-6%). Imports of passenger cars fell 47% in the quarter. Overall, net exports contributed over 3%pts to GDP and trade data for

April and May indicate a sizable positive contribution to June quarter GDP as well.

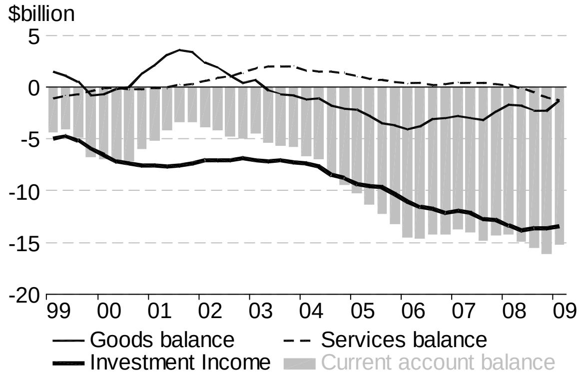
Growth to remain weak

In the *Budget* we forecast real GDP to decline 0.4% in the June quarter. Residential investment was stronger than expected in the March quarter leading to the possibility of a weaker June out-turn to align this with low levels of building consents. Developments abroad will continue to play a crucial role in the timing and pace of the eventual recovery. Our *Budget Forecasts* incorporate further declines in the annual average rate of growth, which we expect to fall to around -2.5% in the second half of the year.

Current account deficit narrowed …

Weak domestic demand also drove much of the fall in the annual current account deficit, which narrowed to $15.2 billion (8.5% of GDP) in the year to March from $16.1 billion (9.0% of GDP) in the year to December year 2008 (*Figure 2*).

Figure 2 – Annual current account deficit



Source: Statistics NZ

On a seasonally adjusted quarterly basis, there was a more dramatic narrowing of the deficit. The current account deficit in the March 2009 quarter alone (seasonally adjusted) was $2.7 billion (an estimated 6.0% of GDP), down $1.0 billion from the previous quarter to its lowest level since 2004. As with the annual deficit, the narrowing was driven by a fall in goods imports, particularly cars.

... as imports of goods fell sharply …

The seasonally adjusted balance on goods moved to a surplus of $863 million, the first quarterly surplus for the goods balance in six years. This move into surplus was primarily due to a decrease in the value of goods imports, as oil prices fell and weak domestic demand reduced import volumes across all categories. A fall in export values, driven by sharply lower dairy prices, and despite a rise in volumes, reduced the surplus somewhat.

The quarterly services deficit also contributed to the narrowing current account deficit. Services exports rose, as a higher per visitor spend more than offset declining numbers of inbound tourists and services imports fell due to lower transport costs associated with lower import volumes and fewer overseas trips.

... and the investment income deficit was relatively stable

The largest component of the current account, the deficit on investment income, grew to $3.3 billion from $3.2 in the previous quarter. We had expected falls in world interest rates to lead to a decline in outflows and, while this did not eventuate in the March quarter, it may become more evident in the future. Outflows from foreign investment in New Zealand did fall (eg, lower dividend payments) but were more than offset by a fall in income from New Zealand investment abroad.

New Zealand's net international debt position increased to $177 billion (an estimated 98% of GDP), from $167 billion (93% of GDP) in December 2008. A net capital inflow of $2.0 billion contributed to this increase, but the biggest contribution was from net valuation changes of $7.2 billion reflecting falls in global share prices and changes in financial derivative contract values. The recovery in world equity prices in the last few months may see some of the rise in the net debt position reverse out in the June quarter.

Trade to drive deficit lower

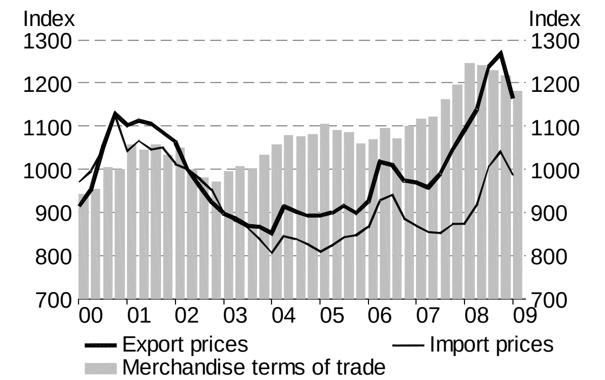
Overall, the current account deficit was close to our *Budget* forecasts. Our forecasts predicted the current account deficit to fall below 7% of GDP by the end of the year as the annual goods balance moved into surplus over coming quarters.

Recent data showing a marked widening in New Zealand's trade surplus over recent months supports this view. The trade surplus in May grew to $858 million from $319 million in April, the largest surplus as a percentage of exports since 1993, driven again by a fall in imports. In annual terms the trade balance remains in deficit by $3.1 billion, but is well down on the $5.6 billion deficit in the year ended December 2008. May trade figures showed exports to China almost doubled from a year ago on stronger dairy and forestry exports. While some of the rise in exports may have come from a fall in stocks, which will be a negative for GDP growth in the June quarter, it will still help the current account deficit contract. However, falls in stocks are one-off in nature and significant headwinds in the form of a rising exchange rate, higher oil prices and higher global interest rates reduce the prospect of a larger fall in the current account deficit. Moreover, with most of the contraction occurring on the imports side a stronger rise in exports is needed to ensure the contraction is sustained when domestic demand recovers.

Terms of trade continue to move lower

The merchandise terms of trade fell 3% in the March quarter as export prices slumped 8%, the largest quarterly fall since December 1957, outweighing a 5% fall in import prices (*Figure 3*).

Figure 3 - Merchandise terms of trade



Source: Statistics NZ

Lower dairy and aluminium prices (both -21%) were the primary cause of lower export prices and largely reflect the lagged effect of lower world commodity prices. The decline in import prices was mainly the result of lower petroleum product prices (-36%), and more than offset the exchange rate-driven rise in consumption and capital goods import prices.

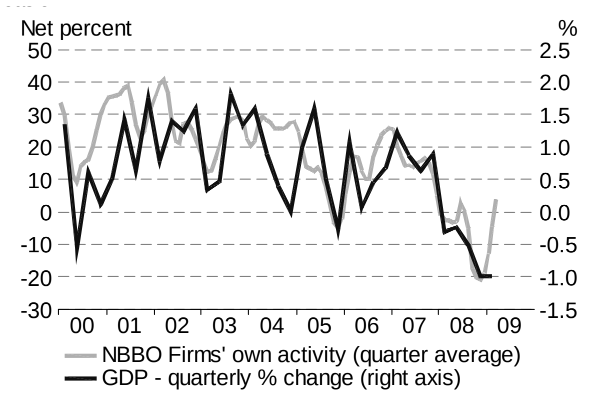
Overall, the fall in the terms of trade is a little greater than we had anticipated, as oil prices were higher than expected and commodity export prices proved weaker. The ANZ commodity price index showed a 5% rise in world commodity prices for exports over the June quarter, although a stronger currency more than offset these gains. The stronger currency over the June quarter will also help push import prices lower, which will help moderate the downward trend in June.

June quarter data points to stabilisation …

The National Bank Business Outlook's (NBBO) headline business confidence measure increased to a net 5.5% of firms expecting general business conditions to improve in the next year, up from a net 1.9% in May and the highest reading since May 2002.

Firms' own activity expectations, which give a better indication of GDP growth prospects, also rose. A net 8.3% of firms expect their own activity to improve in the next year, up from 3.8% in the previous month, signalling that the economy may not contract for the seven consecutive quarters we forecast in our *Budget Update* (*Figure 4*).

Figure 4 – Business outlook and GDP



Sources: Statistics NZ, National Bank

Export expectations picked up slightly to a net 11% of firms expecting higher export volumes in the next year. The outlook for residential and commercial construction rose more sharply to a net +22% and +4% expecting more business respectively, adding further to evidence that the housing market has begun to stabilise. House sales are up over 40% from May last year and the trend for dwelling consents has been rising for four consecutive months. This rise is in line with our view that housing will cease to be a drag on growth in the second half of the year and contribute to stabilisation of the economy. However, prices will likely to continue to fall.

Despite the improvement in the headline business indicators, other indicators barely moved: a net 16% of firms expect to lower employment; a net 5% of firms expect to lower investment; and a net 24% of firms expect a fall in profits in the next year. The latter series fell below 40% late last year and this weakness accounts for a large part of the 25% fall in corporate tax receipts shown in the Government's financial accounts for the 11 months to May compared to a year ago. Cuts in the headline corporate tax rate, from 33% to 30% in April 2008, also explain part of the fall.

... but rising dollar poses a threat

The strengthening exchange rate is one of the key factors holding back a more broad-based improvement in confidence. The trade weighted exchange rate (TWI) continued to move higher over the month, up 4% from May, to be 15%

higher than at its trough in February. Much of the rise in the TWI has been driven by NZ dollar gains against the US dollar as investors have shifted their portfolios away from low risk US assets and into more risky, and higher yielding, alternatives.

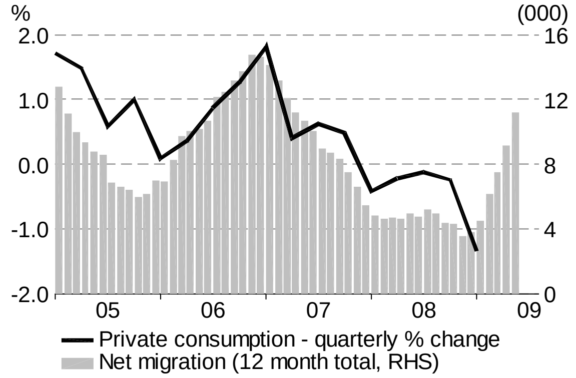
With the currency higher, incentives to move production into the export sector are reduced and there is a higher risk that consumption growth dominates the recovery and perpetuates existing debt-related vulnerabilities. Recent commentary on the exchange rate has identified the unusually large volume of New Zealand dollar denominated bonds (Uridashi and Eurokiwi) maturing over July as likely to push the NZ currency down. How strong this effect will be remains to be seen - Reserve Bank research suggests that any effect on the currency around the time of maturity tends to be small, priced in by forward looking currency markets.[1] Nonetheless, early indications are that the currency is likely to experience a rise in volatility.

Household spending to remain weak

Consumer spending is likely to remain weak in the June quarter although it is unlikely to decline as steeply as in the March quarter. The Westpac Consumer Confidence Index returned to positive territory in the June quarter to reach its highest level in 18 months. The rebound is broad-based, led by an improvement in sentiment around the short-term economic outlook as some of the more dire scenarios for the economy did not eventuate. Even so, a net 28% of respondents still expect bad economic times over the year ahead (down from a net 57% in March). Retailers are likely to experience some improvement in sales with a net 16% of respondents saying now is a good time to buy a major household item, up 6%pts from the March survey and over 26%pts from June 2008.

The 0.5% rise reported in the April retail sales survey and the 1.6% rise in core Electronic Card Transactions provided further indications of a lift in household spending. Rising net inwards migration will also provide a boost to consumption and the housing market. The net gain of 2,700 in May, the largest gain since 2003, followed a rise of 2,200 in April and took the annual net gain to 11,200 (*Figure 5).* Overall, the likelihood of a further quarterly decline in private consumption have reduced since our *Budget Update.*

Figure 5 – Net migration and consumption



Source: Statistics NZ

Further signs of stabilisation internationally

World economic data provided further endorsement of the stabilisation picture. Backward looking activity indicators remained weak but forward looking indicators are continuing to improve, albeit remaining negative. The OECD revised upwards its projections of world growth, the first time it had done so in two years, most clearly for the non-OECD countries and the US but also to some extent for Japan. The OECD commented that the more balanced distribution of risks was more significant than the upward revision to growth. Nonetheless, they continued to view the ensuing recovery as weak and fragile for some time. June *Consensus* forecasts for trading partner growth were unchanged for the third consecutive month at -2.2% for 2009. The outlook for 2010 was revised up a shade to 2.1%.

Central banks around the world generally kept monetary policy rates on hold. The RBNZ held the OCR at 2.5% but commented that the risk to activity remained weighted to the downside, pointing to the rise in the currency as a key risk to the sustainability of the expected recovery, and saw room for the OCR to move modestly lower over coming quarters. The Reserve Bank of Australia kept the cash rate at 3%, but considered that there was scope for further easing if that were needed to support domestic demand.

Budget Forecasts on track

The key GDP, current account, unemployment and trading partner growth statistics have come in close to forecast for the March quarter. The Quarterly Survey of Business Opinion, released on Tuesday 7 July, and the Consumers Price Index released on Thursday 16 July provide the key indicators on economic performance next month.

[1] *An update on Eurokiwi and Uridashi bonds*, Reserve Bank Bulletin, September 2005.

Special Topic: Australia

This Special Topic focuses on the performance of the Australian economy.

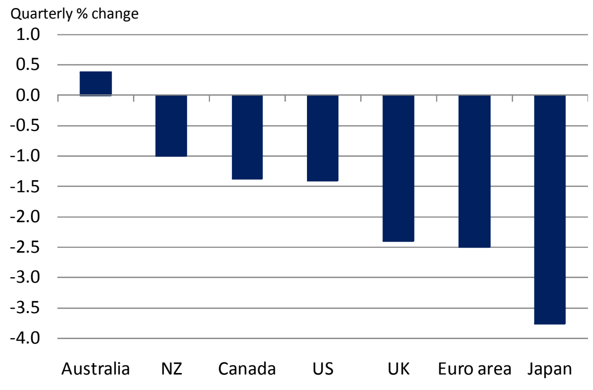
Australia is New Zealand's most important trading partner …

Australia is the destination for just under a quarter of New Zealand's merchandise exports. In addition it is a key source country for visitors with 1 million short-term arrivals from Australia (or 41% of total arrivals) occurring over the past year. Australia is also the source of $87 billion of foreign investment in New Zealand (as at March 2008). This represents just under one third of total foreign investment in New Zealand and is well ahead of the next largest contributor, the United States at $48 billion. Therefore developments in the Australian economy are of particular importance for New Zealand.

… and one of the few developed economies to avoid a decline in GDP in the March quarter

Australian real GDP increased by 0.4% in the March 2009 quarter, a significantly stronger result than most other developed countries. Increases occurred in both private and public consumption, public investment and exports, while imports fell sharply.

Figure 6 – March quarter real GDP growth



Sources: Datastream, Statistics NZ

Significant fiscal stimulus …

Household incomes have been boosted by fiscal stimulus initiatives with the Australian government's Economic Security Strategy and National Building and Jobs Plans being key planks of their overall fiscal stimulus. Such measures have included one-off cash payments, increased assistance for first-home buyers and increased pension rates (although from 2017 the pension age will start to rise to 67), increased investment in schools, housing, energy efficiency and infrastructure.

The 2009 Australian Budget notes that the stimulus packages are expected to support the level of GDP by 2¾% in the year to June 2010 and 1½% in the year to June 2011. Household consumption is expected to experience a relatively minor contraction over the June 2010 year with stimulus measures estimated to add 1¼% to the level of private consumption in the 2009 and 2010 June years.

The strong fiscal position of the Australian government combined with a smaller current account deficit, which has recently narrowed to 3% of GDP, has enabled this considerable fiscal stimulus while maintaining its strong credit rating. The Australian government will run underlying cash deficits that reach nearly five percent of GDP during 2009/10 and 2010/11 before narrowing so that the budget returns to surplus in 2015/16. Net debt is expected to peak at around 14% of GDP.

… and monetary policy have softened the impact of the global financial crisis

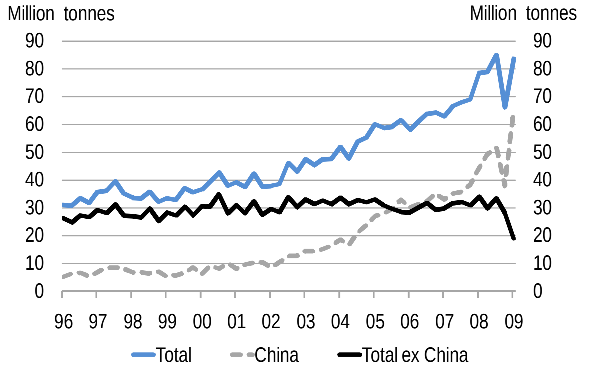
The Reserve Bank of Australia (RBA) reduced its cash rate by 425 basis points between September 2008 and April 2009 to 3.0%. The transmission of these policy changes to households has been both rapid and large with the great majority of this (around 385 basis points) flowing through to variable rate mortgages – the favoured mortgage type in Australia.

Exports holding up on strong demand from China

To date Australia's exports have surprised to the upside. In the six months to March 2009, Australian merchandise export volumes increased 1.8%. This contrasts with declines of almost 10% (the United Kingdom) to 37% (Japan) in other major countries. New Zealand has seen a relatively small decline in its merchandise export volumes of 0.7% over the same period.

While part of the relative strength in Australian exports is due to improved agricultural production, demand from China has held up well. A large proportion of iron ore is exported to China and exports of coal are increasing, reflecting strong Chinese demand for infrastructure projects. As prices for iron and coal have fallen from earlier highs, Australia has gained market share from the closure of high-cost mines in China. Iron ore exports to China have rapidly recovered after a sharp decline late last year and are now at record levels (*Figure 7*). Concerns have emerged that there may be a pause in Chinese stock rebuilding.

Figure 7 – Australian iron ore exports

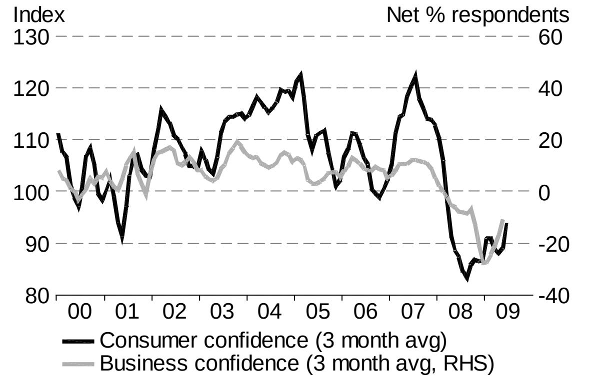


Sources: Australian Bureau of Statistics, RBA

As China's domestic economy grows and is supported by fiscal stimulus, countries that supply inputs to Chinese consumption and investment will benefit the most. A high proportion of Australian exports remain in China (around 80%). A relatively high proportion (around 70%) of New Zealand's exports also remain in China.

Second half of year likely to be softer …

Figure 8 – Australian confidence



Sources: Melbourne/Westpac, NAB

The Australian economy has not completely avoided the fallout from the global financial crisis. Taking the six months to March as a whole, GDP has contracted slightly. Private consumption has been soft by recent standards but stronger than in the first half of 2008. However, business investment fell around 6% in the March quarter. Both business and consumer confidence took a substantial knock during 2008 and while both have recovered significantly, as reality turned out not as bad as first feared, confidence still remains low by historical standards (*Figure 8*).

Household spending is likely to weaken as 2009 progresses. There will be no repeat of the one-off payments households received from the government. The terms of trade will fall further, as lower commodity prices are received, particularly for coal and iron ore. These declines are significant with coal prices down 44% to 60% and iron ore prices down 33% to 44%, but even with such falls remain favourable by historical standards. The Australian Treasury expects the lower terms of trade to subtract 3 percentage points from nominal GDP growth in 2009/10 (or nearly A$35 billion), lowering national incomes.

Households will come under pressure from rising unemployment, the rate of which has risen from 3.9% to 5.7%, although recent developments suggest that the unemployment rate may not reach the 8% figure some are forecasting.

… but overall outlook one of the best in the OECD

Despite further slowing later this year, the Australian economy is likely to be one of the better performing economies. This reflects factors mentioned earlier, including continued Chinese demand. In addition, the Australian banking system remains amongst the most robust in the world. The latest OECD forecasts predict Australia to be the top performing economy in 2009 and among the best in 2010 with a 0.4% contraction in real GDP over 2009 and a 1.2% increase in 2010. While a friendly rivalry will always exist between New Zealand and Australia, a relatively high-performing Australian economy is a definite benefit for New Zealand.

Monthly Economic Indicators is a regular report prepared by the Macroeconomic Forecasting and Analysis section of the Treasury.

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New Zealand Key Economic Data

Quarterly Indicators

		2007Q4	2008Q1	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	0.9	-0.3	-0.2	-0.5	-1.0	-1.0	...
	ann ave % chg	3.2	3.1	2.5	1.6	0.2	-1.0	...
Real private consumption	qtr % chg[1]	0.5	-0.4	-0.2	-0.1	-0.2	-1.3	...
	ann ave % chg	4.1	3.3	2.3	1.1	0.0	-0.7	...
Real public consumption	qtr % chg[1]	0.1	1.6	0.4	0.4	1.5	0.4	...
	ann ave % chg	3.9	4.3	4.5	3.9	3.9	3.4	...
Real residential investment	qtr % chg[1]	-0.9	-6.2	-7.6	-7.1	-14.2	-0.3	...
	ann ave % chg	5.1	4.3	-2.0	-9.7	-18.6	-23.4	...
Real non-residential investment	qtr % chg[1]	3.1	-0.7	4.8	-8.1	-1.7	-7.3	...
	ann ave % chg	4.9	4.2	4.4	3.2	0.1	-3.3	...
Export volumes	qtr % chg[1]	4.8	-2.8	0.1	-3.0	-3.1	0.6	...
	ann ave % chg	3.8	2.9	2.7	2.4	-1.6	-3.4	...
Import volumes	qtr % chg[1]	4.0	1.1	3.2	-6.7	-6.5	-8.6	...
	ann ave % chg	8.6	9.6	9.7	7.7	2.0	-4.4	...
Nominal GDP - expenditure basis	ann ave % chg	7.2	7.2	5.8	4.5	2.6	1.0	...
Real GDP per capita	ann ave % chg	2.1	2.1	1.5	0.7	-0.8	-2.0	...
Real Gross National Disposable Income	ann ave % chg	4.7	5.1	4.7	4.4	1.8	-0.8	...
External Trade								
Current account balance (annual)	NZ$ millions	-14372	-14211	-14982	-15528	-16108	-15246	...
	% of GDP	-8.2	-8.0	-8.4	-8.7	-9.0	-8.5	...
Investment income balance (annual)	NZ$ millions	-12837	-13388	-13861	-13672	-13620	-13410	...
Merchandise terms of trade	qtr % chg	2.9	4.2	-0.4	-1	-1	-3	...
	ann % chg	8.8	11.6	10.7	5.8	1.8	-5.2	...
Prices								
CPI inflation	qtr % chg	1.2	0.7	1.6	1.5	-0.5	0.3	...
	ann % chg	3.2	3.4	4.0	5.1	3.4	3.0	...
Tradable inflation	ann % chg	2.8	3.4	4.8	6.3	2.3	1.7	...
Non-tradable inflation	ann % chg	3.5	3.5	3.4	4.1	4.3	3.8	...
GDP deflator	ann % chg	5.9	6.2	3.7	2.1	2.4	2.4	...
Consumption deflator	ann % chg	1.9	2.6	3.3	4.2	4.0	3.8	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	0.7	-1.0	1.2	0.2	0.6	-1.1	...
	ann % chg[1]	2.3	-0.2	0.8	1.1	0.9	0.8	...
Unemployment rate	%[1]	3.5	3.8	4.0	4.3	4.7	5.0	...
Participation rate	%[1]	68.4	67.7	68.5	68.6	69.1	68.4	...
LCI salary & wage rates - total (adjusted)[6]	qtr % chg	1.0	0.8	0.8	1.2	0.7	0.6	...
	ann % chg	3.2	3.4	3.6	3.9	3.6	3.4	...
LCI salary & wage rates - total (unadjusted)[6]	qtr % chg	1.4	1.2	1.2	1.7	1.4	0.8	...
	ann % chg	4.9	5.3	5.4	5.6	5.6	5.2	...
QES average hourly earnings - total[6]	qtr % chg	1.0	1.5	1.4	1.5	0.9	1.4	...
	ann % chg	4.2	4.6	5.3	5.5	5.4	5.3	...
Labour productivity[7]	ann ave % chg	2.5	3.1	2.5	1.6	0.6	-1.4	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	110	97	82	105	101	96	106
QSBO - general business situation[4]	net %	-26.4	-64.1	-63.7	-19.3	-64.4	-64.6	...
QSBO - own activity outlook[4]	net %	13.9	-9.7	-22.9	-8.3	-40.9	-38.7	...

Monthly Indicators

		2008M12	2009M1	2009M2	2009M3	2009M4	2009M5	2009M6
External Sector								
Merchandise trade - exports	mth % chg[1]	-1.0	-0.7	-3.2	0.0	-4.2	-0.9	...
	ann % chg[1]	3.7	2.7	-6.6	17.9	-4.6	6.1	...
Merchandise trade - imports	mth % chg[1]	7.5	-15.8	-5.3	13.8	-12.8	-3.4	...
	ann % chg[1]	14.9	-3.5	-14.1	4.3	-19.5	-20.5	...
Merchandise trade balance (12 month total)	NZ$ million	-5614	-5405	-5165	-4683	-4072	-3044	...
Visitor arrivals	number[1]	210600	195100	200970	200510	205590	206060	...
Visitor departures	number[1]	202740	202760	199870	200650	202650	208130	...
Housing								
Dwelling consents - residential	mth % chg[1]	-6.8	-12.8	12.4	-0.9	11.9	3.5	...
	ann % chg[1]	-41.5	-51.4	-39.9	-34.3	-56.5	-22.9	...
House sales - dwellings	mth % chg[1]	25.6	-5.5	13.2	6.2	23.1	-13.8	...
	ann % chg[1]	-23.5	-28.7	-17.4	30.2	39.8	43.8	...
REINZ - median dwelling price	mth % chg	-0.8	0.3	0.9	-0.6	1.1	-0.4	...
	ann % chg	-4.8	-4.3	-2.1	-4.0	-1.5	-2.2	...
Private Consumption								
Core retail sales	mth % chg[1]	-0.5	0.3	-0.1	0.5	-0.1	...	...
	ann % chg[1]	1.1	1.4	1.2	2.3	2.0	...	...
Total retail sales	mth % chg[1]	-0.5	-1.2	0.2	-0.2	0.5	...	...
	ann % chg[1]	-2.8	-3.9	-3.0	-2.1	-2.4	...	...
New car registrations	mth % chg[1]	12.9	-14.3	-15.1	8.2	-2.1	-3.3	5.4
	ann % chg	-23.7	-36.5	-44.6	-32.9	-41.0	-33.3	-29.6
Electronic card transactions - total retail	mth % chg[1]	-0.5	-0.4	0.5	0.4	0.4	0.9	...
	ann % chg	0.1	1.2	-3.5	-0.3	1.2	-0.5	...
Migration								
Permanent & long-term arrivals	number[1]	7040	7420	7550	7480	7520	7610	...
Permanent & long-term departures	number[1]	6690	6580	5920	5740	5350	4920	...
Net PLT migration (12 month total)	number	3814	4538	6160	7482	9176	11202	...
Commodity Prices								
Brent oil price	US$/Barrel	40.51	43.17	42.91	46.58	50.52	57.50	68.6
WTI oil price	US$/Barrel	40.64	41.63	39.08	47.98	49.91	59.26	69.7
ANZ NZ commodity price index	mth % chg	-6.1	-4.3	1.9	-3.4	-2.7	-1.4	-5.0
	ann % chg	-0.1	-2.6	1.5	-4.0	-7.6	-11.2	-17.3
ANZ world commodity price index	mth % chg	-7.4	-4.3	-4.6	1.0	2.6	2.8	0.2
	ann % chg	-24.3	-26.5	-30.7	-31.4	-29.4	-28.1	-27.9
Financial Markets								
NZD/USD	$[2]	0.5569	0.5526	0.5151	0.5308	0.5709	0.5989	0.6374
NZD/AUD	$[2]	0.8320	0.8154	0.7938	0.7979	0.8006	0.7855	0.7953
Trade weighted index (TWI)	June 1979 = 100[2]	55.11	54.86	52.31	53.84	56.87	57.95	60.32
Official cash rate (OCR)	%	5.00	3.50	3.50	3.00	2.50	2.50	2.50
90 day bank bill rate	%[2]	5.23	4.38	3.4	3.24	3.12	2.82	2.78
10 year govt bond rate	%[2]	4.88	4.49	4.53	4.77	5.24	5.59	5.97
Confidence Indicators/Surveys								
National Bank - business confidence	net %	-35.0	-36.0	-41.2	-39.3	-14.5	1.9	5.5
National Bank - activity outlook	net %	-21.5	-21.7	-20.1	-21.2	-3.8	3.8	8.3
One News[5] - consumer confidence	net %	0.3	-4.3	-9	3	...	...	...

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