Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

November 2009

Executive Summary

- **Labour market weakens further in September quarter**
- **Other economic indicators point to ongoing economic recovery**
- **World economy strengthens but global financial markets cautious about recovery**

The labour market weakened further in September as firms responded to weaker demand, leading to an unemployment rate of 6.5%. With slack in the labour market, it may take time for the number of people employed to increase even as economic growth picks up. The deterioration in the labour market has had a material effect on the government's tax revenue, and this month's *Special Topic* discusses trends in tax revenue for the year ended June 2009.

Facing limited wage and salary growth, lower employment prospects and considerable levels of debt, households have responded cautiously to signs of a recovery, as shown by the subdued rise in retail spending in the September quarter. However, with retail sales picking up, private consumption is likely to contribute to an increase in GDP in the September and December quarters.

Business confidence remains upbeat, with firms' expectations of their own conditions reaching their highest level since mid 2002 and indicating a strong rebound in annual GDP growth. However, underlying measures of business sentiment such as employment and investment intentions, although consistent with a recovery, do not support such a marked rise in annual GDP growth.

Strong positive net migration continued in October, as fewer New Zealanders emigrated given uncertainties around job prospects abroad, pointing to annual net migration reaching 22,500 by year end. Strong net migration is supporting increased interest in the housing market, and combined with a limited supply of listed property is leading to a rise in prices. The recovery in the housing market is also providing fertile ground for a rebound in housing construction, and as a result building consents have begun to recover from extremely low levels. Consequently, residential investment is also expected to contribute positively to December quarter GDP growth.

However, there are risks around the sustainability of the recovery. With employment and salary and wage growth likely to remain soft for a while, consumption is likely to remain subdued. Moreover, the value of capital goods imports is well down on a year earlier, pointing to weak investment activity in the near term.

Prices for New Zealand's main export commodities, supported by a continued recovery in world economic growth, built on previous gains. In particular, dairy prices on Fonterra's online auction have increased a cumulative 95% since July and provide evidence of firming demand. Several major economies recorded positive GDP growth in the September quarter and forward-looking indicators support a strengthening outlook for the world economy. However, developments associated with Dubai World highlighted global financial markets' nervousness around the sustainability of the global recovery.

Our latest economic and fiscal forecasts will be released in the *Half-Year Update* on 15 December.

New Zealand Government

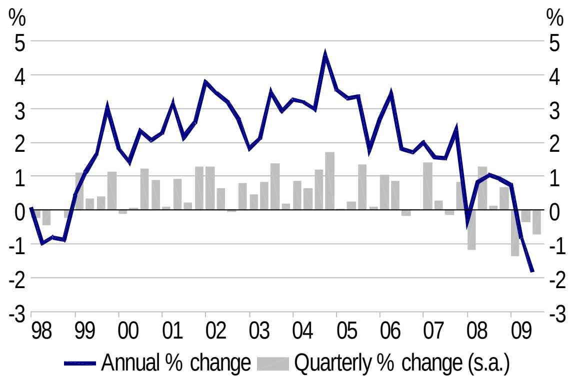
Analysis

Data released in November revealed further labour market weakness, but other economic indicators supported a continuation of New Zealand's economic recovery. Retail sales rose modestly, business confidence remains upbeat and increased building consents point to residential investment growth. However, there are risks around the sustainability of the economic recovery, as shown by the sharp decline in imports that indicates further subdued consumption and investment. Our latest economic and fiscal forecasts will be released in the *Half-Year Update* on 15 December.

Total employment declines...

In response to previous declines in output, firms continued to reduce employment in the September quarter according to the *Household Labour Force Survey* (HLFS). Employment declined 0.8% (17,000) in the third quarter and is 1.8% lower than a year earlier (*Figure 1*). The number of fulltime and part-time workers reduced 8,000 (0.5%) and 5,000 (1.1%) in the quarter respectively.

Figure 1 – Employment growth



Source: Statistics NZ

In addition to a reduction in staff numbers, firms have also cut back average staff hours. For those still employed, the average number of hours worked per week is now 1.4% lower than a year earlier. As a result, the number of people underemployed, those working part-time and would like to work more hours, has risen 49% in the last year to 122,100, pointing to growing slack in the labour market. This suggests that firms have the ability to increase output by increasing hours before hiring additional staff, which is likely to stem any significant turnaround in employment when the labour market begins to recover. Recent business confidence surveys suggest that firms intend to take on more staff, but it may be some time until the number of people employed increases.

...leading to a rise in the unemployment rate...

The decline in employment contributed to a 0.5%pt rise in the unemployment rate to 6.5%, its highest level since March 2000. The labour market tends to lag economic activity and as a result the unemployment rate is expected to rise further in the near term, reaching close to 7% in the December quarter.

...and limiting salary and wage growth

Firms have been able to limit wage and salary growth in the current environment. The *Labour Cost Index* (LCI), which excludes merit increases and holds the composition of the labour force constant, revealed a pronounced reduction in annual wage growth. The LCI grew 2.1% in the year to September, the lowest annual rate of growth since December 2002, and followed a 2.9% rise in the previous quarter. The distribution of pay rises revealed that only 47% of respondents received a pay rise in the year to September, the first time this measure has been below 50% since 2001. Moreover, 1% of salary and wage rates fell, the first recorded decline since the year to June 1999.

In contrast, average ordinary-time hourly earnings, presented in the *Quarterly Employment Survey* (QES), increased 2.1% in the September quarter and were 5% higher than a year earlier. The rise in average hourly earnings is inconsistent with the decline in annual wage growth shown by the LCI. However, the QES measure of wages not only reflects changes in pay rates, but also includes changes in the composition of workers as well as pay rises related to individuals' performance. Some of the difference between the LCI and QES measures of wage growth is likely to be explained by compositional differences. Recent income tax outturns have been broadly in line with our *Budget* forecasts and are consistent with a decline in wage growth. Trends in tax revenue for the year ended June 2009 are discussed in detail in this month's *Special Topic*.

Households reduce labour participation...

Some people, discouraged by the lack of job opportunities, withdrew from the labour market. Accordingly, the labour force participation rate declined 0.4 percentage points to 68.0% in the September quarter, helping to limit the rise in the unemployment rate. However, the participation rate is volatile and has fluctuated between 67.5% and 69.1% since 2005 and it may be too early to conclude that the discouraged worker effect is entrenched. Yet the number of respondents undertaking formal education and not actively seeking employment has increased 14% compared to a year ago, consistent with fewer opportunities in the labour market. A falling participation rate and an increased number undertaking formal education is expected to continue and will result in further pressure on the government's expenditure on education.

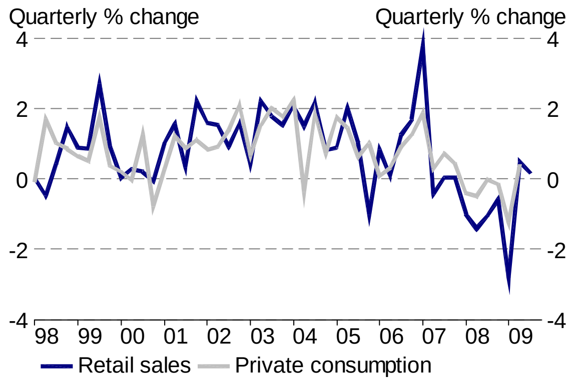
...and remain cautious about spending decisions

With a continued deterioration in the labour market, households remain cautious about their spending decisions, as shown by the subdued 0.1% rise in September quarter retail sales volumes. The third quarter outturn was the second consecutive rise following a period of five straight quarterly contractions in retail sales. Motor vehicle retailing, which has been severely hit by the downturn, fell 2% and dragged down total retail sales volumes. However, there are more recent signs that vehicle sales are lifting from very low levels, as shown by the 2% increase in motor vehicle sales in the September month. Moreover, new car registrations have picked up from their historical lows in recent months and were 22.4% higher in October than the April nadir. Increased vehicle sales are likely to support retail sales in the fourth quarter.

Core retail sales volumes rose 0.5% in the quarter, with half of the store types recording increased sales. Appliance retailing was by far the largest contributing industry, jumping 6.5%. Other durable goods retailing, such as furniture and floor coverings (+3.1%) and hardware (+1.2%) stores also increased and are benefiting from the recent revival in the housing market. Clothing and softgoods retailing (+3.8%) also contributed to the rise in store sales, possibly aided by consumers bringing summer clothing purchases forward given that August was the warmest on record.

The muted retail sales growth that occurred in September suggests that private consumption is likely to contribute only marginally to third quarter GDP growth (*Figure 2*). In addition, the value of October's electronic card transactions in the retail sector increased 0.2%, pointing to further modest growth in retail sales in the December quarter.

Figure 2 – Retail sales and private consumption



Source: Statistics NZ

Production sector inflation pressures ease...

Firms' non-labour price pressures eased in the September quarter, according to the *Producers Price Index* (PPI). Producers' output prices fell 1.4% in the quarter, and similarly input prices declined 1.1% in the same period. However, the large decline in the aggregate price indexes was slightly distorted by sharp declines in dairy prices, which were partly due to the way that Statistics New Zealand incorporates dairy payout prices into the PPI. As a result, the effects of last season's lower dairy payout led to sharp falls in the dairy cattle farming (-24.3%) prices and dairy product manufacturing costs (-20.9%).

There were widespread declines in other industries as well. Lower refinery fees led to a fall in petroleum prices, and lower natural gas prices and seasonal factors combined to lower the cost of electricity generation and supply.

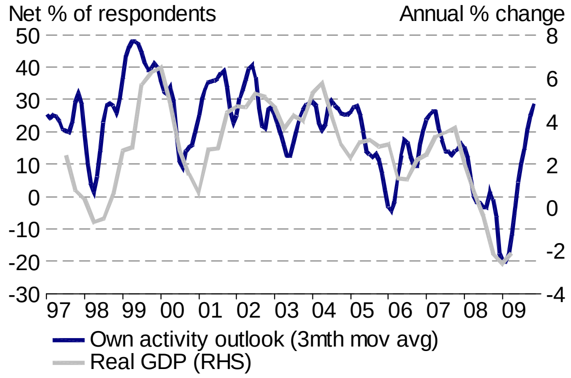
...including prices for capital goods

The cost of capital goods also declined in September, easing 0.4%. Weak domestic demand combined with a stronger dollar led to price falls in 4 of the 6 asset groups in the *Capital Goods Price Index* (CGPI). Non-residential building costs and machinery prices, which fell 1.4% and 0.6% respectively, contributed most to the headline fall. Lower labour and material costs for steelwork drove the fall in building costs. Lower capital goods prices are likely to aid future investment, but it will also depend on the cost and availability of credit as well as the degree to which demand recovers.

Business outlook points to sharp rebound...

Although firms are still facing challenges, their outlook remains upbeat. November's *National Bank Business Outlook* (NBBO) survey showed that despite headline business confidence easing 5%pts, business confidence remains well above historical average levels. More significantly, firms' own activity outlook rose 3.2%pts in the month to reveal a net 33.7% of firms expecting better trading conditions in the year ahead. Own activity expectations are at the highest level since May 2002 and by themselves suggest a strong rebound in annual GDP growth during 2010 (*Figure 3*).

Figure 3 – Own activity and GDP



Sources: ANZ National Bank, Statistics NZ

...but underlying indicators are more subdued

Underlying measures of business confidence, although consistent with a recovery, do not support such a marked elevation in annual GDP growth. For instance, a net 7% of respondents expect to increase investment, only slightly higher than in October and still well below average levels. Firms' outlook for credit conditions remains subdued and highlights a potential restraint on future investment and hence GDP growth. In addition, a net 5% of firms expect to increase employment in the year ahead, still below average.

Consistent with an improved outlook, firms have begun to see an increase in interest rates as inevitable. A net 73% of firms expect higher interest rates over the coming year, jumping 16%pts in October.

A net 24% of exporters and 28% of manufacturers expect increased export volumes 12 months ahead – the highest levels since September 2008. Improved exporter sentiment is likely to reflect the improved outlook for GDP growth in New Zealand's main trading partners. The exchange rate has appreciated in recent months on a trade-weighted basis, and suggests that exporters will have lower receipts for a given quantity of exports. The trade-weighted exchange rate has risen due to NZ dollar appreciation against the US dollar and UK pound, but the NZ dollar is below historical averages against the AU dollar, yen and euro.

Annual net migration increased further...

Positive net migration gains continued in October, lifting annual net Permanent and Long-Term (PLT) migration to 18,560. A further drop in the number of New Zealanders departing, coinciding with a reasonably steady number of PLT arrivals, led to a net inflow of 2,120 in October. The October gain is close to the average monthly gain since April 2009 and suggests that annual migration will reach 22,500 by year end.

Uncertainty around employment prospects overseas has resulted in fewer New Zealanders emigrating, particularly to Australia and the UK. However, given an improved economic outlook for New Zealand's traditional migration destinations, the current trend in departures may begin to reverse as those who have delayed plans to emigrate decide to make the move.

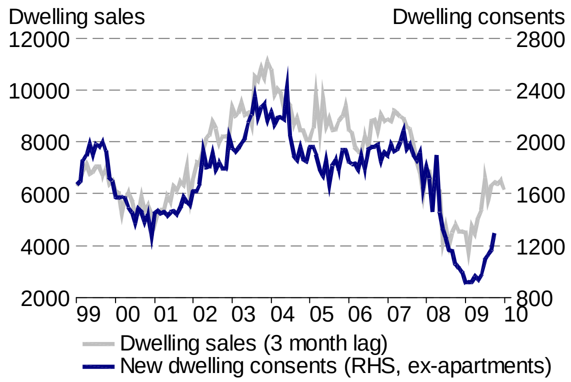
...contributing to rising house prices...

The housing market remains tight with a limited supply of listed property, combined with increased demand, leading to a 1% rise in the REINZ house price index in October. The house price index is 5% higher than a year ago, and on a quarterly basis this measure is 4.2% higher in the three months to October compared to the previous three months. Despite the volume of house sales easing 6% in October, seasonally adjusted house sales have remained at similar levels since April 2009. Furthermore, the median number of days to sell declined 2 days to 31, much lower than the historical average. The low number of days to sell and the shortage of listings are likely to continue supporting house prices over the coming months.

...and increased building consents

The increased demand for housing in recent months has led to a revival in building consents (*Figure 4*). New dwelling consents, excluding apartments, jumped 11% in October to their highest number since June 2008. The trend for the number of building consents has risen 34% since March 2009 and indicates that a recovery in housing construction activity is developing. Including apartments, new dwelling consents increased 12% in October. As a result, residential investment is likely to contribute positively to December quarter GDP.

Figure 4 – House sales and consents



Sources: REINZ, Statistics NZ

On the other hand, the values of commercial building consents remained subdued and were 5.6% lower than October 2008 values. The lower value of consents for farm buildings and factories and industrial buildings were the main contributors to the decline, whereas consents related to government spending such as social, cultural and religious, and health sector buildings provided a partial offset.

Merchandise trade deficit narrows

Weak domestic demand led to further narrowing in the merchandise trade deficit in October, as a sharp fall in merchandise imports outweighed the decline in exports, narrowing the annual trade deficit to $1.2 billion (2.9% of exports), the smallest annual trade deficit recorded since 2002. Merchandise exports were 22.4% lower in October than the same month a year earlier, led by a lower value of dairy exports. Dairy exports fell 32%, mainly due to delayed effects of lower prices combined with a higher exchange rate leading to lower receipts. Export volumes of whole milk powder remain strong and were 36% higher than October 2008. Crude oil exports were 55% down on lower volumes, but may reflect the timing of shipments rather than a sustained fall.

Imports fell across all broad economic categories compared to October last year and partly reflect lower prices, which were influenced by the higher value of the NZ dollar. Lower crude oil imports, largely the result of lower oil prices, contributed to a 40% fall in intermediate goods. The restraint shown by consumers translated into a 15% fall in imports of consumer goods compared to October 2008. Capital goods imports also fell, with the importation of mechanical machinery and equipment being 31% lower, reflecting recent investment decisions.

The October merchandise trade deficit suggests a further narrowing in the current account deficit in the December quarter. The continued global recovery is likely to support export growth in 2010, whereas imports are likely to remain subdued, meaning that a trade surplus may result in the near term.

Commodity prices strengthen further...

Building on previous gains, world commodity prices surged in November. The ANZ commodity price index rose 10% in the month, and is almost 40% above its February 2009 low. With a close to 2% decline in the TWI in November, NZ dollar commodity prices recorded a 12% monthly gain. Eight of the thirteen commodity prices increased, with dairy prices again showing the largest increase (+23%).

Fonterra's online dairy auction price also lifted, providing evidence that world demand for dairy has continued. The weighted average auction price rose 3.6% in December, the fifth consecutive rise, and follows a 13.7% rise at the start of November. The dairy auction price has increased a cumulative 95% since July and points to further increases in the ANZ commodity price index.

...aided by a continued recovery in the world economy

Data released in November showed that the world economy continued to recover as several major economies recorded positive GDP growth. The Euro area moved out of recession with GDP rising 0.4% in the third quarter, led by a 0.7% expansion in Germany, and Japan recorded greater-than-expected growth of 1.2%. Third quarter US GDP was revised down 0.2%pts to 0.7% in line with expectations, and UK GDP was revised up from -0.4% to -0.3%.

The outlook for the world economy strengthened slightly in November with Consensus forecasts being revised up a touch. Moreover, Purchasing Managers' Indexes (PMIs), which provide a forward-looking indicator on the health of manufacturing, remained above 50 in the major economies, indicating expansion. Developments associated with Dubai World's debt restructuring in late November highlighted global financial markets' nervousness about the sustainability of the global economic recovery, but are unlikely to change the overall strengthening outlook.

Special Topic: Tax revenue for year ended June 2009

The Government's financial statements for the year to June 2009 were published on 14 October.[1] Those statements reported that core Crown tax revenue had "declined over the year, falling by $2.1 billion to $54.7 billion". We present here some further analysis of 2008/09's tax revenue outturn, what caused this decline of $2.1 billion and what these results imply for the short-term outlook.

The decline in tax revenue was spread around most of the major tax types, the exception being GST, which increased in 2008/09.

Table 1 – Crown tax revenue, $ billion

Tax type	2008/09	Change since 2007/08
Source deductions	22.6	–0.8
Other persons tax	2.8	–0.8
Corporate tax	9.8	–0.7
GST	11.6	+0.4
Other	7.9	–0.2
Total	*54.7*	*–2.1*

Source deductions reduced by tax cuts

Changes to personal income tax rates and thresholds on 1 October 2008 and 1 April 2009 reduced source deductions (mostly PAYE) by about $1.7 billion. About $1 billion of growth came from macroeconomic factors, which is consistent with growth in aggregate salaries and wages of about 5% over the same period.

The decline in source deductions has continued on into the 2009/10 year. The effects of the tax cuts, and lower employment in the September 2009 quarter than in September 2008, outweigh the effects of increases in salary and wage rates over the past year. We expect year-on-year growth in source deductions to continue to be negative for the remainder of the 2009/10 year.

Other persons tax affected by the business cycle

Net other persons tax is an amalgam of income taxes from entities such as unincorporated businesses (e.g. sole traders) and trusts, end-of-year square-ups from salary and wage earners, and personal income tax rebates (eg, for charitable donations). As with source deductions, this tax type was also affected by tax cuts, which reduced other persons tax by approximately $0.4 billion in 2008/09. Provisional tax was down on the previous year, by about $0.2 billion, mainly as a result of 2009 tax year unincorporated business profits being down on 2008 and taxpayers lowering their tax assessments accordingly. In addition, net terminal tax was down by $0.3 billion, mainly owing to a greater degree of income tax over-estimation in the 2008 tax year than in 2007.

These trends in provisional tax and terminal tax are typical of a recession. Provisional tax starts to come down as profits decline. Over-estimation of the amount of tax actually due increases through a combination of taxpayers using the standard uplift factor (ie, paying provisional tax on the basis of last year's tax plus 5%) and a desire to avoid interest and penalties, all in the face of declining profits/income. This increased over-estimation of tax eventually leads to lower net terminal tax. This pattern has continued in 2009/10 tax outturns to date, in which provisional tax assessments have continued to decline and net terminal tax is still at a relatively low level.

Corporate tax: profits, losses and tax cuts

The company income tax rate was reduced from 33% to 30% in the 2009 tax year. Along with a few other minor policy changes, this took about $1 billion out of corporate tax in 2008/09. Declining profits also had an effect on corporate tax to the tune of approximately $1.1 billion. It is also likely that an increase in the size and incidence of losses contributed to the decline in corporate tax, but this will not become clear until final 2009 tax returns are lodged over the next year or so.

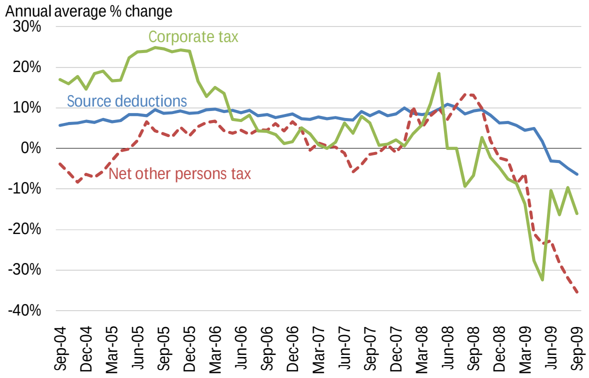
On the positive side, recognition of revenue in respect of certain structured finance transactions added about $1.4 billion to corporate tax. For more information on this, see page 9 of the financial statements.

Corporate tax has continued its downward trend into 2009/10. Tax revenue for the four months to October 2009 quarter was down about 50% on the same period last year. In a similar fashion to other persons tax, net terminal tax is well down on last year and provisional tax has reduced further as profits have continued to decline and uplifting/ estimation is made from a relatively low base.

[1] www.treasury.govt.nz/government/financialstatements/ yearend/jun09

Examining the recent financial results of the top 50 or so largely New Zealand-owned listed companies shows that pre-tax profits are well down on last year, perhaps by as much as 50% in aggregate. These companies represent a wide range of industrial sectors, which is consistent with the decline in corporate tax revenue being across the board. Although we are restricted in what we can reveal publicly about the sources of company tax revenue, it is no secret that those companies that are most exposed to the finance and property sectors have been most affected by the downturn.

Figure 5 – Growth in tax revenue

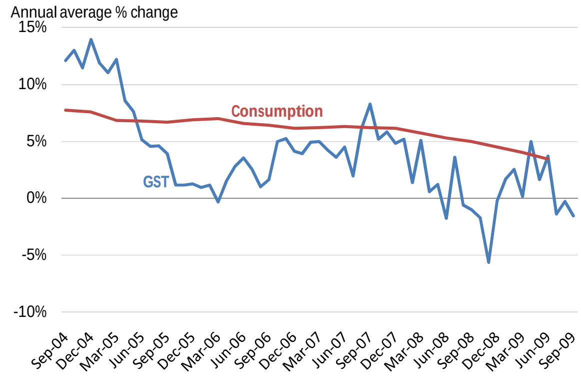


Source: The Treasury

GST growth in line with consumption

The $0.4 billion increase in GST in 2008/09 represents growth of around 3.9%. This was broadly in line with growth in total nominal consumption for the year, although Figure 6 demonstrates that this may have been more coincidental than anything else! The gap between the GST and consumption growth rates shows that other things also affect the amount of GST collected, e.g. residential investment. Figure 6 also shows that the weak growth in GST has continued into the 2009/10 year.

Figure 6 – Core Crown GST revenue and nominal consumption



Source: Statistics New Zealand, The Treasury

Summary

Although various tax cuts (approx. $3 billion) were the major factor in the decline in tax revenue in the year to June 2009, falling business profits also played a big part (in excess of $1 billion). On the positive side, growth in salaries/wages and consumption added approximately $1.5 billion to tax revenue. These factors are still at work in the 2009/10 outturns to date. Over the course of the year, the tax cut and falling profit effects are expected to dominate, resulting in a fall in total tax revenue for the full 2009/10 fiscal year despite a recovery in economic growth.

Further out, tax revenue is expected to grow again through the upswing in the economic cycle. However, the build-up of tax losses through the recession means that growth in business income taxes may grow more slowly than other taxes, as the tax losses are progressively used to offset subsequent profits. Thus, growth in total tax revenue may lag growth in nominal GDP for a year or two after the end of the recession.

Our latest updated forecasts will be released in the *Half-Year Update* on 15 December.

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

04 December 2009

Quarterly Indicators

		2008Q1	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2	2009Q3
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	-0.3	-0.4	-0.5	-1.0	-0.8	0.1	...
	ann ave % chg	3.1	2.5	1.5	0.0	-1.1	-1.8	...
Real private consumption	qtr % chg[1]	-0.4	-0.5	0.0	-0.2	-1.2	0.4	...
	ann ave % chg	3.2	2.2	1.0	-0.1	-0.8	-1.1	...
Real public consumption	qtr % chg[1]	1.5	0.7	0.0	1.6	0.3	-1.0	...
	ann ave % chg	4.2	4.4	3.8	3.8	3.3	2.3	...
Real residential investment	qtr % chg[1]	-4.3	-9.5	-6.8	-14.5	0.2	-2.6	...
	ann ave % chg	4.3	-2.0	-9.7	-18.6	-23.4	-24.9	...
Real non-residential investment	qtr % chg[1]	-1.2	5.5	-8.7	-1.1	-6.9	1.3	...
	ann ave % chg	4.1	4.3	3.0	0.0	-3.1	-8.2	...
Export volumes	qtr % chg[1]	-2.2	-0.7	-2.4	-3.2	0.6	4.7	...
	ann ave % chg	3.1	2.9	2.6	-1.3	-3.3	-3.9	...
Import volumes	qtr % chg[1]	1.7	1.2	-5.6	-6.7	-8.3	-3.8	...
	ann ave % chg	10.0	10.1	7.9	2.0	-4.7	-12.3	...
Nominal GDP - expenditure basis	ann ave % chg	7.1	5.7	4.3	2.5	1.1	0.7	...
Real GDP per capita	ann ave % chg	2.1	1.5	0.6	-0.9	-2.0	-2.8	...
Real Gross National Disposable Income	ann ave % chg	5.0	4.7	4.2	1.5	-0.7	-1.3	...
External Trade								
Current account balance (annual)	NZ$ millions	-14128	-14795	-15436	-15968	-14568	-10614	...
	% of GDP	-7.9	-8.3	-8.6	-8.9	-8.1	-5.9	...
Investment income balance (annual)	NZ$ millions	-13343	-13732	-13728	-13721	-13035	-11027	...
Merchandise terms of trade	qtr % chg	4.2	-0.4	-1.0	-1.0	-2.7	-8.9	...
	ann % chg	11.6	10.7	5.8	1.8	-5.0	-13.1	...
Prices								
CPI inflation	qtr % chg	0.7	1.6	1.5	-0.5	0.3	0.6	1.3
	ann % chg	3.4	4.0	5.1	3.4	3.0	1.9	1.7
Tradable inflation	ann % chg	3.4	4.8	6.3	2.3	1.7	0.2	-0.1
Non-tradable inflation	ann % chg	3.5	3.4	4.1	4.3	3.8	3.3	3.0
GDP deflator	ann % chg	6.1	3.9	2.2	2.4	2.4	2.0	...
Consumption deflator	ann % chg	2.5	3.3	4.1	3.9	3.8	3.1	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	-1.2	1.3	0.1	0.7	-1.4	-0.4	-0.7
	ann % chg[1]	-0.2	0.8	1.1	0.9	0.7	-0.9	-1.8
Unemployment rate	%[1]	3.8	4.0	4.3	4.7	5.0	6.0	6.5
Participation rate	%[1]	67.7	68.5	68.6	69.1	68.3	68.4	68.0
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.8	0.8	1.2	0.7	0.6	0.3	0.5
	ann % chg	3.4	3.6	3.9	3.6	3.4	2.9	2.1
LCI salary & wage rates - total (unadjusted)[5]	qtr % chg	1.2	1.2	1.7	1.4	0.8	0.6	0.9
	ann % chg	5.3	5.4	5.6	5.6	5.2	4.6	3.8
QES average hourly earnings - total[5]	qtr % chg	1.5	1.4	1.5	0.9	1.4	0.7	2.1
	ann % chg	4.5	5.2	5.5	5.4	5.3	4.5	5.1
Labour productivity[6]	ann ave % chg	3.1	2.4	1.5	0.4	-1.5	-1.0	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	97	82	105	101	96	106	120
QSBO - general business situation[4]	net %	-64.1	-63.7	-19.3	-64.4	-64.6	-24.8	35.6
QSBO - own activity outlook[4]	net %	-9.7	-22.9	-8.3	-40.9	-38.7	-13.1	23.0

Monthly Indicators

		2009M 5	2009M 6	2009M 7	2009M 8	2009M 9	2009M10	2009M11
External Sector								
Merchandise trade - exports	mth % chg[1]	-0.8	-1.1	0.3	-7.0	-2.4	-3.0	...
	ann % chg[1]	6.1	-9.7	-7.3	-22.9	-10.9	-23.0	...
Merchandise trade - imports	mth % chg[1]	-5.1	18.7	-13.8	-0.6	-0.2	-7.7	...
	ann % chg[1]	-21.7	-6.2	-20.8	-21.5	-23.5	-28.8	...
Merchandise trade balance (12 month total)	NZ$ million	-2994	-3110	-2491	-2360	-1671	-1164	...
Visitor arrivals	number[1]	205060	196890	205610	204370	212130	210720	...
Visitor departures	number[1]	208000	201990	206700	205160	210140	210420	...
Housing								
Dwelling consents - residential	mth % chg[1]	2.9	-9.6	5.4	2.2	5.5	11.7	...
	ann % chg[1]	-22.9	-24.4	-16.4	-8.6	-11.9	26.7	...
House sales - dwellings	mth % chg[1]	-12.6	9.3	2.3	-1.0	2.2	-5.6	...
	ann % chg[1]	43.9	40.0	33.6	40.3	43.7	36.5	...
REINZ - house price index	mth % chg	2.3	-1.1	1.0	1.2	1.9	1.3	...
	ann % chg	-2.1	-1.3	0.9	2.6	5.3	5.0	...
Private Consumption								
Core retail sales	mth % chg[1]	1.6	-0.4	-0.5	1.2	0.0	...	...
	ann % chg[1]	3.5	2.3	1.9	2.8	3.1	...	...
Total retail sales	mth % chg[1]	0.7	0.0	-0.5	1.1	0.2	...	...
	ann % chg[1]	-1.0	-1.9	-1.7	-0.6	-0.4	...	...
New car registrations	mth % chg[1]	-2.9	6.0	7.0	-3.6	7.3	0.9	1.9
	ann % chg	-33.3	-29.6	-16.4	-18.3	-16.8	-16.8	2.4
Electronic card transactions - total retail	mth % chg[1]	0.6	-0.9	0.7	0.4	0.7	-0.2	...
	ann % chg	-0.5	0.3	0.2	-1.3	0.6	0.6	...
Migration								
Permanent & long-term arrivals	number[1]	7490	6820	7630	6780	6830	6920	...
Permanent & long-term departures	number[1]	4900	5150	5150	5130	4970	4790	...
Net PLT migration (12 month total)	number	11202	12515	14488	15642	17043	18560	...
Commodity Prices								
Brent oil price	US$/Barrel	57.50	68.58	64.90	72.59	67.51	72.97	76.94
WTI oil price	US$/Barrel	59.26	69.67	64.21	71.06	69.40	75.82	77.97
ANZ NZ commodity price index	mth % chg	-1.4	-5.0	0.1	-0.5	2.4	-0.3	11.7
	ann % chg	-11.2	-17.3	-19.5	-21.4	-18.7	-19.2	-8.5
ANZ world commodity price index	mth % chg	2.8	0.2	1.0	4.4	6.8	4.7	10.5
	ann % chg	-28.1	-27.9	-28.5	-22.7	-13.0	-1.5	17.4
Financial Markets								
NZD/USD	$[2]	0.5989	0.6374	0.6437	0.6754	0.7024	0.7383	0.7309
NZD/AUD	$[2]	0.7855	0.7953	0.8011	0.8089	0.8166	0.8157	0.7943
Trade weighted index (TWI)	June 1979 = 100[2]	57.95	60.32	60.59	62.85	64.32	66.48	65.24
Official cash rate (OCR)	%	2.50	2.50	2.50	2.50	2.50	2.50	2.50
90 day bank bill rate	%[2]	2.82	2.78	2.79	2.76	2.77	2.79	2.80
10 year govt bond rate	%[2]	5.59	5.97	5.75	5.82	5.63	5.66	6.01
Confidence Indicators/Surveys								
National Bank - business confidence	net%	1.9	5.5	18.7	34.2	49.1	48.2	43.4
National Bank - activity outlook	net%	3.8	8.3	12.6	26.0	32.2	30.5	33.7
ANZ-Roy Morgan - consumer confidence	net%	105.8	103.4	107.8	112.3	120	125.9	121.5

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