Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

February 2010

Executive Summary

- **Economic activity continues to increase broadly in line with the *Half-Year Update*, although some differences are beginning to emerge across sectors.**
- **Employment was less negative than expected and while the unemployment rate lifted sharply, we expect employment to begin to increase in coming quarters.**
- **The outlook remains for a gradual economic recovery, with risks remaining around the conversion of expectations to activity, along with continued global uncertainty.**

The New Zealand economy is continuing to recover, though some momentum, particularly in the household sector, may have been lost over the initial months of 2010. Forward-looking indicators are generally positive, especially for the manufacturing and construction sectors and the lower exchange rate in recent months is providing more confidence for exporters.

Retail sales rose further in the December quarter, reflecting the significant lift in consumer confidence over the second half of 2009 as the economy emerged from recession. Discounting played a key role in increasing volumes, as the higher exchange rate helped to lower the price of imported goods. However, sales in the December month were weak and initial indicators for January suggest momentum may continue to ease in the short term, with both consumer and retailer confidence slipping.

Following a strong bounce-back over the middle of 2009, housing activity has also lost momentum in recent months, with January data showing a sharp fall in sales. While some of the weakness may reflect some uncertainty about future changes to property taxes, it is more likely the initial euphoria resulting from historically low interest rates earlier in 2009 has somewhat faded. However, residential construction is expected to contribute strongly over coming quarters, as building consents continue to rise and activity expectations remain at historically high levels.

Employment was fractionally more positive than we had expected in the December quarter, while unemployment lifted above market expectations. With employment intentions continuing to rise, we expect employment to begin to expand again in coming quarters. Wage growth slowed in December, reflecting the lag between labour market conditions and wage setting. With more people seeking work and more firms in a position to increase work hours rather than employee numbers, wage growth is likely to remain subdued in the near term.

While uncertainty continues to dominate the global economic environment, Australia and Asia are recovering strongly, which along with a lower dollar and more positive outlook for manufacturing and construction, bodes well for exporters. While we are yet to see the full pass-through of higher expectations to activity, growth is likely to continue gradually recovering, in line with a strengthening labour market and other economic indicators.

This month's special topic looks at links between fiscal policy and economic outturns across OECD countries in the recent global downturn.

New Zealand Government

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Analysis

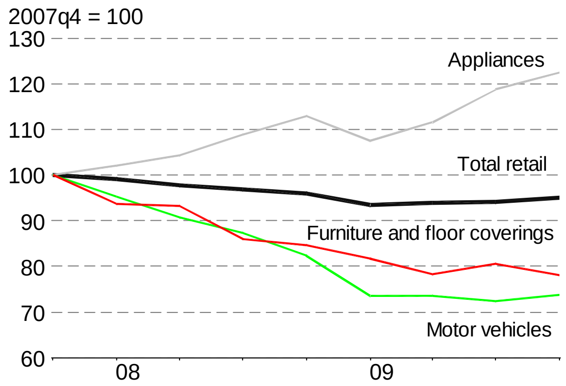
Data released over February provided a mixed view on the economy, with indicators highlighting emerging differences between sectors and a continuing gradual economic recovery.

Retail sales lift further in December quarter…

Sharp price falls across a range of store types and a marked lift in consumer confidence on the back of the improving economic outlook over the second half of last year drove total seasonally-adjusted retail volumes up 1.0% in the December quarter. The retail result points to stronger quarterly private consumption growth than assumed in the *Half-Year Update* (0.3%), consistent with higher-than-forecast GST receipts over this period. Volumes of motor vehicle sales rose in the quarter, consistent with a recent pick-up in car imports and registrations and indicative of a wider increase in demand for durable goods.

Motor vehicle retailing was the hardest-hit sector in the recession, with quarterly sales still around 25% lower than at the end of 2007 (*Figure 1*). We expect car sales to continue increasing off a very low base in coming quarters, in line with above-average consumer confidence levels and easing prices (driven by past increases in the NZ dollar and increasing availability of used cars).

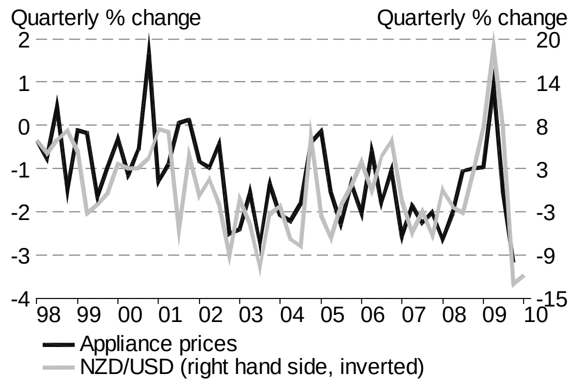
Figure 1 – Retail sales volumes



Source: Statistics NZ

Significantly lower prices for supermarket and grocery food, liquor and appliances resulted in higher volumes for each category, driving core retail volumes up 1.3% in the quarter. The discounting of retail goods was flagged in the weak outturn for December quarter CPI inflation, where the overall index fell 0.2%. Of note in the retail trade data was the 3.1% fall in appliance prices. The fall was the largest in over ten years, driven by lower prices for audiovisual, computing and recording equipment in addition to weaker prices for major household appliances. The significant discounting over the second half of 2009 has helped boost the volume of appliance sales in recent times (*Figure 1*). Further discounting of a range of tradable goods is expected over the March quarter, reflecting the relationship of these prices with the exchange rate, particularly for appliance retailing (*Figure 2*).

Figure 2 – NZD/USD and appliance prices



Source: Statistics NZ, Reserve Bank

…despite soft sales in the December month…

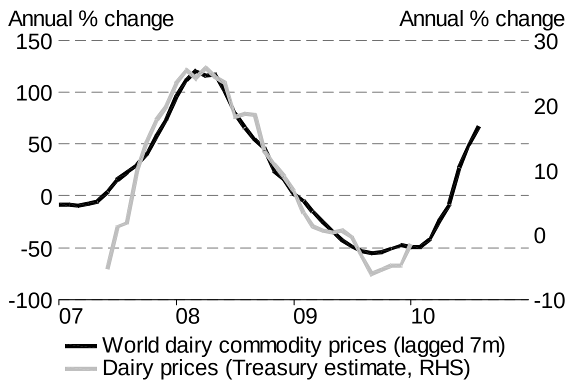
Retail volumes in the December 2009 quarter were tempered by a weak outturn for values in the December month, with core sales falling 1.8%, following a strong November (when both the core and total measures rose 0.8%). Notwithstanding data volatility (particularly in liquor and department store sales), along with uncertainty around the timing of discounting in the quarter, core sales were genuinely soft in the December month. Supermarket and grocery store sales fell 2.1% (despite food prices falling just 0.3% in December), while bars and clubs, recreational goods and other food retailing all fell by at least 5% in the month. Strong outturns for the auto-related industries ensured total sales recorded a flat outturn in the month, as automotive fuel and motor vehicle retailing rose strongly (with the recovering vehicle industry recording the strongest growth in over a year).

…and are expected to slow in coming quarters

Retail indicators for January were mixed, with household credit subdued and electronic card transactions pointing to another weak month. An estimated 2.7% increase in fuel prices pushed up electronic card transactions in retail industries, which rose 0.5% in January. Fuel aside, outturns for other store types were flat-to-negative, resulting in a 0.1% fall in core retail transactions. While further discounting in January may have affected transactions of durables (-0.3%) and apparel (-1.9%), it did not explain the flat outturn for consumables, given a rebound in food prices in the month. With the Reserve Bank's credit card billings proving a more reliable indicator of core retailing recently, the reported 1.5% increase in January is likely a better reflection of sales in the month. Even so, after accounting for the large fuel and food price increases in the month, volumes are likely to have been weak.

The monthly *Food Price Index* rose 2.1% in January, in part explained by higher fruit and vegetable prices, as above-normal rainfall in most regions led to poor growing conditions. All subgroups rose in the month, with grocery food prices up 1.8%, driven by higher prices for dairy products. While food prices are generally expected to be subdued over the recovery, the outturn for the March quarter will be strong given the higher starting point resulting from the January outturn and further positive contributions from dairy, as previously sharp increases in commodity prices continue flowing through to higher retail prices (*Figure 3*).

Figure 3 – Commodity and dairy product prices



Source: Statistics NZ, The Treasury

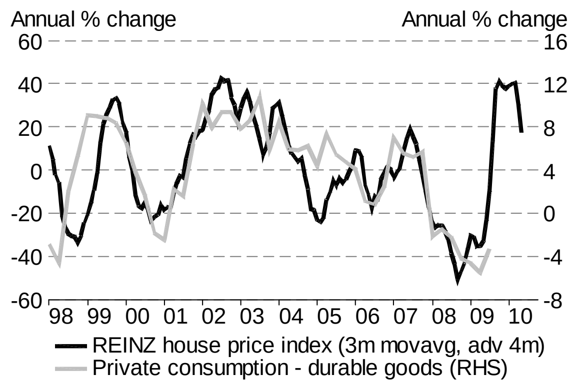
The theme of slowing consumer spending growth was also evident in recent consumer and business surveys. The Roy Morgan Consumer Confidence survey for February retreated 8 points to 123.6, while retailing recorded falls across a range of measures in the *National Bank Business Outlook*, with the notable exception of pricing intentions, which rose to above-average levels. Pricing intentions and inflation expectations more generally lifted in February – a development we will be watching very closely over coming months.

Housing activity also waning into 2010

A soft start to 2010 was even more evident in January's housing market data, as reported by the *Real Estate Institute of New Zealand* (REINZ). After seasonal adjustment, we estimate the number of house sales fell 16% in January, while days-to-sell remained steady at 36 after creeping up over the two previous months. House prices have stabilised, growing just 0.6% in the 3 months to January, as increased activity fuelled by historically low interest rates earlier in 2009 appears to have run its course.

Weak housing activity may have been compounded by uncertainty about future changes to property taxes. As a result, we could expect a technical rebound in February sales, given the extent of the January fall. In the near term, we anticipate the housing market will be relatively steady, as a gradually improving labour market and still high population growth are tempered by rising mortgage interest rates and tighter credit. The historical lagged relationship between changes in house prices and durable goods consumption suggests spending on these items grew sharply in the December quarter but will moderate over the first half of 2010, consistent with retail activity discussed earlier (*Figure 4*).

Figure 4 – House prices and sales of durable goods



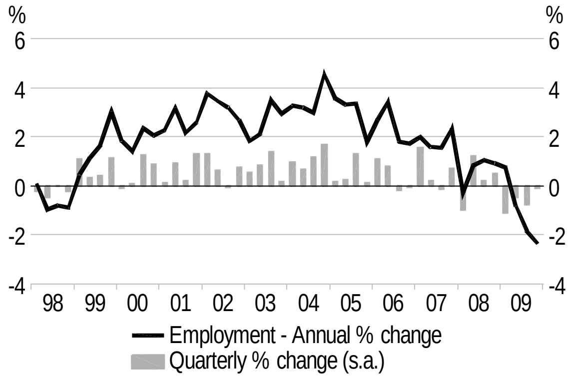
Source: Statistics NZ, REINZ

Construction of new housing is more positive in the near term, with residential building consents continuing to rise, up 0.7% in January excluding apartments, while activity expectations are near record highs.

Employment flat in December…

The *Household Labour Force Survey* (HLFS) showed mixed results in the December 2009 quarter, with a fractional decline in employment and a larger-than-expected increase in unemployment. The number of people in employment eased 0.1% over the last three months of the year, a stronger result than our forecast for a 0.2% decline and the smallest quarterly fall for 2009 (*Figure 5*). The relatively flat result was driven by a fall in full-time employment, with part-time employment steady in the quarter.

Figure 5 – Employment growth



Source: Statistics NZ

…but the unemployment rate was higher…

The surprise result in the HLFS was the increase in the unemployment rate from 6.5% to 7.3%, which was higher than we forecast (6.9%) and outside the range of market expectations. The number of people unemployed rose 18,000 (12%) to 168,000, driving the 0.8% point increase in the unemployment rate. Almost half of the rise in the number of unemployed from a year ago came from the 15-19 and 20-24 age groups, suggesting that finding a job was particularly difficult for new entrants to the labour force. However, statistical factors may have also played a role in boosting the seasonally adjusted number of unemployed - possibly the result of changing seasonal patterns of labour market behaviour.

…as labour force participation increased

The increase in the unemployment rate, combined with steady employment, resulted in a small increase in the participation rate from 68.0% to 68.1%. Participation remains at a relatively high level, possibly indicating that people expect job growth to pick up again soon. The working age population was boosted by increasing net PLT immigration in late 2009, further lifting the number of people in the labour market.

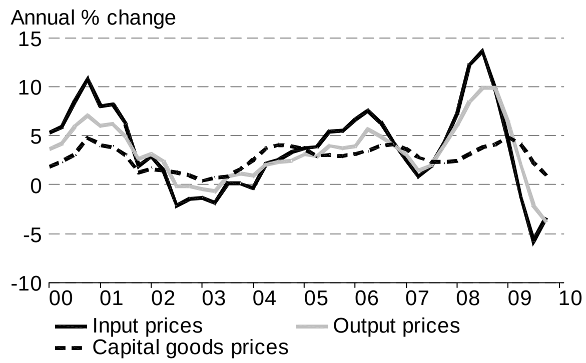
Wage growth continued to ease…

With the inherent lags between labour market conditions and wage setting, wage growth continued to slow in December 2009. The *Labour Cost Index,* which removes productivity-related wage increases, grew 1.8% in the year to December, down from 2.1% in September. Average hourly earnings, as recorded in the *Quarterly Employment Survey*, grew 4.0%, down from 5.1% in the year to September. With more people seeking work and more firms in a position to increase work hours rather than employee numbers, wage growth is likely to remain subdued for some time yet.

…while other input costs also fell

Like wage growth, the cost of inputs for producers was also subdued over 2009. Inputs in the *Producers Price Index* (PPI) rose just 0.3% in the December quarter, with broad-based weakness across energy, freight charges and rents. In combination with falls earlier in the year, this resulted in a fall of 3.3% in the year to December, eclipsed only by last quarter's record fall. Output prices also reflected the weak trading environment, falling 0.4% in the quarter and 3.8% in the year to December – a record fall for the series (*Figure 6*).

Figure 6 – Producers and capital goods prices



Source: Statistics NZ

Prices for capital goods also weakened

A rising exchange rate over the second half of 2009 and weak pricing pressure in the domestic economy drove the *Capital Goods Price Index* down 0.2% in the December quarter. The second consecutive decline resulted in the lowest annual increase since 2003 (0.9%) – a significant downward shift since the record 4.9% of March 2009 (*Figure 5*). Much of the weakness in the overall decline came through lower prices for plant, machinery and equipment, in part reflecting a 4% lift in the TWI since the previous survey.

The lack of demand for commercial building (also evident in the PPI) came through strongly in the non-residential buildings index, with all sub-indexes falling for the fourth consecutive quarter. Respondents cited lower labour costs and contractor margins, along with falling material prices, as the main reasons for the falls.

Business confidence surprisingly strong

The *National Bank Business Outlook* (NBBO) reported business confidence at a 10-year high in February, with a net 50% of respondents expecting better economic times over the next 12 months, up 11% points on December 2009. While very high confidence levels somewhat reflect the starting point of the economy coming out of the recession, the sharp increase came as a surprise, given declines over the previous three surveys. Firms' activity outlook also lifted, up 5% points to a net 42%. The two hardest-hit sectors in the recent recession drove the increase (construction and manufacturing), while the subdued retail sector (discussed earlier) bucked the trend.

As expected, employment intentions rose, now lying above the long-term average with a net 9.3% of businesses expecting to be hiring over the year ahead. While investment intentions weakened slightly, the retracement is not inconsistent with the depreciation in the dollar so far this year. On the whole, the results were consistent with the economy continuing to expand over 2010.

International developments were mixed

While the global outlook remains one of a gradual normalisation in activity, key data and events in February pointed to some difference in the outlook for the major economic regions, with developments in the US generally more positive than those across the Euro area.

The US economy expanded much more than expected in the December quarter, recording 5.7% annualised growth. However, with over half of the growth attributable to inventory rebuilding, underlying growth remains tepid. Labour market data out of the US showed weakness abating in December, with the unemployment rate dropping from 10.0% to 9.7% (against expectations of no change) and non-farm payrolls falling only 20,000, down from 150,000 the previous month. In a bid to decrease banks' reliance on funding from the central bank, the Federal Reserve raised the discount rate (the rate charged to banks for direct loans) by 25 basis points to 0.75%, emphasising that the lift does not signal any change in the outlook for monetary policy. However, it does show that the Fed is starting to consider the withdrawal of monetary stimulus.

Themes emerging from the Eurozone in February raised uncertainty around the strength of the economic recovery. Economic activity increased just 0.1% in the December quarter, following a 0.4% lift in the previous quarter, while the unemployment rate continued to rise, up 0.1% points to 10.0% in December. Concerns over fiscal positions in the Euro area, particularly Greece, weighed on financial markets in the month, with European equities generally down and the Euro slipping a further 2% against the US dollar. This month's special topic takes a closer look at the interplay of various countries' fiscal positions with economic activity in the recent downturn.

Locally, markets were surprised earlier in the month by the Reserve Bank of Australia's decision to pause in its tightening cycle at 3.75%, with the decision largely based on a wait-and-see approach to previous increases. This decision, combined with a rise in the New Zealand unemployment rate and some shading of risk appetite in the global economy, drove around a 1% decline in the Trade Weighted Index over February.

March 2010 will see key releases on the external position and economic growth in the December quarter. Following a 0.2% rise in September, we expect the economy grew at least ½% in the three months to December, with the retail, construction and finance sectors making a strong contribution.

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

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Special Topic: Fiscal position and the economic downturn

While there is increasing confidence that the global economy is recovering gradually from the financial crisis, risks remain and the costs of supporting economic activity are becoming more apparent as public debt increases in many countries as a result of fiscal stimulus and bail-outs of some industries, combined with a fall in tax revenue from the economic slowdown.

This article reviews the experience of twenty OECD countries for which comparable fiscal and economic data are available. There is a wide range of experience, with different economies exhibiting different combinations of fiscal and economic strength. Governments' fiscal responses have also varied, as have markets' assessment of the risks associated with the resultant high levels of public debt.

Wide range of experience among countries

There is no strong relationship evident between countries' initial fiscal position (budget deficit and central government gross debt) and their recent economic performance (fall in output, increase in unemployment, etc). Factors other than fiscal position also affected economic outcomes and countries' policy responses were not necessarily limited by their initial fiscal position.

On the basis of a range of criteria, we classified the selected economies into four broad groups according to their fiscal position and the economic impact of the financial crisis (*Table 1*). There is a wide range of experience within these groups.

Table 1: Fiscal position and economic impact

		Economic downturn	
		severe	*mild*
Initial fiscal position	*strong*	Denmark Finland Iceland Ireland Spain	Australia Canada South Korea New Zealand Switzerland
	weak	Germany Italy Japan United Kingdom United States	Austria Belgium France Greece Portugal

Severe impact despite strong fiscal position

Ireland is an example of an economy which was in an apparently strong fiscal position but was severely impacted by the downturn in its own property market and the global financial crisis. Ireland ran a budget surplus for all but one year in the decade to 2007, averaging nearly 2% of GDP, but much of this came from the booming property market. Gross debt was reduced over that period from 50% of GDP to less than 20% in 2007.[1]

However, because of the exposure of its banks to the property market, the downturn in that sector hit Ireland hard. The economy is estimated to have contracted by up to 7% in 2009 and the unemployment rate increased from 4.7% prior to the downturn to 13.0% at the end of 2009. As a result of the bail-out of the banks and the fall in tax revenue, the budget deficit rose to 11.7% of GDP in 2009. The government is aiming to cut its budget deficit to less than 3% of GDP by the end of 2014 by reducing spending.

Although Ireland's position is still precarious, its programme of fiscal consolidation appears to have won the support of financial markets so far. Bond rates have fallen but remain high (*Figure 7*).

Weak fiscal position and severe downturn

The major developed economies of the United States (US), Japan, Germany, Italy and the United Kingdom (UK) all fall in our category of weak initial fiscal position and severe economic downturn. These economies all recorded budget deficits on average over the previous decade, ranging from around 2% of GDP in the case of the US, UK, Italy and Germany to more than 6% for Japan. Central government gross debt over the decade prior to the crisis averaged 36% of GDP in Germany and the US, 42% in the UK, around 100% in Italy and increased from 90% to 160% in Japan (which conducted a policy of fiscal stimulus for many years in an effort to revitalise its economy).

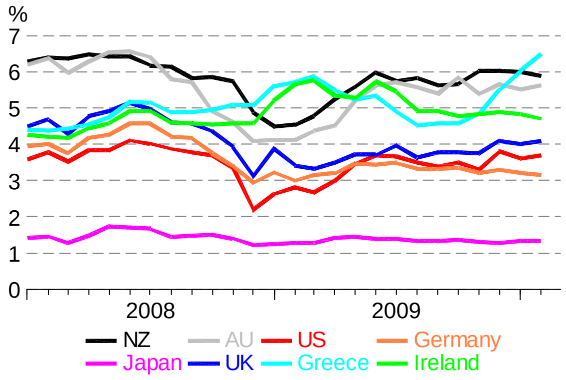
The impact of the global financial crisis on these economies was severe because of the exposure of their financial sectors to bad debts (US, UK) or the reliance of their export sectors on demand for high-quality consumer and capital goods (Germany, Japan and Italy). Demand for these items fell sharply in the early stages of the global recession; Japan, which is more dependent on emerging Asian markets than European countries, experienced a quick bounce-back with GDP rising 2.4% from a fall of 8.4%, but there are doubts about the sustainability of the recovery because of deflationary pressures and weak internal demand.

[1] Ireland's fiscal position was not as strong on figures adjusted for factors such as the property boom because of its dependence on tax from that sector.

The fall in output in the other economies in this group was 3.8% for the US (similar to NZ), 6.0% for the UK, 6.5% for Italy and 6.7% for Germany. US unemployment rose from below 5% to 10%.

The recovery from the recession in these economies is expected to be slow because of weak domestic and/or external demand and their fiscal positions have been severely impacted by the fall in revenue and increased spending. Given their weak initial fiscal positions, the outlook for their government finances is not strong. In the US, for example, the budget deficit is expected to be 10.6% of GDP in 2011 and government debt to reach 67% of GDP by 2020. Bond rates have remained relatively stable in these countries, although they have risen in the UK (*Figure 7*).

Figure 7 – 10-year government bond rates



Source: DataStream, RBNZ

Mild downturn despite weak fiscal position

Some economies have experienced only a small fall in output so far despite a weak prior fiscal position. Greece is an example of a country in this category. Greece's budget deficit averaged 4.5% of GDP over the past decade and gross debt was consistently greater than GDP. The budget deficit for 2009 is estimated at 12.7% of GDP and debt to reach 130% of GDP by 2011.

So far, the fall in output in Greece has been relatively modest at 2.5%, but the economy is still contracting and previous figures are likely to be revised down. Unemployment has risen from 7.5% in mid-2008 to 9.7% in the third quarter of 2009. Despite the muted economic impact to date, the outlook for Greece's public finances is weak because of past poor performance. The government has adopted an austerity programme to reduce the budget deficit by 4% of GDP in 2010 and to 3% of GDP by 2012. Financial markets attach considerable risk to Greek debt, with bond rates increasing above 6% (*Figure 7*). Greece's membership of the Euro area has precluded economic adjustment via devaluation and created stresses within the monetary union and placed downward pressure on the Euro.

Fiscal strength and a mild downturn

The fourth group of countries had a strong fiscal position prior to the crisis and have suffered only a mild downturn. Australia is the best example in this group, experiencing only one quarter of negative growth (-0.8% in 2008 Q4); its fiscal position prior to the crisis was strong (budget surplus averaged 1% of GDP over the past decade and gross debt had fallen to 5% of GDP), allowing it to respond to the crisis with a large fiscal stimulus without impacting its fiscal position as much as in some other countries. Other factors also helped cushion the impact of the crisis, in particular Australia's benefit from China's demand for minerals and energy, and the relative strength of its financial sector.

New Zealand also falls in this group, with a relatively small fall in output (3.3%), including the three quarters of decline which preceded the global financial crisis. The budget was in surplus over the past decade, gross debt was less than 20% of GDP and the net position was positive. However, expenditure was growing rapidly and tax revenue has been reduced by the fall in output, resulting in higher debt projections.

Some tentative conclusions can be drawn

Although the experience of the countries we have reviewed varies widely, some general conclusions can be drawn from this high-level survey.

- A strong fiscal position provides a buffer against a downturn (e.g. Australia).
- But a strong fiscal position is not a guarantee of only a mild economic impact (e.g. Ireland).
- A weak fiscal position and an increase in spending, combined with a large economic impact, can lead to a rapidly deteriorating fiscal position (e.g. US, UK).
- Even a mild economic downturn can have serious consequences if the initial fiscal position is weak (e.g. Greece).

However, there are a number of other factors which can also influence outcomes. This review has not taken account of the impact of monetary stimulus, exchange rate policy (e.g. membership of the Euro) and risk factors such as current account deficits. In addition, a strong fiscal position is important for promoting growth and avoiding or resolving imbalances between domestic and external demand.

New Zealand Key Economic Data

26 February 2010

Quarterly Indicators

		2008Q2	2008Q3	2008Q4	2009Q1	2009Q2	2009Q3	2009Q4
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	-0.6	-0.7	-0.9	-0.8	0.2	0.2	...
	ann ave % chg	2.5	1.5	-0.1	-1.4	-2.1	-2.2	...
Real private consumption	qtr % chg[1]	-0.5	-0.3	-0.1	-1.2	0.4	0.7	...
	ann ave % chg	2.1	0.9	-0.3	-1.1	-1.4	-1.2	...
Real public consumption	qtr % chg[1]	1.0	0.2	1.7	0.4	-1.5	0.4	...
	ann ave % chg	5.2	4.8	4.8	4.2	3.0	2.4	...
Real residential investment	qtr % chg[1]	-8.8	-7.1	-13.8	-0.5	-2.3	-5.0	...
	ann ave % chg	-2.3	-9.6	-18.2	-22.8	-24.4	-23.9	...
Real non-residential investment	qtr % chg[1]	6.4	-6.8	-2.7	-6.5	-0.4	-0.9	...
	ann ave % chg	6.6	5.4	2.0	-1.2	-6.9	-9.0	...
Export volumes	qtr % chg[1]	-1.0	-2.0	-3.5	0.8	4.7	0.0	...
	ann ave % chg	2.9	2.6	-1.3	-3.3	-3.9	-3.1	...
Import volumes	qtr % chg[1]	2.5	-7.4	-6.3	-8.2	-2.4	0.7	...
	ann ave % chg	10.1	7.9	1.9	-4.7	-12.4	-16.5	...
Nominal GDP - expenditure basis	ann ave % chg	6.2	4.9	3.0	1.6	1.1	1.2	...
Real GDP per capita	ann ave % chg	1.5	0.5	-1.1	-2.3	-3.0	-3.2	...
Real Gross National Disposable Income	ann ave % chg	4.7	4.2	1.3	-1.0	-1.5	-1.0	...
External Trade								
Current account balance (annual)	NZ$ millions	-14795	-15436	-15968	-14568	-10371	-5723	...
	% of GDP	-8.1	-8.4	-8.7	-7.9	-5.6	-3.1	...
Investment income balance (annual)	NZ$ millions	-13732	-13728	-13721	-13035	-10793	-7977	...
Merchandise terms of trade	qtr % chg	-0.4	-1	-1.0	-2.7	-9.4	-1.2	...
	ann % chg	10.7	5.8	1.8	-5	-13.5	-13.7	...
Prices								
CPI inflation	qtr % chg	1.6	1.5	-0.5	0.3	0.6	1.3	-0.2
	ann % chg	4.0	5.1	3.4	3.0	1.9	1.7	2.0
Tradable inflation	ann % chg	4.8	6.3	2.3	1.7	0.2	-0.1	1.5
Non-tradable inflation	ann % chg	3.4	4.1	4.3	3.8	3.3	3.0	2.3
GDP deflator	ann % chg	3.9	2.5	2.7	2.6	2.0	2.9	...
Consumption deflator	ann % chg	3.4	4.2	4.0	3.8	3.1	2.2	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	1.3	0.1	0.7	-1.4	-0.4	-0.7	...
	ann % chg[1]	0.8	1.1	0.9	0.7	-0.9	-1.8	...
Unemployment rate	%[1]	4.0	4.3	4.7	5.0	6.0	6.5	...
Participation rate	%[1]	68.5	68.6	69.1	68.3	68.4	68.0	...
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.8	1.2	0.7	0.6	0.3	0.5	...
	ann % chg	3.6	3.9	3.6	3.4	2.9	2.1	...
LCI salary & wage rates - total (unadjusted)[5]	qtr % chg	1.2	1.7	1.4	0.8	0.6	0.9	...
	ann % chg	5.4	5.6	5.6	5.2	4.6	3.8	...
QES average hourly earnings - total[5]	qtr % chg	1.4	1.5	0.9	1.4	0.7	2.1	...
	ann % chg	5.2	5.5	5.4	5.3	4.5	5.1	...
Labour productivity[6]	ann ave % chg	2.4	1.5	0.3	-1.7	-1.3	-0.6	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	82	105	101	96	106	120	117
QSBO - general business situation[4]	net %	-63.7	-19.3	-64.4	-64.6	-24.8	35.6	30.7
QSBO - own activity outlook[4]	net %	-22.9	-8.3	-40.9	-38.7	-13.1	23.0	10.8

Monthly Indicators

		2009M 7	2009M 8	2009M 9	2009M10	2009M11	2009M12	2010M 1
External Sector								
Merchandise trade - exports	mth % chg[1]	0.4	-7.0	-2.4	-3.0	3.5	...	...
	ann % chg[1]	-7.3	-22.8	-11.0	-23.1	-16.9	...	...
Merchandise trade - imports	mth % chg[1]	-13.9	-0.6	-0.3	-7.6	2.5	...	...
	ann % chg[1]	-20.8	-21.5	-23.6	-28.7	-21.9	...	...
Merchandise trade balance (12 month total)	NZ$ million	-2491	-2360	-1669	-1171	-846	...	...
Visitor arrivals	number[1]	205670	204270	211240	209670	201900	...	...
Visitor departures	number[1]	206620	204980	209600	209560	201770	...	...
Housing								
Dwelling consents - residential	mth % chg[1]	5.3	2.9	7.3	10.7	1.1	...	...
	ann % chg[1]	-16.8	-8.4	-12.2	27.5	21.3	...	...
House sales - dwellings	mth % chg[1]	2.3	-1.4	1.3	-6.0	-5.8	-4.1	...
	ann % chg[1]	33.5	40.1	43.5	36.1	42.4	14.8	...
REINZ - house price index	mth % chg	1.0	1.2	1.9	1.3	0.2	-0.9	...
	ann % chg	0.9	2.6	5.3	5.0	6.6	6.4	...
Private Consumption								
Core retail sales	mth % chg[1]	-0.5	1.4	0.0	0.5	0.8	...	...
	ann % chg[1]	1.8	2.8	3.0	2.5	3.6	...	...
Total retail sales	mth % chg[1]	-0.5	1.2	0.2	0.1	0.8	...	...
	ann % chg[1]	-1.7	-0.6	-0.4	0.6	1.7	...	...
New car registrations	mth % chg[1]	7.0	-3.6	7.8	0.8	2.5	5.3	...
	ann % chg	-16.4	-18.3	-16.8	-16.8	2.4	0.3	...
Electronic card transactions - total retail	mth % chg[1]	0.8	0.4	0.7	0.0	0.9	0.7	...
	ann % chg	0.2	-1.3	0.6	0.6	1.8	4.7	...
Migration								
Permanent & long-term arrivals	number[1]	7640	6780	6840	6950	6940	...	...
Permanent & long-term departures	number[1]	5160	5140	4980	4810	5160	...	...
Net PLT migration (12 month total)	number	14488	15642	17043	18560	20021	...	...
Commodity Prices								
Brent oil price	US$/Barrel	64.90	72.59	67.51	72.97	76.94	74.79	*78.36*
WTI oil price	US$/Barrel	64.21	71.06	69.40	75.82	77.97	74.63	*80.14*
ANZ NZ commodity price index	mth % chg	0.1	-0.5	2.4	-0.3	11.8	4.3	...
	ann % chg	-19.5	-21.4	-18.7	-19.2	-8.4	1.7	...
ANZ world commodity price index	mth % chg	1.0	4.4	6.8	4.7	10.5	2.6	...
	ann % chg	-28.5	-22.7	-13.0	-1.5	17.4	30.0	...
Financial Markets								
NZD/USD	$[2]	0.6437	0.6754	0.7024	0.7383	0.7309	0.7162	*0.7290*
NZD/AUD	$[2]	0.8011	0.8089	0.8166	0.8157	0.7943	0.7929	*0.7963*
Trade weighted index (TWI)	June 1979 = 100[2]	60.59	62.85	64.32	66.48	65.20	64.70	*66.22*
Official cash rate (OCR)	%	2.50	2.50	2.50	2.50	2.50	2.50	2.50
90 day bank bill rate	%[2]	2.79	2.76	2.77	2.79	2.80	2.78	*2.78*
10 year govt bond rate	%[2]	5.75	5.82	5.63	5.66	6.01	6.02	*6.00*
Confidence Indicators/Surveys								
National Bank - business confidence	net %	18.7	34.2	49.1	48.2	43.4	38.5	...
National Bank - activity outlook	net %	12.6	26.0	32.2	30.5	33.7	36.9	...
ANZ-Roy Morgan - consumer confidence	net %	107	113.2	117.3	125.9	121.5	118.6	131.4

qtr % chg — quarterly percent change
mth % chg — monthly percent change
ann % chg — annual percent change
ann ave % chg — annual average percent change
Data in italics are provisional

1 Seasonally adjusted
2 Average (11am)
3 Westpac McDermott Miller
4 Quarterly Survey of Business Opinion
5 Ordinary time
6 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