Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

August 2010

Executive Summary

- **Subdued recovery continues, in line with Budget forecasts**
- **Retail volumes suggest consumption grew strongly in June but levels remain low**
- **Labour market reinforces gradual recovery underway**
- **Weaker investment and manufacturing outlook highlights downside risk in near term**
- **Concerns over strength and sustainability of global recovery rise, but Australia and emerging Asia continue to grow strongly**

The performance of retail sales and the labour market suggest the economy grew around 0.8% in the June quarter, in line with the Budget forecasts. Retail volumes lifted sharply in June, with another strong contribution from motor vehicle retailing, lower food prices and discounting of a range of largely-imported durable goods.

The outlook for consumer spending is for a gradual recovery, apart from the effect of the increase in GST on 1 October, with the contribution from motor vehicles waning and prices rising. Total consumer spending on core retail is about the same now as a year ago, suggesting future strength will require support from key drivers, namely household wealth (mainly housing) and income.

House prices have been trending down since late last year, following a mini-recovery in mid-2009. The housing market is expected to be weak in the near term, with short-term mortgage interest rates increasing, net migration easing and investor confidence down. A softer housing market is feeding through to fewer building consents, posing downside risk to our near-term forecasts for residential investment and limiting support for consumer spending. This month's special topic looks further at the impact of housing on households' balance sheets.

Wage growth looks to have troughed in the June quarter following a year and a half of declines. Restraint in government spending has led to the lowest growth in public sector wages since 2001. Income growth is expected to continue rising, with an improving job market. Both full-time employment and hours worked rose in the June quarter, confirming that the labour market recovery is underway and will support consumer spending in the near term.

The growth in employment and wages is in line with high business confidence earlier in the year, following the end of the recession. However, optimism has eased across a range of business indicators recently, posing downside risks to our Budget forecasts for market investment. Growth in manufacturing may also ease, consistent with falling new orders and deliveries of raw materials, along with a moderation in the outlook for the international economy.

Concerns around the strength and sustainability of the global recovery rose in August, with advanced economies looking particularly vulnerable and risk aversion rising. As a result, equity markets reversed some of the gains from July, while the New Zealand dollar exchange rate fell against the US dollar and on key cross rates. However, Australia and emerging Asian economies continue to grow strongly, providing reasons for optimism about the New Zealand recovery.

This report was finalised prior to the Canterbury earthquake on 4 September. Treasury is currently evaluating the economic impact.

New Zealand Government

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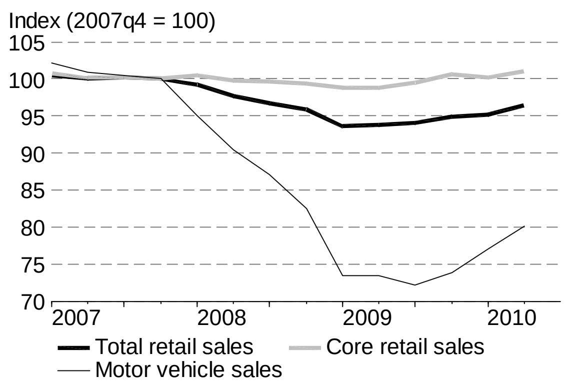
Analysis

Latest data indicate the recovery continued in the June quarter, with consumer spending (especially on durable goods) and exports expected to have driven a 0.8% lift in economic activity, in line with our Budget forecast. Volatility aside, data confirmed a gradual recovery is underway in the labour market, as full-time employment and hours worked both increased. However, forward-looking data point to underlying growth easing in the second half of the year, with prospects for residential and business investment weakening, as a soft housing market and declining business confidence impact on investment appetites. In addition, sentiment around the strength and sustainability of the global recovery weakened in August, with near-term implications for manufacturing and exports and posing downside risks to our Budget forecasts. Nevertheless, our key markets - Australia and emerging Asia - are growing strongly, providing fundamental support for the ongoing recovery.

Retail trade volumes up strongly…

Retail volumes surged 1.3% in the June quarter, driven by another strong lift in motor vehicle sales, as the recovery in durable goods purchases continued. Excluding auto-related categories, core volumes increased 0.9%, driven by appliance sales and accommodation, both of which recorded lower prices in the quarter. In the context of the recent recession, total retail volumes remain 4% lower than in late-2007, reflecting the extent to which purchases of durable goods fell over 2008/09. Sales of the most significant durable goods - motor vehicles – have recovered recently but as Figure 1 shows, still lie 20% lower than pre-recessionary peaks.

Figure 1 – Retail volumes – then and now



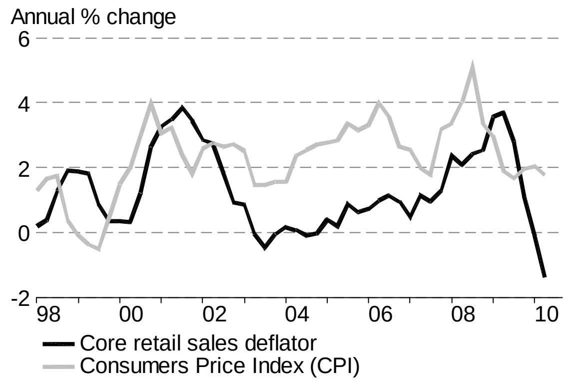
Source: Statistics NZ, Treasury

… as consumers get better value for money

Discounting was evident across a range of durable goods (such as household appliances, furniture and furnishings, audio-visual and computing equipment), reflecting last year's record rise in the exchange rate and relatively weak demand. Lower food prices have also boosted volumes recently, with food prices down 0.7% on the June 2009 quarter – the largest annual fall in over a decade.

Core retail prices fell an unprecedented 1.3% in the year to June, in contrast to the 1.8% lift in the CPI over the same period. While the CPI uses fixed weights and measures a larger basket of goods and services, the difference between the two series suggests higher than normal substitution away from goods and services with increasing prices to those with falling prices (*Figure 2*).

Figure 2 – Core retail prices and the CPI



Source: Statistics NZ

Current drivers of retail are expected to ease…

The contribution of motor vehicle sales to the current recovery is expected to wane, notwithstanding a lift in the current quarter as consumers bring forward purchases ahead of the 1 October rise in GST. Consumer credit – a proportion of which was used to finance the purchase of motor vehicles before the recession – has fallen 7% since mid-2008, reflecting a reduced supply of loanable funds and active debt reduction by consumers. Vehicle prices are likely to face upward pressure from a shortage of second-hand cars in Japan and the New Zealand dollar has fallen 13% against the Yen since May, suggesting prices for new cars are more likely to rise than fall in the near term. Recent data also point to easing momentum, with car registrations (-6%) and values of imported passenger cars (-10%) down strongly in July.

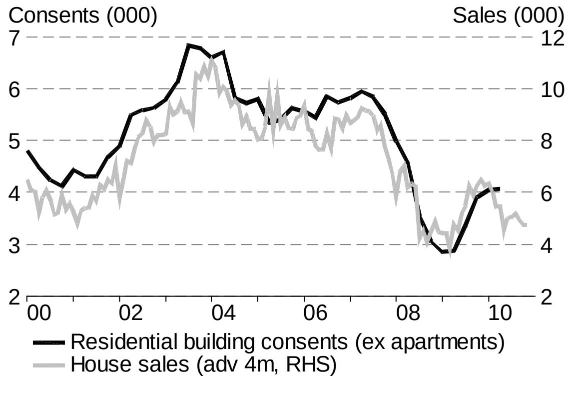
The trade-weighted exchange rate is at a similar level now as it was at the start of the year, implying additional discounting of imported retail goods is unlikely to continue beyond the current quarter. Furthermore, fruit and vegetable prices appear to have normalised and prices for dairy products are increasing in line with previous increases in commodity prices, as evident in the Food Price Index, which lifted 1.6% in July, following a 1.3% increase in the June month.

While the recovery in consumer spending is becoming more broad-based, continued momentum requires the support of fundamental drivers of consumer spending – wealth (mainly housing) and income. With key drivers likely to be less supportive of housing market activity, housing wealth is anticipated to be flat, at least in the near term, providing little support for consumption.

Housing demand weakens further…

Higher short-term mortgage interest rates, easing net migration and a lack of investor confidence have reduced demand for housing, with the Real Estate Institute of New Zealand house price index falling 1.2% in July to be 5.6% lower than its November 2007 peak. After recovering somewhat in mid-2009, the housing market has softened, with seasonally-adjusted house sales falling 8.6% and days-to-sell lifting 3 days in the three months to July. The slowing in house sales suggests residential building consents will ease further, following a 5.3% fall in the ex-apartment measure in July 2010 (*Figure 3*), posing downside risk to our Budget forecasts for residential investment.

Figure 3 – House sales and building consents



Source: REINZ, Statistics NZ

In addition, residential construction expectations in the National Bank Business Outlook point to a soft near-term outlook, with a net 10% of firms expecting lower activity 12 months from now. Easing population growth is also expected to weigh on housing demand as net migration eases. While there was an unexpected uptick in the July month (a net inflow of 1,000, up from 100 in June), the trend in place for several months has been one of falling arrivals and increasing departures, in line with robust growth in the Australian economy. This month's special topic looks further at the impact of housing on household balance sheets.

… but wage growth may have troughed…

Wage and salary growth fell from very high levels in 2008 to historically low levels currently, but recent data suggest growth may have troughed. The Labour Cost Index (LCI) - which removes composition changes and merit increases - lifted in June, resulting in a 1.6% increase on year-ago levels and ending six consecutive quarters of declining annual growth. Ongoing restraint in government spending was evident in the public sector wages, which increased only 0.2% in the quarter, reducing the annual rate to 2.1% from 2.3% in March - the lowest annual increase since 2001 and a marked slowing from the September 2008 peak of 4.8%.

... following on from an improving job market

The Household Labour Force Survey showed the headline unemployment rate spiking up from 6.0% in March to 6.8% in June, broadly in line with our Budget forecast following what appears to be a rogue outturn in March (when the reported unemployment rate fell from 7.1% to 6.0%). Employment was reported to have fallen 0.3% in the June quarter, fully explained by falling part-time employment. Compared with a year ago, employment is flat but picking up.

Volatility aside, a gradual recovery in the labour market is underway, with full-time employment increasing for the second consecutive quarter (0.2%, following a strong 1.4% increase in March) and actual hours worked rising 0.6%, to be up 1.3% for the year. The current recovery is likely to remain muted relative to past recoveries. Nevertheless, this should contribute to aggregate income growth, providing support to households' spending and investment decisions and offsetting subdued wealth growth.

Business confidence falls yet again

The labour market recovery is in line with previously very high business optimism, following the end of the 2008/09 recession. However, since April, the National Bank Business Outlook has taken a softer tone in each month, with the headline business confidence measure in August showing a net 16% of firms expecting business conditions to improve in 12 months time, down from a net 50% in April. Firms' activity expectations (a useful gauge for economic growth) fell to around average levels - a weak outturn given the economy is still in the relatively early stages of recovery.

Nearly all other survey indicators fell in August, including profit expectations and employment – with both measures slipping below their long-term averages. Investment intentions also fell, with only a net 3% of firms signalling increased investment in the year ahead, despite prices for capital goods falling 0.6% in the year to June 2010. With investment intentions markedly lower than the net 12% long-term average, downside risk applies to our Budget forecasts of business investment increasing 13% in the year to June 2011.

The recent collapse of a major finance company is likely to have only minimal effects on confidence, consumption and investment.

In the near term, with private and public consumption expected to evolve broadly as expected and downside risks to residential and business investment, the strength of the economic recovery is more heavily reliant on export growth.

Merchandise trade remains export positive…

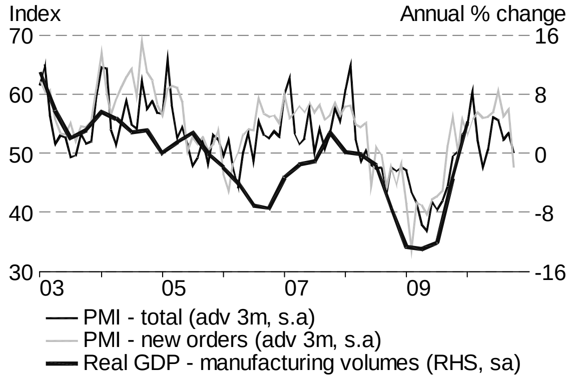
The value of merchandise exports in the July month was $3.6 billion, thanks to continued strength in dairy product exports. A 32% increase in milk powder, butter and cheese over the past year has led to merchandise exports being 12% up on July 2009. Milk powder prices rose strongly in the September globalDairyTrade auction, up an average 16.9% across delivery dates, undoing some moderation in recent months. Although part of the increase can be explained by the effect of a Russian ban on wheat exports, demand for dairy products remains strong.

The value of merchandise imports was $3.8 billion in July, which included consumer durable goods growing by 21% on July last year – the largest increase in over five years and consistent with retailers increasing stocks ahead of the 1 October rise in GST. In the 12 months to July, there was a $573 million trade surplus – marginally lower than the 8-year high reached in June 2010.

… but manufacturing activity may ease

One-year-ahead activity expectations for exporting manufacturers strengthened in the National Bank Business Outlook, while the BNZ-BusinessNZ PMI fell to 49.9 in July, indicating contracting activity. The decline was driven by sharp falls in new orders and deliveries of raw materials and points to an easing in activity over the second half of 2010 (*Figure 4*), if sustained.

Figure 4 – Manufacturing indicators and output



Source: BNZ and BusinessNZ, Statistics NZ

Manufacturing has made a significant contribution to the recovery to date, with activity supported by robust trading partner growth and a lower-than-average exchange rate with our largest trading partner, Australia. However, the data suggest a more subdued expansion in manufacturing, with the chance of activity contracting in the near term, skewing the risks to the Budget forecasts further to the downside. The falling PMI followed similar falls elsewhere in the global economy.

Global growth slowdown fears rise...

Concerns about the strength and sustainability of the global recovery rose in August, with advanced economies looking particularly vulnerable. After strong first quarter results, growth in Japan and the US slowed considerably in the second quarter and both are expected to experience subdued, but still positive, growth in the second half of 2010.

In the US the labour market is not yet seeing sustained job growth and the expiry of tax credits and underlying weakness have seen plummeting house sales. These two markets are constraining consumer spending and providing a drag on the US economy, as consumers consolidate their balance sheets and increase their saving rates. Also, the Japanese economy has not yet experienced sufficient demand to pull it out of deflation. Officials and commentators acknowledged these growth concerns. The US Federal Reserve announced it will keep its balance sheet at current levels by buying long-term Treasury securities, rather than the quantitative tightening that would have occurred as their security holdings matured.

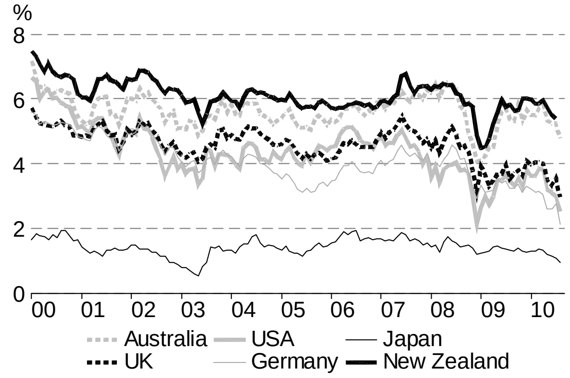
Europe - led by Germany and with peripheral countries lagging behind - and the UK are looking stronger in the short term, with both having strong second quarter growth of 1% of more. This has been led by exporting and manufacturing, which are being helped by lower currencies. However, sovereign debt problems requiring significant austerity measures will likely see growth slow substantially, highlighted by the Bank of England downgrading its growth forecasts.

...causing markets to reverse previous rally

The fears around global growth prospects caused international market sentiment to turn negative in August as participants increased their level of risk aversion. This resulted in markets generally reversing some of their gains from July. Equity markets in Europe and the US fell back to be lower than where they started the year, despite the continuation of strong company earnings reports and the resumption of merger and acquisition activity out of the US and Europe.

Commodities and commodity currencies (New Zealand and Australian dollars) were also hit by a fall in risk appetite, as investors moved funds into safe-haven assets. German 10-year and US two-year government bond yields hit all-time lows and the Japanese Yen reached a 15-year high. The New Zealand Government has also benefited from this flight to safety with 10-year bond yields falling to a 16-month low of 5.14% (*Figure 5*).

Figure 5 – 10-year government bond yields



Source: RBNZ, Datastream

Following recent financial market developments, the risk to New Zealand is that banks face higher costs raising money in overseas markets, potentially restricting borrowers' access to credit. There are indications that some businesses are finding credit hard to come by at a reasonable cost, with a net 3.9% of respondents in the National Bank Business Outlook expecting access to credit to be tougher, which may constrain investment and dampen the local recovery.

Some countries continue to grow rapidly...

One area of the world that continues to grow strongly is emerging Asia. Indonesia, Malaysia, the Philippines, Taiwan and Thailand all had Q2 GDP releases which were better than the market was anticipating, with all experiencing annual growth over 6%.

Although China continues to slow as the result of government measures to cool the economy, it is still experiencing fast growth. The measures have been successful in slowing house price inflation, and even though one manufacturing PMI survey is showing contraction, the non-manufacturing PMI is expansionary plus retail sales and industrial production are still growing at an annual rate of well over 10%.

Australia continues to be one of the strongest performing developed countries, helped by its exposure to emerging Asia boosting commodity prices and exports. The economy is also seeing sustained job growth, buoyant confidence and steady domestic spending, reflected in GDP rising 3.3% in the year to June 2010.

...with New Zealand well positioned to take advantage

New Zealand is in a good position to benefit from the strong growth in Australia and Asia excluding Japan, as this region is expected to purchase 50% of our exports in 2010.

With growth in the domestic economy playing less of a role in driving growth, there is more focus on the tradables sector. This, in turn, will be dependent on the performance of our trading partners, although with several economies rebalancing, it is likely to remain a difficult trading environment. While it may be difficult for large economies to export their way to recovery, New Zealand's relatively small size and exposure to more rapidly growing markets provides some reason for optimism.

Special Topic: Are household savings on the mend?

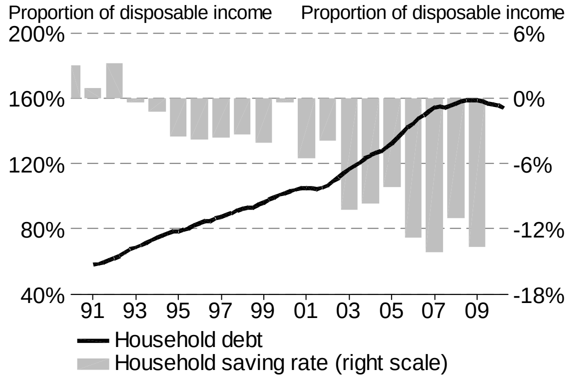
House prices more than doubled between 2001 and 2007. Households borrowed heavily against the wealth generated by housing in those years, withdrawing equity from their homes to pay for everything from new cars to overseas trips and restaurant meals. The result was a big rise in household debt. Falling house prices brought an end to that cycle, and households are now reducing their debt (*Figure 6*). While homeowners may prefer to see strong growth in house prices, it may not be all doom and gloom if, over the years ahead, prices manage to keep pace with inflation.

Households have a long history of dissaving…

The financial crisis has led to a sharpened focus on the risks posed by high debt in both the public and private sector. To date, New Zealand has coped reasonably well; there are many reasons for this but fundamentally it reflects the flexibility afforded by a good starting point – low public debt, credible monetary and fiscal policies and a floating exchange rate. But that does not mean there will be no impacts. Markets are fickle, ignoring, or at least tolerating, the implications of rising debt until something triggers a change in view. In Greece, for example, the state of public finances was not unknown, although there were some significant revelations, but the economic downturn brought a sudden reassessment of risk and intense pressure to address the problems.

In New Zealand, the big rise in debt over the last decade has been in the household sector. Public sector debt has fallen, and for the most part, corporate debt is not problematic. However, there have been a number of failures among highly leveraged finance companies and debt in the agriculture industry has increased sharply.

Figure 6 - Household debt and saving



Source: Reserve Bank of New Zealand

The flipside of rising household debt is falling household saving. Households have consistently spent more than they have earned since the early 1990s, but this gap really widened over the last decade as households ramped up their spending. In 2009, the gap between disposable income and spending rose to almost $13 billion, or 14% of household disposable income (*Figure 6*).

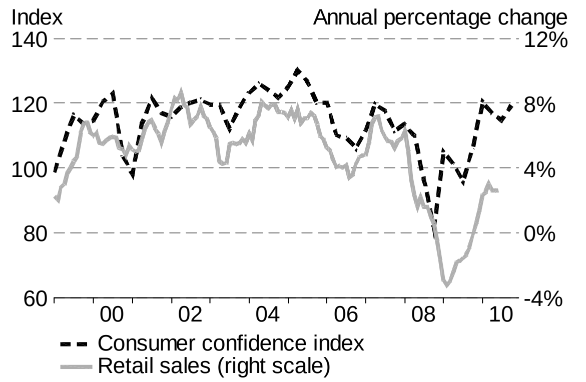
In contrast to households, net business saving and net government saving have generally been positive over the last 20 years, which marks out the household sector as the most likely to benefit from a reduction in debt. Despite their high level of debt, households have generally been able to meet their debt servicing obligations. The number of mortgages in arrears remains low compared to the experience of the early 1990s, and much lower than in many other countries over the last two years. As a result the asset quality of the banking system has remained very high.

Nonetheless, it is doubtful that further large increases in debt over the years to come would be prudent. Household vulnerability to events, such as a fall of income, would continue to climb and, should financial markets have cause to change their exposure to that risk, leave households in a precarious position.

…but that may be changing…

At present, it appears that households are aware of these risks and are acting cautiously. Although consumer confidence has been reasonably high, retail sales have grown only modestly (*Figure 7*). Stiff competition and significant discounting by retailers have also pushed sales values lower but lifted volumes in the June quarter (see MEI).

Figure 7 - High confidence but weak spending

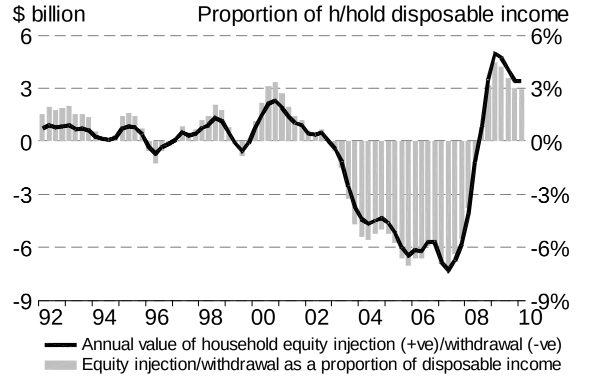


Source: Statistics NZ, Westpac McDermott Miller

The slowdown in household borrowing has also seen new house building fall to historically low levels – additions to the housing stock in 2009 were the lowest since at least 1991. However, the fall in borrowing has been even larger than the fall in new investment, resulting in an increase in housing equity. Conceptually, at the aggregate level, the amount of equity withdrawn or injected is the difference between the change in the household sector's total debt secured against the housing stock, and the net spending by the household sector on new housing, renovations, and transfer costs associated with property transactions.

A commonly used measure of this spending is the value of dwelling investment (plus transfer costs such as legal and real estate agent fees). Using this measure, household sector spending on dwelling investment has been greater than the increase in housing-secured credit since 2008 and equity has been injected. In contrast, the surge in borrowing in the mid-2000s led to a withdrawal in equity of over $7 billion in 2007, equivalent to 7% of household disposable income.

Figure 8 - Housing equity is increasing



Source: Statistics NZ, Treasury

Falls in house prices have likely helped this process, first home buyers do not need to borrow as much to purchase a house (nor have banks been willingly to lend aggressively against house values) and existing homeowners have less equity available to withdraw.

Indicators of current housing market conditions show little sign of an imminent pick up in prices: mortgage approvals, building consents and house sales are all at very low levels. Low turnover in the market has pushed out the time to clear the inventory of unsold homes to 46 weeks, compared to the long-run average of 38 weeks. Given the sluggishness in sales, fewer houses are now coming onto the market. This will tend to balance out the weakness in demand but until it does house prices may ease further over the next few months.

…although we don't know how long it will last

Fundamentally however, people must have somewhere to live. The population is growing and with the stock of housing expanding only gradually, the number of people per household is rising. Previous rises in occupants per dwelling have been short-lived, and an ageing population would suggest that, over the medium-term at least, household size will continue to trend down.

The labour market has begun to recover and is expected to gradually gain momentum over the next few years, leading to stronger income growth and stronger demand for housing, albeit tempered by interest rate rises. The supply of housing will also grow more quickly, although rigidities in land supply will limit the speed at which this can be done. A lack of finance for developers, who depend heavily on loans from finance companies, may also hamper the responsiveness of supply, putting upward pressure on prices.

For now, the long upward trend in household debt seems to be turning. Changes in the tax mix, effective from October 1, are intended, in part, to promote saving, which will help reinforce the current shift in behaviour. We cannot be sure debt will continue to fall but if it does persist, not only might households feel more financially secure, but it might make room for the export sector to expand and place the overall economy on a more secure footing.

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

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New Zealand Key Economic Data

3 September 2010

Quarterly Indicators

		2008Q4	2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	-1.1	-0.8	0.1	0.3	0.9	0.6	...
	ann ave % chg	-0.2	-1.5	-2.2	-2.4	-1.6	-0.4	...
Real private consumption	qtr % chg[1]	-0.3	-1.0	0.3	0.9	0.8	0.2	...
	ann ave % chg	-0.3	-1.1	-1.4	-1.1	-0.5	0.6	...
Real public consumption	qtr % chg[1]	1.6	0.2	-1.0	0.6	1.1	1.6	...
	ann ave % chg	4.8	4.2	3.0	2.6	1.6	1.4	...
Real residential investment	qtr % chg[1]	-14.4	0.5	-2.2	-3.9	4.7	0.6	...
	ann ave % chg	-18.2	-22.8	-24.4	-23.9	-16.8	-11.5	...
Real non-residential investment	qtr % chg[1]	-2.5	-7.8	2.5	-2.5	-3.0	0.9	...
	ann ave % chg	2.1	-1.2	-6.5	-8.6	-10.3	-8.9	...
Export volumes	qtr % chg[1]	-2.5	0.2	4.5	0.1	-0.7	1.4	...
	ann ave % chg	-1.4	-3.4	-4.1	-3.2	0.0	2.9	...
Import volumes	qtr % chg[1]	-7.4	-7.4	-2.9	1.5	5.8	1.8	...
	ann ave % chg	1.9	-4.7	-12.4	-16.5	-14.9	-9.6	...
Nominal GDP - expenditure basis	ann ave % chg	3.2	1.7	1.2	1.2	1.2	1.7	...
Real GDP per capita	ann ave % chg	-1.1	-2.4	-3.1	-3.4	-2.7	-1.6	...
Real Gross National Disposable Income	ann ave % chg	1.3	-1.0	-1.6	-1.3	-0.9	1.2	...
External Trade								
Current account balance (annual)	NZ$ millions	-15968	-14568	-10371	-5896	-5314	-4457	...
	% of GDP	-8.7	-7.9	-5.6	-3.2	-2.9	-2.4	...
Investment income balance (annual)	NZ$ millions	-13721	-13035	-10793	-8146	-8144	-7628	...
Merchandise terms of trade	qtr % chg	-1	-2.7	-9.4	-1.6	5.8	5.8	...
	ann % chg	1.8	-5	-13.5	-14.1	-8.2	-0.2	...
Prices								
CPI inflation	qtr % chg	-0.5	0.3	0.6	1.3	-0.2	0.4	0.3
	ann % chg	3.4	3.0	1.9	1.7	2.0	2.0	1.8
Tradable inflation	ann % chg	2.3	1.7	0.2	-0.1	1.5	2.0	1.1
Non-tradable inflation	ann % chg	4.3	3.8	3.3	3.0	2.3	2.1	2.2
GDP deflator	ann % chg	2.6	2.6	3.3	2.5	-0.1	1.0	...
Consumption deflator	ann % chg	4.1	3.9	3.0	2.0	1.3	1.0	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	0.6	-1.3	-0.3	-0.8	0.0	1.0	-0.3
	ann % chg[1]	0.9	0.8	-0.9	-1.8	-2.4	-0.1	0.0
Unemployment rate	%[1]	4.6	5.1	5.9	6.5	7.1	6.0	6.8
Participation rate	%[1]	69.0	68.4	68.4	68.0	68.1	68.0	68.0
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.7	0.6	0.3	0.5	0.4	0.3	0.4
	ann % chg	3.6	3.4	2.9	2.1	1.8	1.5	1.6
LCI salary & wage rates - total (unadjusted)[5]	qtr % chg	1.4	0.8	0.6	0.9	0.5	0.5	1.0
	ann % chg	5.6	5.2	4.6	3.8	2.9	2.5	2.9
QES average hourly earnings - total[5]	qtr % chg	0.9	1.4	0.7	2.1	-0.2	-0.4	0.7
	ann % chg	5.4	5.3	4.5	5.1	4.0	2.2	2.2
Labour productivity[6]	ann ave % chg	0.2	-1.8	-1.4	-0.8	0.5	2.4	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	101	96	106	120	117	115	119
QSBO - general business situation[4]	net %	-64.4	-64.6	-24.8	35.6	30.7	21.9	17.5
QSBO - own activity outlook[4]	net %	-40.9	-38.7	-13.1	23.0	10.8	14.5	11.3

Monthly Indicators

		2010M 2	2010M 3	2010M 4	2010M 5	2010M 6	2010M 7	2010M 8
External Sector								
Merchandise trade - exports	mth % chg[1]	-5.0	3.9	3.4	-1.0	6.3	-2.0	...
	ann % chg[1]	-3.5	0.6	8.8	6.5	17.2	12.7	...
Merchandise trade - imports	mth % chg[1]	6.0	3.1	-4.8	7.2	3.1	-1.5	...
	ann % chg[1]	1.4	-4.4	-0.7	12.6	0.2	12.4	...
Merchandise trade balance (12 month total)	NZ$ million	-330	-160	178	37	581	573	...
Visitor arrivals	number[1]	206130	208210	204930	207470	208880	211890	...
Visitor departures	number[1]	209660	206750	206890	213820	207590	216530	...
Housing								
Dwelling consents - residential	mth % chg[1]	6.1	-0.3	8.5	-9.2	3.3	3.2	...
	ann % chg[1]	29.9	33.3	32.0	11.1	27.9	26.5	...
House sales - dwellings	mth % chg[1]	11.5	1.2	2.5	-4.8	-3.7	-0.3	...
	ann % chg[1]	-3.6	-7.6	-16.8	-16.5	-24.2	-27.0	...
REINZ - house price index	mth % chg	0.4	1.7	-0.4	-1.4	0.6	-1.2	...
	ann % chg	5.5	6.8	6.2	2.3	4.2	1.8	...
Private Consumption								
Core retail sales	mth % chg[1]	-0.8	1.2	0.0	-0.2	1.5	...	...
	ann % chg[1]	0.7	1.4	1.3	-0.2	1.7	...	...
Total retail sales	mth % chg[1]	-0.6	0.5	-0.3	0.4	0.9	...	...
	ann % chg[1]	2.3	3.2	2.4	2.3	3.2	...	...
New car registrations	mth % chg[1]	1.0	4.9	2.5	-3.7	5.7	-6.3	...
	ann % chg	31.4	31.7	40.5	30.5	35.8	16.0	...
Electronic card transactions - total retail	mth % chg[1]	-0.5	2.2	-1.9	0.4	0.4	-0.1	...
	ann % chg	3.5	6.1	4.0	2.3	4.3	4.4	...
Migration								
Permanent & long-term arrivals	number[1]	6660	6820	6550	6400	6250	7030	...
Permanent & long-term departures	number[1]	5660	5870	5790	6100	6110	6060	...
Net PLT migration (12 month total)	number	21618	20973	19954	17967	16504	15221	...
Commodity Prices								
Brent oil price	US$/Barrel	73.90	79.52	85.16	76.13	75.25	75.19	76.89
WTI oil price	US$/Barrel	76.31	81.24	84.50	73.84	75.35	76.18	76.62
ANZ NZ commodity price index	mth % chg	7.4	0.3	3.9	2.1	-0.4	-2.8	-1.5
	ann % chg	10.7	14.9	22.8	27.9	34.9	30.9	29.0
ANZ world commodity price index	mth % chg	3.7	1.8	5.1	1.2	-1.6	-0.8	-1.4
	ann % chg	48.6	49.5	53.2	51.8	50.1	47.3	38.6
Financial Markets								
NZD/USD	$[2]	0.6974	0.7032	0.7123	0.6992	0.6928	0.7111	0.7154
NZD/AUD	$[2]	0.7868	0.7712	0.7685	0.8019	0.8105	0.8134	0.7944
Trade weighted index (TWI)	June 1979 = 100[2]	64.60	65.10	66.10	67.00	67.10	67.20	66.60
Official cash rate (OCR)	%	2.50	2.50	2.50	2.50	2.75	3.00	3.00
90 day bank bill rate	%[2]	2.73	2.67	2.69	2.89	3.07	3.23	3.25
10 year govt bond rate	%[2]	5.86	5.86	5.96	5.73	5.51	5.40	5.24
Confidence Indicators/Surveys								
National Bank - business confidence	net %	50.1	42.5	49.5	48.2	40.2	27.9	16.4
National Bank - activity outlook	net %	41.9	38.6	43.0	45.3	38.5	32.4	25.7
ANZ-Roy Morgan - consumer confidence	net %	123.6	121.8	121.9	126	122	115.6	116.3

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